CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 29 JANUARY 1976
at 11.30 am

PRESENT

The Rt Hon Harold Wilson MP
Prime Minister

The Rt Hon James Callaghan MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Roy Jenkins MP
Secretary of State for the Home
Department

The Rt Hon Michael Foot MP
Secretary of State for Employment

The Rt Hon Shirley Williams MP
Secretary of State for Prices and
Consumer Protection

The Rt Hon Eric Varley MP
Secretary of State for Industry

The Rt Hon Roy Mason MP
Secretary of State for Defence

The Rt Hon John Morris QC MP
Secretary of State for Wales

The Rt Hon Fred Peart MP
Minister of Agriculture, Fisheries
and Food

The Rt Hon Lord Shepherd
Lord Privy Seal
CABINET

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The Rt Hon Harold Wilson MP
Prime Minister

The Rt Hon Edward Short MP
Lord President of the Council

The Rt Hon Lord Elwyn-Jones
Lord Chancellor

The Rt Hon Denis Healey MP
Chancellor of the Exchequer

The Rt Hon Anthony Wedgwood Benn MP
Secretary of State for Energy

The Rt Hon Barbara Castle MP
Secretary of State for Social Services

The Rt Hon Peter Shore MP
Secretary of State for Trade

The Rt Hon William Ross MP
Secretary of State for Scotland

The Rt Hon Marilyn Rees MP
Secretary of State for Northern Ireland

The Rt Hon Harold Lever MP
Chancellor of the Duchy of Lancaster

The Rt Hon James Callaghan MP
Secretary of State for Foreign and Commonwealth Affairs

The Rt Hon Roy Jenkins MP
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The Rt Hon Fred Peart MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Lord Shepherd
Lord Privy Seal
SECRET

The Rt Hon Fred Mulley MP
Secretary of State for Education and Science

The Rt Hon Reginald Prentice MP
Minister for Overseas Development

The Rt Hon Robert Mellish MP
Parliamentary Secretary, Treasury

The Rt Hon John Silkin MP
Minister for Planning and Local Government

ALSO PRESENT
The Rt Hon Samuel Silkin QC MP
Attorney General (Item 4)

SECRETARIAT
Sir John Hunt (Items 1 and 2)
Mr G R Denman (Item 5)
Mr J A Hamilton (Items 2 and 3)
Mr E J G Smith (Items 1 and 2)
Mr J D Bryars (Item 4)
Mr A D Gordon-Brown (Item 1)
Mr A M Macpherson (Item 5)

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1. The Cabinet were informed of the business to be taken in the House of Commons during the following week. It was noted that in the debate on unemployment that day the Speaker was not expected to call the amendment put down by members of the Tribune Group, but there was likely to be a vote on the Government Motion. It was also noted that the Opposition might decide to vote against the Motion on the London Councillors Order on 4 February.

The Cabinet discussed a problem arising over the re-appointment of last Session's Select Committee on Cyprus.

The Government had initially resisted the establishment of this Committee, but following considerable pressure the Government had agreed to its appointment just before the Summer Recess. The Select Committee had not completed its task by the end of the Session, and wished to be re-appointed. It had indicated that it would wish to call for papers about diplomatic exchanges on Cyprus, including our negotiations with the previous Government in Cyprus; and also to summon the Foreign and Commonwealth Secretary to give evidence in person about events during the Cyprus crisis of 1974, including in particular conversations he had with the Turkish Prime Minister, Mr. Ecevit. Following consultation with the Chairman of the Select Committee a Government Motion had been put down, but not moved, to re-appoint the Committee until Easter and to enable it to complete its report, but without powers to call for persons, papers and records or to travel. The other members of the Select Committee had however been adamant that it must also have power to send for persons and papers, and there was considerable support for this view in the House and in the Parliamentary Labour Party. It was difficult to see how this demand could be resisted on this occasion; but there could be no question of the Foreign and Commonwealth Secretary having to answer on very sensitive matters. Not only would this create a most undesirable precedent but it would make it more difficult to get agreement in Cyprus and could have a serious effect on the North Atlantic Treaty Organisation. Indeed to accept that Select Committees should be given information about confidential diplomatic exchanges on sensitive subjects would make diplomacy impossible.

In discussion it was pointed out that a number of problems were currently being experienced in consequence of the more frequent appointment of Select Committees in recent years. Some of their chairmen and members wished to move towards an American system of Congressional investigation; and there were problems arising from the increasing desire of Select Committees to travel overseas. The Trade and Industry Sub-Committee of the Select Committee on Expenditure, for instance, proposed to travel to Iran in the course of its investigation of the Chrysler affair and to question Iranian officials who, if they agreed to be questioned, might
look for reciprocity if the Government of Iran wished to investigate the performance of British firms with contracts there. It would be undesirable that Select Committees should obtain more information from Ministers than they would feel able to give on the floor of the House; and it was equally unsatisfactory that Ministers should be expected to attend upon Select Committees to be asked questions which they were not prepared to answer.

THE PRIME MINISTER, summing up the discussion, said that he would that evening be seeing Mr Du Cann, in his capacity as Chairman of the Group of Select Committee Chairmen, about the need for the Government to maintain its collective responsibility in Ministerial appearances before Select Committees. He would take the opportunity also to mention to him the problems that were occurring in relation to Cyprus and Iran. The Cabinet had earlier been disposed not to refer the general question of Ministerial appearances before Select Committees to a Committee on Procedure, but it was for consideration whether there might be informal discussions on Privy Counsellor terms with the Opposition leaders who could be expected to be responsive to the dangers of attempted moves towards a Congressional system and enquiries touching upon sensitive diplomatic issues. If the Select Committee on Cyprus were to be re-appointed - and this probably could not be avoided - it should be possible to adopt the line that information could not be given to the Select Committee if it could not be given to the House. The Cabinet were not, however, yet in a position to come to a final view on the re-establishment and powers of the Select Committee; if therefore this was raised at the Party meeting that day it should be explained that there were real problems relating to the taking of further evidence and that if necessary a statement would be made at a subsequent meeting. He would himself arrange for an examination, in conjunction with other Ministers directly concerned, of the general problems relating to Select Committees which had been raised in discussion; better control over overseas visits might be achieved by requiring the specific permission of the House on each occasion.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
THE FOREIGN AND COMMONWEALTH SECRETARY said that he had written to the Chief Whips of the other parties in Parliament, and similarly to the General Secretary of the Labour Party and to the Chairman of the Parliamentary Labour Party (PLP), telling them that he was thinking of tabling proposals on direct elections to the European Assembly as a basis for early debate in Parliament, indicating briefly the likely scope of the proposals, and inviting their views. The proposals would probably take the form of a White Paper; however, while some issues, mainly those to be decided on a Community basis, would require reasonably firm decisions, those for subsequent national decision could be dealt with more tentatively and more closely in form to a Green Paper.

The Cabinet were informed that the Liaison Committee of the PLP had asked that any debate in the House of Commons should be deferred until after a PLP discussion of the proposals, and it would be sensible for that discussion to be arranged when those PLP members who were also members of the European Assembly could attend. It was intended that the discussion should take the form of an expression of views, and not lead to a vote. Since the next meeting of the European Council, at which the Heads of Government of the Member States of the European Economic Community were expected to take decisions on a number of these matters, had been deferred until 1 and 2 April, it should be possible to meet this request.

In discussion it was suggested that, given the considerable importance and known differences of views on this matter, it would have been better for the Cabinet to have discussed the issue and to have formed a view before consultations were entered into with other parties. On the other hand it was explained that these consultations would not involve negotiations but would gather views. It would be sensible for this to be done before the Cabinet considered the text of a White Paper and approved it for publication. All those concerned had been promised full consultation; the procedure being followed had been indicated in answers to Questions in the House by the Foreign and Commonwealth Secretary on 17 December and the Prime Minister on 27 January, and had seemed to meet with approval from those likely to have differing views on the merits of the issue. A draft of the White Paper had been circulated to the Cabinet under the cover of a memorandum (C(76) 2) by the Foreign and Commonwealth Secretary and the Home Secretary; but this had not of course been sent to the political parties whose views were being sought. With the deferment of the date of the European Council, there was no need for the Cabinet to consider the draft White Paper now, but it should do so when a finalised text, amended as necessary in the light of the views expressed in the consultations, was available.
THE PRIME MINISTER, summing up this part of the discussion, said that the Foreign and Commonwealth Secretary should aim to complete his consultations with the other parties within the next two weeks. He and the Home Secretary should then circulate the text of the White Paper, revised as necessary to take into account the views expressed, for the Cabinet to consider with a view to publication in the latter part of February. A meeting of the PLP should be arranged to discuss the issue before a debate in the House of Commons. In the meantime the Foreign and Commonwealth Secretary should circulate to other members of the Cabinet the text of his letter to the other political parties.

The Cabinet -

2. Took note, with approval, of the Prime Minister's summing up of the discussion.
THE FOREIGN AND COMMONWEALTH SECRETARY said that the Popular Movement for the Liberation of Angola (MPLA), with Soviet and Cuban support, were now clearly getting the upper hand in the Angolan fighting. As many as 12,000 Cubans were now in Angola or on the way there. The South Africans were disengaging; they had of course never admitted their involvement. The American Secretary of State, Dr Kissinger, had made no headway in his efforts to persuade the Soviet Union to withdraw their support from the MPLA. The Soviet Ministry of Foreign Affairs had told our Ambassador that their intervention had been at the request of the MPLA whom they had long supported. They saw no reason not to continue to do so. The South Africans could take no comfort from the indecisive outcome of the Council of the Organisation of African Unity since those African States which had not recognised the MPLA were likely to change their stance one by one before very long. Although a government composed of the three factions in Angola, for which he had hoped, was now unlikely, he still hoped that the MPLA might see the wisdom of forming a government of national reconciliation, including some representatives of the tribes which had opposed them, since military victory would otherwise not end their problems. Our own policy should be to continue low level contacts with the MPLA, and to go on pressing publicly for the withdrawal of all external forces. He had considered several times the possibility of raising the issue in the United Nations Security Council but had decided that it would be unwise to do so against the express wish of the African Governments who, with the exception of Zaire, had unanimously opposed United Nations involvement in the dispute. We had to recognise that many African States must now be feeling insecure under the impact of what, in East/West terms, could only be regarded as a major Soviet success. There would also be repercussions on the Chinese position in Africa which had been built up with great skill but would now be weakened; this was already heightening the dispute between China and the Soviet Union. The only ray of hope was that, if the MPLA finally prevailed, other African Governments would subsequently put pressure on the MPLA for the withdrawal of the Russians and Cubans.

The Cabinet -

1. Took note of the statement by the Foreign and Commonwealth Secretary.

There was a brief discussion of the proposal for a loan of some $33 million to Chile from the International Bank for Reconstruction and Development (IBRD) for a copper project. It was explained that, in keeping with the Government’s firm policy towards the present Chilean Government, the United Kingdom representatives on international bodies consistently refrained from supporting proposals for economic assistance to Chile. Our representative in the IBRD
would consequently abstain in the vote on the proposed loan for the
copper project, and it was well understood in international banking
circles that such abstention, combined with a statement in
explanation of vote, was equivalent to an adverse vote. It was
argued that this would not be understood by the general public and
that it would be better for our representative to vote against the loan.
On the other hand, the point was made that decisions on loans by the
International Bank were taken on strict economic criteria which this
particular loan was likely to satisfy. It was important to the
United Kingdom, on wider grounds, to support the general policy that
political factors should not be allowed to sway IBRD decisions.

The Cabinet –

2. Took note.

3. THE PRIME MINISTER said that the negotiations with the
Icelandic Prime Minister, Mr Hallgrímsson, and his delegation had
been both full and serious; in the course of four days they had
extended for more than sixteen hours. Much of the difficulty in them
arose from the weak position of Mr Hallgrímsson as the head of a
coalition administration. Paradoxically, this weakness made him
extremely tough in bargaining, since he knew that any other attitude
would involve his almost certain fall from power. He had brought
with him the leader of the minority Party in his coalition,
Mr Thorarinsson, whose attitude had been even tougher. We had
acknowledged the importance of conservation of cod stocks and,
although there had been some disagreement between the scientists
about the desirable catch figure for 1976, it had seemed possible
that the two delegations might have reached some compromise figure
on this key point. It was then necessary to establish a basis for the
division of this catch between the United Kingdom and Iceland,
allowing a small proportion for third countries. After discussion of
many possible formulae, our final proposal to the Icelanders was
that they should fix the total allowable catch, of which the United
Kingdom would have the right to a specific proportion, subject to this
proportion falling within a fairly narrow range between agreed
minimum and maximum tonnages. The proportion we had suggested
was 28 per cent, and in doing so we had had it in mind that a suitable
compromise figure for the total allowable catch might be of the order
of 265,000 tons of cod. In addition to cod, our trawlers would catch
varying quantities of certain other species, perhaps amounting to
10,000 tons in all, though these were mainly of low value. The
precise catch figure to which such a formula would lead was one which
the Minister of Agriculture, Fisheries and Food had considered
acceptable to the British fishing industry. Mr Hallgrímsson had
asked for time to discuss this proposal with his Cabinet colleagues.
and to cover the interim period of a few days we had worked out with the Icelandic delegation an arrangement for the temporary cessation of harassment of our trawlers, balanced by a reduction in the number of trawlers to thirty. Mr Hallgrimsson had not been able to agree even to this interim arrangement without reference to his colleagues on his return to Reykjavik, but had promised a reply on it by midday on 28 January: in the event he had then had to ask for a further delay of twenty-four hours.

The Foreign and Commonwealth Secretary said that our offer had been an extremely reasonable one. In effect we were proposing that the Icelandic fishing industry should make a short term sacrifice, perhaps of only one year, after which substantially increased catches would accrue to the Icelandic industry. Nevertheless, he thought it likely that the Icelandic Prime Minister would be inhibited by the weakness of his internal position from accepting even a very reasonable offer. If in consequence we had to return to providing naval protection for our trawlers, certain international consequences were virtually certain to follow, regardless of the rights and wrongs of the issues in dispute. The Icelandic Government would break off diplomatic relations with the United Kingdom. They would renew their protests to the North Atlantic Treaty Organisation (NATO) and the United Nations, would probably cease to participate in NATO meetings and would perhaps threaten to withdraw from the Alliance. There would then be heavy NATO pressure on us to make concessions and we should be faced with the argument from our allies that NATO facilities on Iceland were worth far more than 10,000 or 20,000 tons of fish.

The Minister of Agriculture, Fisheries and Food said that a critical situation had arisen on the fishing grounds off Iceland. The Icelandic coastguard vessels were patrolling so closely around our trawlers that no fishing had been possible for the last forty-eight hours. If Mr Hallgrimsson accepted the interim arrangement it would still remain to be seen whether he could carry out his side of the bargain. If he failed to do so, we should be faced with two choices. Were we to resume naval protection? or, failing that, would we compensate the fishermen for their financial losses?

In discussion it was argued that the problem which we were facing might not last beyond July or August, depending upon the outcome of the session of the United Nations Law of the Sea Conference which was due to open in March. There were incentives for the Icelanders to reach agreement with us. If they failed to do so, we should catch under protection at an annual rate of 100,000 or even 120,000 tons of cod. And without an agreement with us they could not obtain the more favourable access to Community markets which would be open to them under Protocol 6 of their agreement with the European Economic Community. Should it become clear that direct
negotiations had failed, there would remain the possibility of mediation, with Sweden as a suitable candidate for mediator. If the Icelanders were too weak even to accept mediation, the offer of it would count to our credit in NATO.

THE PRIME MINISTER, summing up the discussion, referred to a Reuters message which had been received in the course of the discussion. This reported the Icelandic coastguard vessels as having received instructions to cease harassment of our trawlers. Immediate steps should be taken to seek confirmation of the authenticity of this report. If it proved true, it would influence our fishermen to accept the interim arrangement for fishing in reduced numbers. If proved untrue, then either the trawlers might carry out their threat to withdraw from waters off Iceland, or else harassment would sooner or later lead to warp cutting incidents. In the latter event it would no doubt prove necessary to send back our frigates to provide protection, but this was not a decision which should be taken now in view of the obscurities of the position.

The Cabinet -

Took note, with approval, of the Prime Minister’s summing up of their discussion.
4. THE PRIME MINISTER said that a decision was needed before the end of the month whether British Nuclear Fuels Ltd (BNFL) should be authorised to take up an option for supply of an additional 1,100 tons of uranium from Namibia in 1977-82 under their present contract with Rosling Uranium Ltd. The Secretary of State for Energy considered that this authority should not be given. The majority of the Defence and Oversea Policy Committee, by whom the subject had been considered, took the opposite view. The Committee had decided however that, since the issue was politically sensitive, it should be raised at Cabinet. The relevant minutes and papers of the Defence and Oversea Policy Committee had accordingly been made available to members of the Cabinet and with his agreement the Secretary of State for Energy had circulated an aide memoire expressing his views.

THE SECRETARY OF STATE FOR ENERGY said that when Ministers had taken their decisions on the Rosling contracts in 1968 and 1970 they had not been aware that uranium supplied from South Africa would come from Namibia or that the South African government would have a power of veto over such supplies. Also the estimate then made of the urgency of our need for additional uranium had proved to have been overestimated. The attitude of the Labour Party in Opposition to the Rosling contract was on record. In 1974 it had been decided that the contract should not be terminated but there had been important changes since that time. The United Nations views on Namibia had strengthened. Events in Angola had put the security of supplies from Namibia in some doubt. The South West Africa People's Organisation (SWAPO) had expressed publicly their opposition to the contract. And the slowing down world wide in nuclear power programmes had given us a little more time in which to decide our policy. His view was that BNFL should not be authorised to take up the option open to them under their present contract with Rosling, supplies under which would in any event be small in relation to our total needs; that we should discuss with the United Nations Council for Namibia and with SWAPO whether satisfactory arrangements could be arrived at; and that we should be prepared to seek uranium elsewhere than in Namibia.

THE PRIME MINISTER said that the majority of the Defence and Oversea Policy Committee was opposed to the recommendations made by the Secretary of State for Energy, and their view had been based on a careful analysis of our future needs for uranium and the availability of sources of supply outside Namibia. The Committee had taken into account the advice of the Law Officers that our contracts in Namibia were not contrary to our obligations under United Nations Resolutions, and they had noted also that by the time supplies of uranium under the option became available
Namibia was unlikely still to be under South African control. There was in his view no immediate prospect of obtaining elsewhere even the relatively small quantities of uranium which would be provided under the option. Canada and Australia for example had adopted a very restrictive attitude towards exports of uranium, and any sales by them were likely to be of uranium in its processed form, which was costly and not suitable for all our generating stations.

In discussion it was argued that, although the proceedings of the United Nations Council for Namibia were not binding on us, we should pay serious regard to the views expressed at the United Nations and also to the attitude of African countries. Opposition to the policies of South Africa was likely to grow more intense in the years immediately ahead and it would not be in our interests to place ourselves in the minority of world opinion. Moreover South West Africa was in a state of change and pressure for Namibian independence was growing. There was a positive need to ensure that our supply of uranium was secure and was not put at risk by these developments. Economically the amount of uranium which we would obtain under the option was of relatively small value to us but the political difficulty of taking up the option was considerable. The right course was to forego the option and to discuss with the Commissioner for Namibia, Mr Sean MacBride, the attitude we should take on our contract in Namibia, with the objective of securing our uranium supplies.

It was pointed out on the other hand that world demand for uranium was rising and that competition for available supplies was likely to be intense in the 1980s. There were few sources of supply outside Southern Africa. Purchases from Niger were no more than a possibility. The prospect of supply from Canada or Australia was poor, new mines took up to 8 years to develop. Nuclear power produced the cheapest electricity, and in the interests of holding down industrial and other costs we should take whatever opportunity presented itself of satisfying our future needs for uranium. The analysis made for the Defence and Oversea Policy Committee had stated that cancellation of the main Rossing contract could imperil our supplies because it could not be replaced in the timescale required. But if it was accepted that the main contract should continue there was logically no reason why we should not take advantage of the option also and there would be substantial advantage in doing so. African countries felt it necessary to express public opposition to our contracts in Namibia but the views both they and SWAPO expressed in private were different. The Foreign and Commonwealth Secretary would be prepared to talk to Mr MacBride about our purchases of uranium from Namibia but only after a decision had been taken to authorise BNFL to take up the option.
THE PRIME MINISTER, summing up the discussion, said that a majority of the Cabinet agreed that BNFL should be authorised to take up the option open to them under their present contract with Rossing. They agreed that thereafter the Foreign and Commonwealth Secretary should discuss the general question of our purchases of uranium from Namibia with Mr MacBride and that the Secretary of State for Energy should be present at the discussion.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.

2. Invited the Secretary of State for Energy and the Foreign and Commonwealth Secretary to proceed accordingly.

5. The Cabinet considered London Weighting for Ministers and MPs. Their discussion and the conclusions reached are recorded separately.

Cabinet Office

29 January 1976
THE PRIME MINISTER said that the Ministerial Committee on Economic Strategy (MES) had earlier that morning considered the payment of London Supplement to Ministers and Members of Parliament. The Top Salaries Review Body (TSRB) had reported in the summer of 1975 on the remuneration of Ministers, Members of Parliament and Peers recommending that the London Supplement should be increased to £340 a year, and that in future it should be adjusted automatically to keep it in line with changes in the Civil Service rate of Inner London Weighting. London Supplement had been increased to the level recommended by the TSRB with effect from 13 June 1975, the date on which the report was received; and the House of Commons had passed a Resolution on 23 July 1975, the effect of which was to provide that increases in London Supplement for Ministers and Members of Parliament were now automatically linked to increases in the relevant Civil Service rate. Since then the Civil Service Inner London Weighting had increased with effect from 1 July 1975 in a way which, under the Resolution, would lead to an increase in the London Supplement from £340 to £385. Unless any steps were taken to amend the Resolution of 23 July 1975, the effect would be that the London Supplement would have been increased twice in the space of one month. Although this increase would be entirely consistent with the pay policy and with decisions that had already been taken about similar cases, it had been argued in MES that Ministers and Members of Parliament should not take advantage of what would be seen as a technical point to increase London Supplement because of the possible damage this might do to the pay policy. It had therefore been proposed that Ministers and Members of Parliament should forgo the £45 increase in London Supplement to which they were entitled as one way of reinforcing the operation of the pay policy. MES had however recognised that any attempt to amend the Resolution of 23 July in such a way as to prevent the payment of £45 might give rise to even more undesirable publicity if it were opposed; and this was likely given the importance which many backbenchers on both sides attached to the principle of linkage. The Committee had therefore decided on balance that
London Supplement should be increased by £45 with effect from 1 July 1975 as already provided for by the Resolution of 23 July 1975. It would however be helpful if Ministers who were members of the Cabinet were to forgo this increase; this would be useful ammunition if later the Government were criticised for not intervening. In the light of this decision no further Parliamentary action was needed. It was to be hoped that the payment of the increase would attract no publicity; and if this were so members of the Cabinet should not draw attention to the payment of this increase or to the fact that they would not themselves be receiving it. He would take steps to ensure that no difficulties arose, for example with the Inland Revenue, because of the fact that the £45 increase would not be drawn by Cabinet Ministers.

The Cabinet -

Took note, with approval, of the Prime Minister's statement.

Cabinet Office

30 January 1976