CABINET

THE OUTLINE PLAN

MEMORANDUM BY THE FIRST SECRETARY OF STATE AND SECRETARY OF STATE FOR ECONOMIC AFFAIRS

It was originally our intention to publish an Outline Plan some time in March as background to the Budget and to give an interim report on work on the main plan which would not be complete until the summer. A draft of a White Paper prepared for this purpose is attached. I have now come to the conclusion, however, that on balance it would be best not to publish such a document at this time for the following reasons.

2. Any White Paper published now while work on the plan is in mid-stream is bound to consist largely of a recital of policy decisions already announced, together with an outline of problems not yet fully resolved. First there is the balance of payments gap which seems likely to persist unless further measures are taken. Any figures published now could prove embarrassing internationally during the next few months. Secondly there is the general problem of the heavy conflicting claims on resources. The need to put the balance of payments right and to invest heavily in order to achieve faster growth will, even if we can keep within the 4½ per cent limit on Government expenditure, keep down the rate of increase of personal consumption in the next few years to quite a low level. It is clear, moreover, that within the 4½ per cent limit on Government expenditure we shall not be able to have programmes for social services which are in any way adequate for our needs (or satisfy our election commitments) unless defence expenditure is brought to the level of the 1964/65 estimates or below.

3. With all these issues unresolved, I believe that we should do more harm than good by publishing a White Paper now. When a suitable opportunity arises to explain this decision in public, I intend to say that, despite our original intention to publish some sort of interim report in the form of an "Outline Plan", it proved unsatisfactory in practice to publish such a document while the key decisions on the plan had yet to be made in the light of the
information now coming in. Most of the material available for publication can more appropriately be incorporated in a speech, e.g., during the Budget debate, and in our regular monthly Progress Report.

4. The first stage of work on the plan is now nearly complete. The results of the industrial inquiries covering most of private and public industry are now coming in, as are the expenditure proposals up to 1969-70 which Government departments are submitting to the Treasury and the Department of Economic Affairs.

5. During the next four months work on the plan will go through three further stages:

(a) the information now coming in will be analysed and further discussions will be held with industries. This stage will last until mid-May.

(b) Policy decisions on the outstanding problems must be taken between mid-May and the end of June.

(c) A document must be completed by the end of July for publication during the summer. This will not be easy: a good many of the difficulties affecting publication now will still be with us then.

Throughout this process we shall have to consult the National Economic Development Council and I am taking steps to try to improve the security of the Council for this purpose.

6. I seek the agreement of my colleagues to the proposal not to publish a White Paper on the Outline Plan at the present time.

G. B.

Department of Economic Affairs, S.W.1,
THE PLAN FOR ECONOMIC DEVELOPMENT 1964 TO 1970

A PRELIMINARY OUTLINE

1. The Government are drawing up, in consultation with the National Economic Development Council, a national plan for economic development covering the period to 1970. The first results of the industrial inquiry are now coming in and detailed work on Government expenditure and policy is in full train. The various projections and policy issues involved in all this work will be pulled together over the next few months to complete the plan in the summer. In the meantime the object of this paper is to describe its broad outlines.

The national economic objective

2. Clearly we shall only achieve the higher living standards we want if we make production grow faster. But we shall get neither higher living standards nor faster growth unless we correct our balance of payments deficit. The nation's Economic Objective must therefore be to secure the sustained expansion of our national output, coupled with the establishment of equilibrium in our balance of payments. To attain these objectives we must work within the framework of a consistent plan. Otherwise decisions and actions are in danger of being taken in a way unrelated to one another and to the achievement of our objective.

The rate of growth

3. How great an increase in output can we achieve between now and 1970? The answer largely depends on two things:

   (1) the increase in our labour force; and
   (2) the growth of output per man.

4. As to the first, the increase in the labour force is likely to be small, mainly because of the effects of the lower birth rate in the 1950s. In addition more young people are staying on longer in full-time education, and women are getting married at an earlier age. On present trends the labour force would rise by only about \( \frac{1}{4} \) per cent a year between 1964 and 1970, compared with nearly \( \frac{2}{3} \) per cent a year over the last 15 years. This makes it particularly important to make fuller use of the available labour in parts of the country suffering from high unemployment.

5. The main source of faster growth, however, must be a more rapid increase in output per man. This calls for better management and more rapid exploitation of technological advance by modernising out-of-date plant and out-of-date methods of working throughout the economy.

6. Output per man has recently been growing faster, and the annual rate of increase of output per man is now nearly 3 per cent. This is not good enough, but given a sustained effort and the right...
measures, there is every indication that we can do better. The Government have therefore decided that it would be reasonable to aim at an increase of 25 per cent in national output over the whole period 1964–70. If we are to achieve this increase, output per man will have to rise on average by nearly 3½ per cent a year. This would mean that output in 1970 would be £8,000 million higher in to-day's money values than in 1964.

7. To reach this objective, action is required both by industry and by the Government. What is being done, and what needs to be done, in each of the main fields of action is discussed below. The first aim must be to encourage fuller and more effective use of manpower in management, on the shop floor and throughout the country as a whole.

Regional policies

8. We cannot hope to get the growth we need if we fail to make full use of human and other resources in many areas while allowing others to become over-stretched. Regional policies have broader aims than industrial development alone: the balanced use of our economic resources is a prerequisite for securing rapid expansion. The Government's policies will therefore be directed to influencing industrial and social development so that further strain on resources in areas of labour shortage will be avoided, and the fullest possible employment of manpower and other resources in less prosperous regions will be achieved. Regional Economic Planning Councils and Boards have been set up in Scotland, Wales and each of the new economic planning regions of England except in the South-East. They will make detailed studies of the pattern of population growth, industrial and employment trends and the programmes for housing, transport and other social investment. These will be fed back to the centre so that national planning can take full account of regional considerations.

9. A number of important decisions on regional policy have already been taken. Measures to control office building in the London Metropolitan Region were announced in November. The Government are studying the possibility of encouraging future expansion of office employment in other parts of the country. The criteria for granting Industrial Development Certificates have been made stiffer; and a further 29 advance factories are to be built in the Development Districts. In addition a comprehensive review of the scope of policies to influence the distribution of employment, both private and public, is in hand; and the possibility of further decentralisation of Government establishments is being examined. The growth of research and development work in those areas where it would contribute to more rapid growth will be particularly encouraged.

10. An urgent review of the last Government's proposals for South-East England is in progress; but this has not been allowed to hold up the interim programme announced in February to meet London's existing pressing housing needs. In the North-West a large new town will be established in the Leyland-Chorley area to

SECRET
contribute both to Manchester's housing needs and to the economic growth of the whole region. The last Government's programme for Central Scotland is being reviewed to take more account of economic and industrial considerations, and legislation has been introduced to establish a Highland Development Board with executive powers. The Northern Ireland Government have recently published a report on the economic development of the area.

**Increasing the supply of trained manpower**

11. We are still short of skilled and trained men and women. The industrial inquiries now being undertaken are intended to provide more precise knowledge of the actual and prospective shortages of particular types of labour and skill, and of the industries where there may be surpluses of manpower. Continuing information on this subject will be provided by the work of the Ministry of Labour's Manpower Research Unit, by the Economic Development Committees and by the Committee on Manpower Resources for Science and Technology.

12. The responsibility for training or retraining work-people to fill these gaps will fall primarily on industry. The Industrial Training Boards will play a central role in this field. Five Boards have already been established and consultation is now in progress with a number of industries for the establishment of further Boards with a minimum of delay. The improvement and expansion of skilled and trained manpower in the coming years depend largely on the effectiveness of the Boards, and the Government are determined that they should succeed. In addition the Government is working in close collaboration with trade unions and management to enlarge the facilities provided by Government Training Centres.

**Encouraging labour mobility**

13. We must introduce new technologies and changes in the industrial structure if we are to achieve faster growth and higher living standards; but if they are not properly handled, such changes can lead to serious hardship for many individuals, and fear of the consequences of change can be a major obstacle to industrial advance. The Government therefore believe that policies to deal with the human problems involved have a key role to play in speeding up industrial modernisation. To this end the Government intends to:

1. legislate to provide compensation for workers who become redundant;
2. introduce wage-related unemployment benefits;
3. improve transfer allowances for workers who have to move away from home;
4. ensure the wider transferability of occupational pension schemes.

**Improving efficiency**

14. In the Joint Statement of Intent on Productivity, Prices and Incomes representatives of management and of the unions
undertook “to encourage and lead a sustained attack on the obstacles to efficiency, whether on the part of management or workers and to strive for the adoption of more rigorous standards of performance at all levels”. The Government, management and unions are working together to improve efficiency through the Economic Development Committees which have been set up so far in nine industries. As well as considering the contribution of their industries to the national development plan, their purpose is to identify and stimulate action required to remove specific obstacles to efficiency and expansion.

15. Raising management standards is a crucial part of improving Britain’s economic performance. We need a growing interest in new management techniques, and measures are being taken to expand management education and training. These include the establishment of two graduate business schools at London and Manchester, and encouragement for more and better management courses at universities and establishments for further education as well as by individual industries and firms.

16. There is still an urgent need for more technological awareness in top management. The new Ministry of Technology will undertake the task of speeding up the introduction of new technical developments into industry. Increased capital resources have been made available to the National Research and Development Corporation for supporting innovation in industry.

Investment

17. Better use of manpower must be matched by more productive investment. The need to modernise industry and achieve the structural changes in the economy necessary to correct the balance of payments will create heavy demands for industrial investment. Manufacturing industry in particular will need to increase its total investment more rapidly than the growth of the national product. Programmes for modernising energy production, communications and transport will mean heavy investment in the nationalised industries. Investment in housing and the fabric of the social and public services will also need to expand. The growth of public services in the form of education and health cannot be met without a corresponding growth in the investment in these services. Priorities will have to be established between these various fields; but it seems to be reasonable at this stage to envisage total fixed investment rising by 35 to 40 per cent between 1964 and 1970. These figures may well need revision in the final plan but it seems clear already that there will be heavy demands on the construction industries and the engineering industries producing technologically advanced and labour saving equipment.

The balance of payments

18. The sharp rise in imports and the slackening in the rate of growth of exports led to a marked deterioration in the balance of payments in 1964 and a deficit on current account of £374 million. At the same time there was an exceptionally heavy outflow of
long-term capital bringing the total deficit on current and long-term capital account to £745 million. 1964 was a particularly bad year for the balance of payments. The measures taken by the Government, together with an easing of some of the exceptional factors at work last year are already leading to an improvement. The remaining deficit must be eliminated quickly, and we must achieve the longer term structural improvement in the balance of payments needed to secure steady economic growth, to repay debt and to give more economic aid.

19. Every aspect of the balance of payments is being reviewed to this end. A major part of any improvement, however, must come from a better performance in international trade. The increase in imports needed to support a 25 per cent expansion of output will require a faster rise in the volume of exports than the 3 per cent annual average of the last 10 years. The Government have taken action to improve export credit facilities; they have provided rebates of indirect taxation to exporters worth £80 million a year; they are prepared to bear part of the cost of overseas market research and are contributing an increased amount to the financing of trade fairs. Consultations are being held with industry to explore all practicable further ways of increasing exports.

20. The Economic Development Committees are examining closely the reasons for the rapid growth in imports of manufactured goods and every effort will be made with the co-operation of industry to identify and rectify weaknesses in our competitive position whether due to quality, design, marketing or lack of capacity. Improvements in these directions will both help our exports and enable us to meet competition from imports more effectively.

21. But increases in exports and savings in imports will depend heavily not only on an improvement in our competitive position through a faster growth of efficiency, but also on greater stability of prices and costs as a result of a successful prices and incomes policy.

Prices and incomes

22. Management and the unions have jointly pledged themselves to keep increases in money incomes in line with increases in real national output and to maintain a stable general price level. Machinery has been agreed for examining both the general movement of prices and incomes, and particular cases. It is particularly important to change the attitude of mind in which cost increases are too easily accepted and too readily passed on in the form of higher prices. The Prices Review Division of the National Board for Prices and Incomes can review not only price increases, but also cases in which there is reason to expect that prices ought to have fallen but have not done so. The Incomes Division can review claims, settlements or other questions. All these references will be made by the Government either on request or on their own initiative.

23. The next stage, which should be completed very shortly, is to reach agreement on the considerations which should govern those responsible for determining prices and incomes and by which the
Board will be largely guided in examining individual cases. All parties to the agreement intend that the policy on prices and incomes should be effective. It is an agreed policy and, therefore, puts obligations on all concerned to make it work. Since it covers prices as well as incomes, it puts pressure on both management and unions to avoid income increases that push up costs, and should have an increasingly important effect in improving our international competitive position.

The use of resources

24. The table below sets out the broad dimensions of the 25 per cent growth plan so far as they can be assessed at this stage of its formulation.

25. The first main claim on increased output is the need to improve the balance of payments. The exact amount of resources which will have to be diverted to the balance of payments between 1964 and 1970 will depend partly on changes in the long-term capital account and on the future movement of the terms of trade. Taking all the relevant factors into account it seems prudent to allow for an extra £700 million at 1964 prices for the net improvement in the balance of trade in goods and services and net investment income from abroad between 1964 and 1970.

<table>
<thead>
<tr>
<th>TABLE</th>
<th>THE BROAD DIMENSIONS OF THE PLAN 1964 TO 1970</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£ million at 1964 market prices</td>
</tr>
<tr>
<td></td>
<td>1964</td>
</tr>
<tr>
<td>Gross National Product</td>
<td>22,632</td>
</tr>
<tr>
<td>Balance of Trade and net investment income from abroad</td>
<td></td>
</tr>
<tr>
<td>Investment:</td>
<td></td>
</tr>
<tr>
<td>(a) Private and nationalised industries</td>
<td>3,856</td>
</tr>
<tr>
<td>(b) Social and other public services and housing</td>
<td>1,949</td>
</tr>
<tr>
<td>(c) Stockbuilding...</td>
<td>524</td>
</tr>
<tr>
<td>Defence</td>
<td>1,921(2)</td>
</tr>
<tr>
<td>Consumption:</td>
<td></td>
</tr>
<tr>
<td>(a) Social and other public services</td>
<td>3,510</td>
</tr>
<tr>
<td>(b) Personal</td>
<td>21,038</td>
</tr>
</tbody>
</table>

Note:

(1) These figures differ from the balance of payments on current account by the amount of net transfers abroad (which totalled £208 million in 1964).
(2) These figures cover current military defence expenditure on goods and services on the definitions used in the statistics of National Income and Expenditure published by the Central Statistical Office; the coverage is somewhat wider than that used for the Defence Budget. The 1970 figure is consistent with the Defence Budget at constant prices being limited to a total equal to the Estimates for 1964-65, i.e., £1,998 million.
26. Another major claim is for increased investment, both public and private, which is discussed above. Then there are the claims of public expenditure and personal consumption. Final decisions on individual public expenditure programmes up to 1970 will be reached in drawing up the plan, but meanwhile the Government have announced that central and local Government expenditure must be related to the prospective increase in national production; on present judgment this means limiting the average increase from 1964-65 to 1969-70 to $4\frac{1}{2}$ per cent a year at constant prices, taking one year with another.*

27. Defence expenditure puts a special burden on many of our most scarce resources and on the balance of payments: the Government are therefore conducting studies with the object of limiting defence expenditure by 1970 to around 1964 levels in real terms. This would leave room for a substantially faster rise than $4\frac{1}{2}$ per cent a year in expenditure on other public services as a whole, many of which make an important contribution to our ability to remain an advanced industrial nation and to secure faster growth.

28. This leaves personal consumption. On the provisional assumptions made here, this would rise on average by about 3 per cent a year from 1964 to 1970. There would, however, be a considerably faster expansion of communally provided services such as education and health, which provide some of the most essential elements in our standard of life, and where improvements in the quality of many of these services are urgently needed. In the initial years of the plan, the necessity of securing a substantial improvement in the balance of payments and a high level of investment will keep down the resources available for increasing personal consumption; in the later years of the period there should, however, be scope for a faster rise. Throughout the period we must expand savings. Personal and Company savings have been increasing as a proportion of income and to the extent we can increase them further, the less taxation will have to be used as a means of limiting consumption.

Further work on the plan

29. Further work on the plan will continue over the next few months both within the Government and in discussion with industries. The aim of planning is not merely to define objectives and to set quantitative guidelines for industry and Government, but to devise the policies and ensure that the action is taken needed to achieve those objectives. In the initial stages the need to collect and assemble a great deal of detailed and complex material in order to shape it into an agreed plan has meant that much work has had to be compressed into a shorter period than would otherwise be desirable. It will continue to be necessary to work to a very tight timetable this year in view of the need to produce a generally agreed

---

* This limit applies to all central and local government expenditure including the operations of the National Insurance Funds but excluding debt interest, i.e., it includes cash payments such as pensions, as well as current and capital expenditure on goods and services as shown in the table.
plan of action as soon as possible; in future years, however, it is
hoped that it will be possible to allow longer for the different stages
of work on the plan.

30. In a political and industrial democracy such as the United
Kingdom the success of this new venture in planning will depend
upon mutual understanding and effective co-operation between
the Government, management and unions, and the population in
general. The Government intend to continue the work of elaborating
the plan in close consultation with management and unions through
the National Economic Development Council, and to encourage
joint discussions of these problems and their solutions at every
stage. Only in this way will the final plan command the support
and agreement to action needed to achieve the desired goals.
NOTE:

European Launcher Development Organisation

The attached minutes are relevant to Cabinet's discussion, on Thursday, 1st April, of the memoranda (previously numbered MISC. 31/5 and 31/6) which are annexed to C. (65) 34.

Cabinet Office, S.W. 1.
30th March, 1965

Mr. P. Rogers
Major-General L. de M. Thuillier
Mr. J.E. Fraser

SECRETARIAT:

SECRET:

SUBJECT:

FUTURE UNITED KINGDOM PARTICIPATION IN THE EUROPEAN LAUNCHER DEVELOPMENT ORGANISATION (ELDO)
CABINET
EUROPEAN LAUNCHER DEVELOPMENT ORGANISATION

MINUTES of a Meeting held at
10, Downing Street, S.W.1., on
MONDAY, 29th MARCH, 1965, at 3.30 p.m.

PRESENT:
The Rt. Hon. Harold Wilson, M.P.,
Prime Minister
The Rt. Hon. Denis Healey, M.P.,
Secretary of State for Defence
The Rt. Hon. Anthony Wedgwood Benn, M.P.,
Postmaster General
Mr. Austen Albu, M.P.,
Minister of State,
Department of Economic Affairs
The Rt. Hon. Lord Chalfont,
Minister of State for
Foreign Affairs
Mr. Edward Heath, M.P.,
Minister of State,
Board of Trade
The Rt. Hon. Roy Jenkins, M.P.,
Minister of Aviation
Mr. John Diamond, M.P.,
Chief Secretary, Treasury
Lord Bowden,
Minister of State,
Department of Education
and Science
Mr. Cledwyn Hughes, M.P.,
Minister of State,
Commonwealth Relations Office
Lord Snow,
Parliamentary Secretary,
Ministry of Technology

SECRETARIAT:
Mr. P. Rogers
Major-General L. de M. Thuillier
Mr. J.K. Fraser

SUBJECT:
FUTURE UNITED KINGDOM PARTICIPATION IN THE EUROPEAN LAUNCHER DEVELOPMENT ORGANISATION (ELDO)
FUTURE UNITED KINGDOM PARTICIPATION IN THE EUROPEAN LAUNCHER DEVELOPMENT ORGANISATION (ELDO)

The Committee had before them memoranda by the Minister of Aviation (MSC. 31/5) and the Chief Secretary to the Treasury (MSC. 31/6) on the future level of United Kingdom participation in the European Launcher Development Organisation (ELDO).

The Minister of Aviation said that it was necessary to give instructions to officials for the ELDO Conference which was to be reconvened in Paris on 7th April. The Conference held on 19th January had been inconclusive and contrary to expectation it had not been the United Kingdom delegation which was isolated, because of our doubts about future ELDO programmes but the French, who had unexpectedly produced the proposal that the development of ELDO A should be abandoned and an immediate start made on the development of ELDO B launchers. This proposal, with alternatives, had been referred to a working group, which had subsequently reported that the best foundation for the ELDO B programme would be completion of the ELDO A and A/3 programmes, but that an alternative foundation would be a compromise based on the original ELDO A programme involving the development of a two-stage instead of a three-stage launcher.

He agreed that there was no economic case for further participation in ELDO programmes. But there was a strong political case for our continued participation, as the Organisation had had its origin in the United Kingdom proposals for alternative uses for the BLUE STREAK rocket, and considerable ill feeling would be generated in Europe if we withdrew.

The second argument against our withdrawal from ELDO at this stage was that to do so would involve almost irrevocably abandoning space technology. There was no question of our mounting an effort competitive with the United States and the U.S.S.R., but grave danger that we might allow the United States to have a monopoly in the West if we were to abandon the ELDO programmes. Less important considerations were difficulty in maintaining the Woomera range if ELDO were withdrawn, and the possibility of industrial dislocation in certain areas of the United Kingdom (particularly at Spadeadam in Cumberland where £20 million had been invested). The estimate of our future commitment had been carefully drawn, and though it was substantial it was not over-large in relation to the nature of the programme. He therefore recommended that the United Kingdom delegation to the ELDO Conference should be instructed to agree in principle to the development of an ELDO B launcher on the basis that the best foundation for this would be the completion of the ELDO A programme, and that we should meet our
share of the cost of work during 1965 whilst the details of such a programme were determined. Alternatively, the delegation should agree to the completion of the ELDO A programme as a two-stage launcher preliminary to the development of an ELDO B launcher. If the French were to insist on their proposals to move straight to the ELDO B programme, the United Kingdom delegation should reserve their position so that our continued participation in it might be reviewed.

THE CHIEF SECRETARY, TREASURY said that it was common ground that there was no economic justification for the ELDO programmes. The advantages of "technological spin-off" might better be realised by pursuit of projects of greater viability. So far as our relations with Europe were concerned, it would be better to support fruitful projects (such as European Space Research Organisation (ESRO) and the Anglo-French strike trainer) than programmes such as ELDO which would probably lead to further embarrassments. The estimate of a future annual United Kingdom commitment of £8 to £9 million was based on two unlikely hypotheses, that costs would not increase beyond the estimate, and that our future share of costs would be reduced to 25 per cent. It was most important that the implications of the ELDO B programme be fully considered and it was noteworthy that the French proposals would also remove work from Weerns to their proposed equatorial launch site in French Guiana. ELDO programmes were of no economic importance and should therefore enjoy a low priority in their claims on our resources; we should take this opportunity to avoid any further commitment to ELDO programmes.

In discussion the following points were made:

(a) It was doubtful whether there would be any appreciable benefit by way of "technological spin-off" from further participation in the ELDO programmes, particularly as the technology of BLUE STREAK was well developed. There was hardly any scientific interest in ELDO programmes, and there was no commitment on ESRO to use the ELDO launcher when it was developed. Past experience suggested that present estimates would increase as had those for the ELDO A programmes (from £70 million to approximately £150 million) and it was probable that further participation in ELDO programmes would constitute a future commitment which it would be even more difficult to terminate later. We had accepted dependence upon the United States for the launching of both military and civil communications satellites, and it was probable that in 1971, when ELDO B might be capable of launching a communications satellite, that there would be little potential demand for it for communications purposes, as synchronous
satellites would already have been launched for the civil system and the American Titan 3C would be a more efficient means of launching replacements. Nor was it a corollary of withdrawing from ELDO that we should abandon space technology. The BLACK ARROW programmes and our co-operation with the French on DIAMANT would retain our interest in launchers, though of a smaller capability and there was other fields of space technology in which we could fruitfully engage. The arguments for continuing to participate in ELDO were therefore primarily political, and it was not clear that our continued participation would yield any long-run political advantages.

(b) Against these considerations must be set the political odium which would be incurred if we withdrew from an organisation in which we had originally taken the lead, and the danger that doing so might be interpreted as loss of confidence in Europe. Australia attached great importance to the continuance of the ELDO programmes at Woomera which were about a quarter of the current Woomera programme. We were not yet entrenched in space technology, nor was it possible to forecast what the situation would be in ten years' time. Whilst we might with impunity contract out of programmes in technologies in which we were established, to do so in this case might exclude us from a field of advanced technology and have an extremely adverse effect on our own technologists. Our current national programmes of space technology did not at present envisage the launching of a communications satellite, and the consequences of relying on the United States for launches had not been fully considered, and might ultimately involve unacceptable costs and conditions. The consequences of withdrawing from this co-operative European technological programme, which was avowedly uneconomic, might have repercussions in other more fruitful fields. Although it was not possible to attribute absolute certainty to the ELDO estimates they included a 40 per cent contingency allowance, and it was arguable that when the ELDO A programme was complete we could look for a reduction in our contribution to 25 per cent. The political objective in continuing our ELDO participation was to retain the goodwill not of the French (who might in any case welcome our incurring the blame for the collapse of the Organisation) but the other five European participants.

(c) It would be necessary to keep in close touch with the Australians on our future policy, having regard to the importance which they attached to Woomera and the possibility that the ELDO B programme required an equatorial launching site. But further consideration should be given (if we continued to participate) to the choice of a suitable launching site either in the North-West of the present Woomera range or elsewhere in Australia sufficiently close to the Equator.
It was certain that the United Kingdom view would be sought early in the Conference, and it would be impossible for the delegation to temporise. It would therefore be necessary to give them clear instructions on the nature of our future participation in ELDO. There was, indeed, some demand from European members other than France for discussions prior to the Conference on the line to be taken then, and it would be useful if the Foreign Office could be authorised to undertake these discussions.

A major objection to our continued participation in the ELDO programmes was that the ultimate commitment was not clearly defined. Whatever the outcome of the Conference, every effort should be made to limit our contribution within a defined ceiling.

Summing up the discussion, THE PRIME MINISTER said that the arguments were finely balanced. A majority of the Committee supported the proposals by the Minister of Aviation. But the political, economic and technological issues and the level of expenditure involved were such as to make it necessary to bring the matter before the Cabinet.

The Committee:

Took note that the Prime Minister would arrange for future United Kingdom participation in ELDO to be discussed by the Cabinet on Thursday, 1st April.

Cabinet Office, S.W.1.

29th March, 1965