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*Printed for the Cabinet. July 1959.*C.C. (59)
44th Conclusions

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CABINET

*CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1,
on Tuesday, 21st July, 1959, at 11 a.m.*

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister.

The Right Hon. R. A. BUTLER, M.P.,
Secretary of State for the Home
Department and Lord Privy Seal.The Right Hon. JOHN MACLAY, M.P.,
Secretary of State for Scotland.The Right Hon. DUNCAN SANDYS, M.P.,
Minister of Defence.The Right Hon. IAIN MACLEOD, M.P.,
Minister of Labour and National
Services.The Right Hon. LORD MILLS, Minister
of Power.The Right Hon. JOHN HARE, M.P.,
Minister of Agriculture, Fisheries and
Food.The Right Hon. VISCOUNT KILMUIR,
Lord Chancellor.The Right Hon. VISCOUNT HAILSHAM,
Q.C., Lord President of the Council.The Right Hon. Sir DAVID ECCLES,
M.P., President of the Board of Trade.The Right Hon. HENRY BROOKE, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs.The Right Hon. GEOFFREY LLOYD, M.P.,
Minister of Education.Dr. The Right Hon. CHARLES HILL,
M.P., Chancellor of the Duchy of
Lancaster.

The following were also present:

The Right Hon. DEREK WALKER-SMITH,
Q.C., M.P., Minister of Health
(Item 1).The Right Hon. EDWARD HEATH, M.P.,
Parliamentary Secretary, Treasury.The Right Hon. D. ORMSBY-GORE,
M.P., Minister of State for Foreign
Affairs.Mr. J. E. S. SIMON, Q.C., M.P.,
Financial Secretary, Treasury.Mr. C. J. M. ALPORT, M.P., Parlia-
mentary Under-Secretary of State for
Commonwealth Relations (Items 2-4).*Secretariat:*

The Right Hon. Sir NORMAN BROOK.

Mr. F. A. BISHOP.

Mr. M. REED.

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National
Health
Service.(Previous
References:
C.C. (57) 11th
Conclusions,
Minute 4 and
C.M. (56) 55th
Conclusions,
Minute 4.)
Financial
Structure.

1. The Cabinet had before them a memorandum by the Lord Privy Seal (C. (59) 125) on the financial structure of the National Health Service and the supply of drugs to the private patients of general practitioners.

The Lord Privy Seal said that, at the request of the Prime Minister, a Committee of Ministers had reviewed the financial structure of the Health Service in order to determine whether its total cost could be reduced or whether any change could be made, to the benefit of the Exchequer, in its distribution between contributions, charges and public funds. The Committee had concluded that short of excising parts of the Service, which could not be justified on merits, major economies could not be expected over the next few years; on the contrary, the cost of the Service must be expected to continue to rise. Nor was this an opportune time for a radical revision of the financial structure of the Service: in particular, the abolition of the charges, at an estimated cost of £27½ millions a year, could only be justified if it were accompanied by a compensating increase of about 7d. in the weekly contributions. A recent recommendation of the Hinchliffe Committee on the Cost of Prescribing had, however, given the Government the opportunity to announce that they were willing to try to reach an agreement with the doctors under which they would, for a trial period of two years, voluntarily limit the quantity of drugs prescribed and that at the end of the trial period the Government would consider abolishing the prescription charge.

Discussion showed that there was general agreement with the Committee's conclusions. The development of preventive medicine and increased capital investment in the hospital service, which had become urgently necessary, could be expected in time to reduce the cost of the Service but neither of these factors could operate quickly. Changes in the methods of meeting the gross cost—in particular, the transfer of that part of it now met from charges to the weekly contributions—should be considered in due course. Meanwhile, the Government could continue to rely on their undertaking to consider, in the circumstances referred to, the abolition of the prescription charge.

The Lord Privy Seal said that among Government supporters opinion was divided on the expediency of allowing the private patients of general practitioners to obtain drugs on National Health Service terms. This concession would cost the Exchequer an additional £2 millions a year. The Committee had not felt able to recommend that it should be made at the present time.

Discussion showed that there was general agreement with this conclusion. If pressure for the concession increased, the Government might undertake to consider it at the same time as they considered the abolition of the prescription charge; but, as it might be useful to make the concession in the negotiations on the remuneration of doctors which would follow the report of the Royal Commission, it would be preferable to say only, and without setting a date for the review, that the Government would consider the concession if it were shown that the present position was endangering the existence of private practice or preventing any substantial number of people from availing themselves of it.

The Cabinet—

(1) Approved the proposals in C. (59) 125.

Opticians' Fees.

The Cabinet also had before them a memorandum by the Secretary of State for Scotland and the Minister of Health (C. (59) 126) on the fees to be paid to opticians for dispensing National Health Service lenses in private frames (hybrid dispensing).

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The Minister of Health said that the question of revised fees for opticians under the National Health Service had been resolved by a package agreement. The first two parts of this agreement—an increase in sight-testing fees and the maintenance of existing dispensing fees—had been favourable to the opticians and had been in force since the end of 1958. The third part—a reduction in the fee for hybrid dispensing—was the only one unfavourable to the opticians and was a question on which the Wages Policy Committee had been unable to agree. The Minister's own view was that, partly in justice to the dispensing opticians and more especially in order to avoid provoking a campaign of criticism against the Government, it was desirable not to insist on a reduction in the hybrid dispensing fee.

Discussion showed that opinion in the Cabinet was divided on this issue. On the one hand, there was a strong logical and economic case for insisting on the reduction. The package agreement had been based on a factual investigation and the facts themselves, even after concessions had been made on their interpretation, would have justified a reduction in the fee for dispensing National Health Service spectacles. This fee had been maintained (and the sight-testing fee increased) on the understanding that the hybrid dispensing fee would be reduced by 20 per cent. If, therefore, having given effect to the first two parts of the agreement, the Government failed to insist on the third, their position would be weakened for the future not only in relation to the opticians but in negotiations on remuneration generally.

On the other hand, the dispensing opticians, who received no benefit even from the first two parts of the package agreement, were in a minority on the opticians' side of the Whitley Council and had, when the agreement was reached, been outvoted by the ophthalmic opticians, who received the benefit of the increased sight-testing fee. For the dispensing opticians, therefore, the proposed reduction would represent a reduction in the remuneration they were at present receiving. Therefore, in fairness to them, as well as on grounds of political expediency, there was a good case for not enforcing the whole of the agreement. To the extent that the consumer was prepared to pay, a reduction in the hybrid dispensing fee could be passed on to him, but this might increase the cost to the Exchequer by inducing more patients to take National Health Service frames.

The Prime Minister said that the arguments seemed evenly balanced and should be considered further at a later meeting when the Chancellor of the Exchequer was present.

The Cabinet—

- (2) Agreed to resume their discussion of C. (59) 126 at a later meeting.

Agricultural
Policy.
(Previous
Reference:
C.C. (59) 41st
Conclusions,
Minute 4.)

2. The Cabinet had before them memoranda by the Minister of Agriculture (C. (59) 116) and the Chancellor of the Exchequer (C. (59) 127) on the assurances to be given to the farming industry as regards pig production and the removal of tariffs on commodities not covered by guaranteed prices.

The Minister of Agriculture said that pig producers in the United Kingdom had been seriously alarmed by the undertaking which we had given in the bilateral negotiations with Denmark to withdraw the bacon tariff if the negotiations at Stockholm led to the establishment

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of a European Trade Association. There was a real danger that, following the price policy adopted in recent Annual Reviews, the agreement with Denmark would cause a further decline in pig production. The pig breeding herd had fallen by 16 per cent. in the last year and ought not to be further reduced. The National Farmers' Union (N.F.U.) had asked for a specific assurance that at the next Review action would be taken to reverse the Government's pig production policy of recent years and to provide the necessary financial incentives for that purpose. It was clear that, apart from any alteration in price which would automatically follow changes in the cost of feedingsuffs, it would be undesirable to reduce pig prices at the next Review. He therefore wished to announce, in the course of a debate in the House of Commons that afternoon, that the Government did not want any further decline in pig breeding and that the guaranteed price of pigs would not be reduced at the Annual Review in 1960.

The agreement with Denmark had also led the farming industry to fear that the Government would if necessary withdraw other tariffs, for example, in the course of any negotiations that might take place with the European Economic Community (E.E.C.) for a wider European free trade area. The N.F.U. were also seeking reassurance on this point. It would be helpful if the Government could announce that, where tariffs were the primary method of support for agricultural or horticultural products, these would not be withdrawn unless changed circumstances made the tariff no longer necessary or unless broadly equivalent support were provided to replace the tariff.

The Financial Secretary, Treasury, said that an immediate assurance that pig prices would not be reduced at the next Review might stimulate production to an undesirable extent, at considerable cost to the Exchequer. Moreover, an announcement in the terms proposed by the Minister of Agriculture might lead the Danes to believe that we had gone back on our undertaking not to frustrate the removal of the tariff by the use of our subsidy policy. It would be preferable to repeat the assurance which had already been given that, in fixing the guaranteed price, no account would be taken of the effect on the Exchequer of removing the bacon tariff. A general assurance about removal of tariffs would be potentially a serious embarrassment in any subsequent negotiations between the Stockholm Group and the E.E.C. It would be easier to decide how to reply to the representations of the N.F.U. on this point when the result of the current negotiations in Stockholm was known.

In discussion it was pointed out that an assurance that we did not want any further decline in pig breeding would imply that the Government's pig production policy would be reversed. This might give the Danes the impression that we had misled them in the recent bilateral negotiations. In that event the discussions at Stockholm, on which the long-term strength of our whole economy might depend, could be seriously prejudiced. The confidence of pig producers was based not so much on an assurance of the Government's general intentions as on the actual price decisions at the Review. An announcement that the price would not be reduced next year ought therefore to be a sufficient reassurance by itself.

On the other hand it was argued that the confidence of pig producers had been shaken by the undertaking to remove the bacon tariff. In the negotiations with Denmark, United Kingdom Ministers had specifically reserved their right to determine annually the guaranteed price for pigs. It would indeed be possible, having regard to cost and other considerations, to increase pig prices at the next Review. The level of the pig breeding herd was lower than desirable, and might not recover unless the confidence of producers were restored. In these circumstances it would not be unreasonable to

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make it clear to producers that, in the Government's view, the present level of production should be maintained. Provided that it was also made clear that production should only be maintained at a level which was efficient, such an assurance ought not to be taken by the Danes to imply that pig production policy was to be reversed.

After further discussion it was agreed that the Minister of Agriculture should give an assurance in the following terms in the course of the debate that afternoon:—

"I want farmers to be quite clear about the Government's intention. We want to maintain pig production on an efficient basis. For that purpose, as was done in the case of the price of fat cattle for 1957-58, I can now say that we have decided that in the Annual Price Review next year the standard price for pigs will not be reduced, except of course for any adjustment which would follow automatically from changes in feed costs."

The Prime Minister said that if any assurance were to be given on tariffs generally it should be in specific terms. Consideration of this question should be postponed until the Chancellor of the Exchequer had returned from Stockholm and the prospects for the establishment of a European Trade Association and the possibility of subsequent negotiations with the E.E.C. could be more clearly assessed. Meanwhile, nothing should be said on this point either in the debate that day or in reply to the N.F.U.

The Cabinet—

- (1) Authorised the Minister of Agriculture, in the debate in the House of Commons that afternoon, to give an assurance on pig production in the terms approved in their discussion.
- (2) Agreed to resume at their next meeting their consideration of the question of an assurance to the farming industry on tariffs generally.

Diaries of
Roger
Casement.
(Previous
Reference:
C.C. (59) 17th
Conclusions,
Minute 4.)

3. *The Home Secretary* said that, since the Cabinet's discussion on 17th March, he had given further consideration to the disposal of Roger Casement's diaries, in consultation with the Lord Chancellor, the Commonwealth Secretary and the Attorney-General. In the result they had all concluded that the best course would be to transfer the diaries to the Public Record Office and to allow access to them there by persons who proved to the satisfaction of the Home Office that they needed to see them for purposes of historical research, or had made a serious study of Casement's life, or were qualified to express an informed opinion on the authenticity of the diaries. It would be made clear that any person proposing to publish the diaries, in whole or in part, would do so at his own risk, having regard to the law of copyright and of obscenity.

The Cabinet—

Agreed that the diaries of Roger Casement should be transferred to the Public Record Office on the basis proposed by the Home Secretary.

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4. The Cabinet had before them a memorandum by the Lord Privy Seal (C. (59) 121) on the legislative programme for the 1959-60 session of Parliament.

The Lord Privy Seal said that, at a period in the life of a Parliament when at the most only part of a session remained before Dissolution, it was impossible to construct a programme of future legislation in the normal way. Nevertheless, if the Government were to be in a position to introduce any legislation in the next session, preliminary work on drafting needed to be done and for this purpose the Future Legislation Committee, on the working assumption of a session of normal length, had prepared lists of Bills (annexed to C. (59) 121) to which they proposed that drafting priority should be given. Drafting of some of these Bills was already in progress and, if the Cabinet approved the Committee's proposals, preparation of those in the higher categories should be expedited. The "essential" Bills in List A.1 and the "main programme Bills" in List B.1, together with such of the "contingent" Bills in List A.2 as became necessary and possibly some of the "other programme Bills" in List B.2 could be expected to keep Parliament fully occupied and, if it were finally decided to introduce them, would constitute a reasonably attractive programme.

In discussion there was general agreement with these proposals, subject to the following points:—

(a) The International Headquarters and Defence Organisations Bill might be promoted from List C to List B.2. It was expected to be ready for introduction at the beginning of the session.

(b) A Bill to enable wages to be paid by cheque, which could be drafted in a short time, might be included in List B.2.

(c) A Bill to control caravans and caravan sites, at present in List C, would almost certainly be necessary and should be promoted to List B.2.

(d) Ministers who were not members of the Cabinet should be given the opportunity to put the case for promotion of their Bills from lower to higher categories.

The Cabinet—

(1) Invited the Lord Privy Seal, as Chairman of the Future Legislation Committee, to give Ministers who were not members of the Cabinet the opportunity to seek the promotion of their Bills from lower to higher categories in the Annex to C. (59) 121.

(2) Subject to any further proposals made in accordance with Conclusion (1) and to the points raised in their discussion, approved the proposals in C. (59) 121.

5. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

Parliament would be adjourned for the summer recess on 30th July. It would be announced, before the recess, that Parliament would reassemble on 29th October and be prorogued on the same day; and that the new session would be opened on 3rd November.

Cabinet Office, S.W. 1,
21st July, 1959.

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E.R.