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CABINET

PUBLIC OWNERSHIP OF THE SHIPBUILDING AND
AIRCRAFT INDUSTRIES

Memorandum by the Secretary of State for Industry

1. At its meeting on 4 July (IDV(74) 2nd Meeting) the Ministerial Committee on Industrial Development considered my proposals for the public ownership and control of the shipbuilding (including ship-repairing and marine engineering) and aircraft industries in accordance with the commitments in our Election Manifesto and invited me to inform the Cabinet of the work which had been put in hand.
2. The Committee agreed in principle that these industries should be taken into public ownership. A number of questions remain to be decided:
 - a. Shipbuilding. The structure of the proposed nationalised body; the role of the National Enterprise Board (NEB); the special requirements of warship building; the possibility of expansion into chemicals as well as marine engineering; and the timing.
 - b. Aircraft. It was considered that plans should not be finalised until the future of Concorde and the outcome of the Defence Review were settled. Meanwhile further consideration should be given to the form of legislation needed; the role of the NEB; the corporate structure of the new body; the firms to be nationalised; the principles and timing of compensation; the reserve powers needed to safeguard military aircraft and guided weapon capability; and the likely future size and shape of the industry.
3. I was invited to establish interdepartmental groups of officials to prepare proposals for further consideration by the Committee. The proposed terms of reference and membership of these groups are annexed.

A W B

Department of Industry

9 July 1974

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ANNEX

TERMS OF REFERENCE AND MEMBERSHIP OF OFFICIAL WORKING GROUPS

Shipbuilding

The Group will include representatives of the Department of Industry (who will provide the Chairman), and of the Treasury, Department of Employment, Department of Trade and the Ministry of Defence. Other Departments concerned will receive papers and be free to attend as desired. The group's terms of reference will be:

"To prepare a statement, to be made before the Parliamentary recess, confirming the Government's intention to take the shipbuilding, shiprepairing and marine engineering industries into public ownership and setting out points on which the views of interested parties would be sought, and, after completion of consultations, to draft a White Paper, for issue in October, embodying the Government's detailed proposals."

Aircraft

The Group will include representatives of the Department of Industry (who will provide the Chairman) and of the Treasury, Foreign and Commonwealth Office, Department of Employment, Department of Trade, Ministry of Defence, Central Policy Review Staff and Cabinet Office. Other Departments concerned will receive papers and be free to attend as desired. The Group's terms of reference will be:

"To prepare proposals for taking the aircraft industry into public ownership and control with particular reference to the form of legislation, the role of the NEB, the corporate structure of the new body, the firms to be nationalised, the reserve powers needed to safeguard military aircraft and guided weapon capability, and the likely future size and shape of the industry."

Compensation

A separate and restricted Working Party from the Department of Industry and the Treasury is already considering possible methods of compensation for both shipbuilding and aircraft nationalisation.

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