

CAB 195/12

C A B I N E T

M I N U T E S

C.C.(54)13th Meeting – C.C.(54)78th

Meeting

1. Sudan.

[Enter B-H.

- P.M. Historically, it is just. Tribes that followed Mahdi were roused by years of oppression & exploitⁿ. by Egypt. If I had the power, I wd. at once send 2 batt^{ns}. to Khartoum – to preserve order, & develop^{mt}. of Sudanese liberties, and to save life. Plus 2 RAF squadrons. From Egypt.
- A.E. There is a battⁿ. there, and they didn't even bring them out of barracks.
- P.M. But a pretext for first step in redeployment in M/East.
A useful thing is to have a force there which cd. cut them off fr. Egypt. We cd. carry on processes of new constitⁿ., while m'taining order. A good place to keep troops in M/E?
- Al. Not in our plan : but wd. be easy to put some there.
- P.M. I suggested this 3 months or so ago: but agreed that that was not the moment. This may be – and may be the last.
Hope A.E. will consider this.
- A.E. What is their purpose? To defend S. against E.
Neguib is going home : and other guests are dispersing. Whole business deferred until (?) 10/3.
- Sal. What is the constitutional posⁿ. of B. troops in Sudan?
- A.E. Gov^r. is still responsible for law & order : cd. appeal for more troops – to both co-Domini.
Doubt if any section of S. opinion wd. welcome re-inforcement of Br. troops.
- P.M. 20 killed & 100 injured : a serious situation.
- A.E. No word from Gov. Genl : presumably Palace is cut off.
- P.M. Might be beginning of civil war. They can't advance twds independence unless law & order is preserved.
If these were in Sudan, no political diff^y. in w'drawing from E.
- R.A.B The start wd. have to be – Howe askg. for more troops : but we w^d. have to say that he doesn't want E. troops only Br. troops. W^d. he do that?
- P.M. I wdn't exclude possibility of allowg. some E. troops to go in too.
- A.E. A fresh commitment. Strategically less useful in new pattern of M/E defence than pos^{ns}. further north e.g. in Libya & Cyprus.

(I will consider possibilities and Howe's powers and report
(to P.M. to-morrow. Will also ask S.Ll. to stay until ordered
(and give us his appreciation of situation.

2. Egypt.

A.E. Read latest tel. from Cairo.
Sounds somewhat unsettled.

P.M. Can we have much faith in an agreement concluded with such a
régime?

A.E. We shall make one only if it suits us: and if they broker it thereafter
our hands wd. be free.

3. Kenya : General China.

P.M. Tel. No. 185 from O.L. in Kenya.
O.L. was v. reluctant to use China in this way. Now on the spot he
favours this action. I suggest we give him discretion to proceed as he
wishes.

Sw. Submit this course shd. be supported. Surrender of leaders will
discredit them with their followers.

M.F. Support O.L.

Sal. “ “ Agreed.

4. Teachers' Superannuation.

F.H. Secretary N.U.T has asked if I have any developmts to discuss with
them. I have offered to see them & consider any sugg^{ns}. they have to
make.

R.A.B. Dissident Tory supporters have asked for time (until Thurs.) to
formulate their proposals. They shd. have some guidance fr. a
Minister : have told them to approach L.P.S. and F.H.

P.M. W^d. have preferred to avoid a row on this. But am coming to the
conclⁿ. that, as things are, we ought to show firmness: and ram it down
their throats. Esp. against background of Labour vacillation on
defence & f. policy.

R.A.B. Welcome this support. But prefer to take more time to present it. It is
not of 1st. class constitutional importance.

F.H. We shd. try to save faces of our rebels and teachers, if we can.

J.S. Stand firm, but welcome 2 wks' delay.

5. Service Pay.

RAB. Substantial leakage. Esp. in D. Telegraph – including reference is my view. Mil. correspondent.

Al. No interest to Serv. Dpts. to have premature speculation – wh. leads to disappointment. Diminishes credit.

P.M. Enquiry shd. be made.

1. Parliament.

[Enter B-H.

- H.C. Business for next week.
Propose to announce this week tht. Budget will be opened on 6/4.
Judges Bill : hope to get it on in week after next.
- B.H. Service pensions didn't go v. well with loyal supporters, who now have to make volte-face. Some fear there may be similar retreat on Teachers' Superannuation. Also some suspicion tht. Judges Bill may be part of a deal on M.P's salaries. W^d. be useful if something cd. be said to 1922 Ctt^{ce}. on whole of this complex.
- P.M. Had assumed a free vote on Opposⁿ. Motion, after wh. Govt. wd. make up their mind & put fwd. proposals with Whips on.
W^d. be good to get Judges Bill over before all this comes along.

Agreed.

- B.H. Opinion on that Bill is better : but anxiety over whole complex.

2. Kenya : General China.

- A.E. Telegram from O.L.
- Sw. Suggest this shd. be given in reply to Pr. N. Ques in both Houses to-day. viz., the offer and the commutation.
We shall be asked wtr we intend to prosecute those who surrender.
x/ We shall have to say "no" in answer to any supplementary.
- Agreed : Announce to-day – Minister in H/L. and Foster in H/C.
- A.E. Remember O.L. isn't saying x/. Can't we stall. We may embarrass him.
- Sal. Say "can't add any more to-day". Adhere to what O.L. says. Agreed.

3. Sudan.

- A.E. Have submitted minute to P.M. re powers of Govr-Genl. Have told Howe tht. troops cd. be sent if needed.
Long apprecⁿ. fr. S. Lloyd.
Can't reach any definite decision to-day. Tho' I have to make a temporising statement in H/C to-day. – merely because one is demanded in H/L.

[Enter D.S., A.L.B

4. Germany : Manufacture of Civil Aircraft.

A.E. Memo. has support of Arms Export W. Party and C.O.S.
May be public re-action here. But we shall be better able to face that
after last week's debate.

D.S. We are now getting worst of both worlds. Not stopping G. fr. having
an industry & allowing U.S. manufacs. to get their foot in. We have
types that wd. suit G. better than U.S. types. Feeling of frustration in
Br. aircraft industry.

A.L.B. Strongly support this.
Co-opⁿ. already with potential air-line operators.

Memo. approved.

[Exit D.S. ALB., BH.
[Enter O.P.

5. War Disability Pensions.

O.P. Only 20,000 unemployable pensioners. No increase made in their
unemployability allowance since we came in. They are specially hard
cases. W^d. like to increase the allowance by 10/= a week.
These men are all out of the labour market.

R.A.B. This is best thing to do. Cost £½M. to Exchequer.
Only ques is one of timing. I think it might come a little later.

H.C. C^d. we link this with Budget. Need a peg to hang in on.

R.A.B. That cd. be discussed. May I settle timing with O.P.

M.F. Small no. of totally disabled police & firemen who wd. rank for equal
treatment. Will discuss with O.P.

[Exit O.P.

6. Valuation for Rating.

H.M. Simultaneous announcement of new valuations & new poundage will
make it much easier for any Govt. to put new valuation into effect.
Legⁿ. needed for that. P'pone entry into force until April '56, so that
legⁿ. can be passed m'while.

Memo. approved.

7. Taxation : Methods of Financing Govt. Expenditure.

W. Political & social, as well as economic, problem.
Time & ingenuity devoted to tax-avoidance. Undermining of business
morality.

Taxation is stripping industry of reserves wh. it shd. be accumulating.
 I take grave view of our industrial & commercial future if present levels of taxation continue.
 Nothing new or revolutionary in my ideas.
 Commercial accountancy methods are not based solely on need to show profits – it has a wider object & basis.
 No real objⁿ. to financing stock-piling otherwise than by revenue.
 RAB says reduced taxⁿ. wd. not bring increased savings. But redⁿ. in co. profits tax wd. certainly result in savings. Large incomes : present posⁿ. is inflationary because people are using capital for current needs.

- P.M. 6.000 millionaires before 1939 have shrunk to less than 100.
 I have always had 15/- in my mind as target.
- RAB. W^d. lose £30 M. to the Exchequer.
- P.M. Ty. told me it wd be £11 M.
- P.M. W^d. increase nat^l. wealth, promote savings, & give incentives to hard work if we reduced surtax. Ques is wtr it wd. kill, politically, any Govt. which proposed it. I had always hoped it might be done in the hour of victory. But, on tactics, I wd. hesitate to recommend it to Tory Party now.
- R.A.B. 15/= cd. be defended easily on economic grounds. But it wd. be indefensible politically.
 Difficulty about borrowing is that it wd. weaken Budget because we shd. have to treat capital & revenue differently – e.g. death duties etc., Shall I circulate Crick Ctt^{ee}. Rpt. on Govt. accounting?
 Have examined, as substitute for Cripps' form of Budget, other methods. wh. wd. take into a/c all transactions of Govt. with outside world. Alternative methods wd. however show a deficit much in the same way as the conventional methods: indeed, even worse.
 Borrowing. W^d. not wish to borrow in period of relative prosperity as now. Nor are we now in inflation. Borrowing wd. lead us back into inflation. Market is over-full anyway – e.g. we can't sell the steel cos. If there were to be borrowing, we shd. do it in recession. My mind is not closed to it.
 But ques of public exp^{'re} will become a major political issue for this Govt. Defence/social services/farmers = more than country can bear. Even if we get anything out of farmers, we shall be faced next year with choice betwn. reducing expⁿ. or increasing taxation. I prefer the first. I wd. welcome some dramatic reduction in public expenditure. My main concern is with the Budget after next.
- Al. Def. Exp^{'re} – only hope of redⁿ. is thro' redⁿ. of overseas commitments wh. wd. permit of smaller Forces.
- A.E. F.O. duty to seek means of reducing commitments. I see no hope of it in F/E. Only chance is M/E. We ought to cut there. But how?

Germany – will continue and may become more costly.
If anything is available in Budget, it shd. benefit industry. We can't expect to go on being as lucky over that as now, with G. and J. competⁿ. stiffening.

P.T. Export diff^{ies}. increase. Present taxation level is main obstacle to exports. Policy decisions early will be needed if there is to be tax relief in Budget of 1955.

[Exit A.E.]

R.A.B. Exp^{'re} reductions must be made early in '54 if I am to have any scope for tax relief in 1955.

Sal. Concerned on one aspect. When is borrowing permissible? Principle tht. there shd. be no borrowing save when early prospect of cash revenue is cherished by Ty. Is it wise? Gas, electricity can borrow under that principle & have raised £600M in recent years – propose now to go up to £1400M. Roads, at least as beneficial to society, can't qualify under this principle. Don't believe that can be defended. Strict applⁿ. of Ty. principle will distort pattern of our revenue and capital expenditure.
Not necessarily a ques of increasg. borrowing – rather its applⁿ. w'in any given total.
And there will be increasing agitation about roads.

R.A.B. It's a ques of inroads into total savings. They don't suffice to meet all our needs.

H.M. That's not Sal. point. He isn't on the ques of total.
Steel – not because there isn't money enough, but because risk is too high at the price.

R.A.B. Will consider Sal.'s point. H'to, need for investment in electricity has bn. over-riding.

H.M. But most uneconomic method of providing power because it can't be stored.
whole ques is wtr young men will go on working hard and creating wealth w'out any greater incentive than they have now?

R.A.B. Let us register need for reduction in Govt.-expenditure.

P.M. Then we must start soon?
C^d. we reduce C. Servants by 10% or 15%?

Sal. Set a percentage target for redⁿ. of Estimates. Much easier for Ministers to comply with an order to secure a certain percentage of savings.

1. Sudan. [3 Service Ministers, C.O.S, B.H.

- A.E. Handed in draft telegram to Khartoum.
 Danger is this. If the P.M. doesn't give way on this & disputes right to declare emergency – he might give advance orders to Police etc., We shd. then have to run Sudan. SAR. heads the people who caused recent trouble, and gave the Govt. their majority : he is religious leader in competⁿ with SAM (the Mahdi).
 Reason for our proposal. F.O. convinced, as I am, that if we let matters drift & make no stand v. E. interference – P.M. will depose the good Sudanese fr. Commⁿ. If we then had to act, we shd. have Commⁿ. as well as Govt. against us. We might be able to get Commⁿ's support now. But even if we didn't I wd. still go on with this plan – tho' "emergency" cd. then last only 30 days, & before end of that time G-Genl wd. have to try to form a new Govt.
 Obj^{ns}. i) Neguib & others are to be prevented fr. returning, tho' S. Lloyd stays.
 No need to abrogate Anglo/E. Agreemt. on Sudan. E. may denounce it if we act like this.
 But if it drifts into chaos, we can hope for no agreemt. with E. and prs. civil war in Sudan.
- P.M. The P.M. may take defiant course. Or compliance + cheating – alerting his people on the sly. Then attacking G. Genl.
- A.E. That wd. be inviting trouble from SAR & others. Doubt if he wd. do that.
- Al. Need is to get grip of situation.
- A.H. 2 further batt^{ns}. in M/E. at 72 hrs., coming to 24 hrs on 8/3.
- P.M. Bring them to 24 hrs. now. Agreed.
 C^d. RAF squadrons fly in quickly?
- C.A.S. Yes – from Egypt. 1st. class airport
 Counter = 1 Battⁿ.
 Osprey = 2nd. Battⁿ. & Fighter Bomber squadron.
 They wd. use air transport fr. Canal Zone. Part of Rodeo move.
 Sh^d. we replace that from here?
- P.M. E. reaction will be no more than guerrillas.
- A.E. Or riots v. B. life & property, in Cairo & Alex.
- A.H. Alert air in UK to move out in support.

- A.E. Not yet. Needn't assume 2 op^{ns}. will have to be undertaken simultaneously.
- Sal. Advantage in provoking constit^l. emergency. Make the ultimatum even stiffer?
- A.E. Want room for manoeuvre on (b) and (c).
Public may think sitⁿ. is easier now rioting is over. W^d. sooner base action on b) and c) than on a).
- H.M. Battⁿ. strength only deployed in Palace. Risks losing airfield.
- C.A.S. 100 RAF only at airfield. They cdn't quarantine it.
- A.H. C^d. we bring a further battⁿ. in after ultimatum given?
- A.E. We tell him he can ask for more, if posⁿ. is uncertain.
We cd. prs. give him latitude to ask for 2nd. battⁿ. in advance of ultimatum. Or suggest that troops be alerted, as soon as he sees P.M., so tht. they cd. fly in at once if conversation went badly & emergency had to be declared.
- RAB. Not confident of Howe's resolution in handling this.
Moreover, para. 6 of draft allows him to offend Egypt (a) without takg. any resolute action under b) and c).
Once we have done a), I don't like idea of delay before b) & c).
- A.E. No statutory limitⁿ. of nos. of Br. troops. But Govt., not Govr Genl., has right to use them to preserve order.
Propose addⁿ. to para 8. on military precautions.
Then, to counter balance that, add para. saying tht. we expect him to try hard to bring off the political coup w'out procdg. to declⁿ. of emergency. Not sure. Will consider this.
- H.M. Sh^d. we hold back on b) and c) until we see wtr P.M. accepts a).

1. Sudan. [Enter 3 Service Ministers & C.O.S
- P.M. Sh^d. take stock of situation.
Auth^{ies}. on spot have had every chance to ask for re-inforcements.
They, being in greatest danger, can be heeded if they say they are content to go w[']out them.
Naguib is said to have another appoint^{mt}. in Cairo on 10/3. Assumed therefore tht. he won't return to Khartoum for opening of Parlt.
- A.E. Two danger moments i) if N. had returned on 10/3.
ii) if Govt. try to change composⁿ. of Commⁿ. on 15/3.
Pakistani Chairman of Commⁿ. has received firm message fr. Zafrullah. Text read. V. good for the record if worst happens. Believe Sudan Govt. will make some attempt to change repⁿ.
S.L.I. will return to-morrow.
- P.M. C.I.G.S. telegram suggested it might be worse. However, auth^{ies}. on spot are not as anxious.
8 Hastings aircraft have bn. sent out fr. U.K. to Canal Zone. They can fly direct from there to Khartoum.
C^d. we bring up to strength the battⁿ. now in K.
- A.H. It is up to strength at that establishment (about 600).
- P.M. Unhappy at posⁿ. tht. they won't get more until somethg. has happened. Why send warships to Port Sudan?
- Al. To relieve strain on ground forces.
- J.T. Frigate & 60 Marine Commandos are moving to Pt Sudan : no decision yet taken to land them. They will arrive at 11. a.m. on 10/3.
- Al. As it looks from here, no reason for it to land.
- P.M. Need they go into Port Sudan at all? Let them hang about outside, unobtrusively. Agreed.
- de L. You cd. move fr. Canal Zone to Port Sudan by Valetta.
- de L. Sh^d. I place 6 more Hastings at 36 hrs' notice – in view of 8 sent away.
- P.M. Yes.

2. E.D.C. Association of U.K. and U.S.

- A.E. Good message from U.S. re keeping troops in Europe. It is now time for us to define what we can say to encourage French to ratify E.D.C. U.S. also prepared to contemplate extension of duration of N.A.T.O. Think we may have to offer a Divⁿ.
- Al. W^d. prefer to spk. in terms of not reducg. our strength – wh. wd. permit us to reduce nos. in propⁿ. to increased weapon strength.

3. Civil Defence.

- P.M. Atomic age is over : hydrogen age has opened.
Scale is vastly different.
Was previously supposed tht. shelter of sound bldgs. wd. give protection.

1. Parliament.

[Enter A.H., B.H.]

H.C. Business for next week.
Judges Bill : Mon. or Tues. in following week.

P.M. W^d. prefer Tuesday. Agreed.

2. Kenya.

S.W. Changes contemplated by O.L. cd. be made w'out O-in-C.
C^d. therefore be raised on adjournment. Warn Leader of H. of C.

3. Egypt.

A.E. M^{rs}. Castle's motion. Notices given on 8/3.
What shall I do – shall I speak? Shall I be there & not speak.

H.M. Make much of the words now omitted.

A.E. Hope some Tories other than the 40 will speak on this.
If it develops into attack on our f. policy, I shd. wish to speak.

B.H. Spker may try to exclude f. policy – but doubt if he will succeed.

A.H. She says she will talk only on cond^{ns}. of troops. But others will get on
to f. policy matters. I can decline to be drawn into that.

J.S. W^d. strengthen speaker's posⁿ. if A.E.were not there.

P.M. I agree. Our line shd. be tht. this opportunity to discuss Army ques
shd. not be denied to H/C.

H.C. Yes – tho' we shd. have to re-consider this if it did turn into a f. affairs
debate.

[Exit B.H.,

4. Persian Gulf. Sharjah.

A.E. Looks as tho' Saudis my accept arbitrⁿ. V. important because of oil.
Vital that our small show of force be m'tained.
This is key to control of oil in P. Gulf.

Al. Despair of reducing exp^{'re} if we go on adding to commitments. But if
they are to stay we must build permanent accommⁿ.

de L. i) Not RAF. Regt. ii) proper accommⁿ.

P.M. Can't build in time available. Mitigations only.

Al. I will supply equivalent – not R.A.F., who shd. be relieved.

de L. Sh^d. not be tents permanently.

RAB. This summer – reliefs, or RAF flights : can't get perm. accommⁿ.
Agreed: Alex to make suitable arrangements and report.

R.A.B. Always increases – no red^{ns}.

A.E. I wd. gladly take them from Canal Zone for this.

R.A.B. So would I. Why don't we?

5. Road Safety.

A.L.B. As in memo.

L.P. Value of research. Diff. to get l.a.'s to adopt their findings. Only progressive auth^{ies}. do so. May well have to consider mandatory powers.

A.L.B. Head of Research stⁿ. is about to become my chief engineer & can put his views into practice.
Town & County – Ipswich & Leicestershire.

R.A.B. Will help
[Exit A.L.B.]

6. E.D. Community.

A.E. W'ton tel. 405 gives text of Eisenhower's proposed statement. We must do more. Suggested formula.
(i) Para. 5 of memo. Doesn't tie us to specific numbers.

Ll.G. "For next few years"??

A.E. Shan't be asked to define that. More likely to be pressed for greater precision on level of forces.
Also – no intentⁿ. of w'drawing so long as threat exists.
(ii) Massigli said last night tht. a Br. divⁿ. under E.D.C. command wd. settle it. Para. 7 of my memo. meets this.

P.M. Don't wish to be committed to stay in Europe after U.S. w'draws.

A.E. Brussels Treaty commits us to participate in Eur. defence – oligⁿ. not shared by U.S. But no firm commitment to keep troops in Europe in peace longer than U.S.

Al. If this is only way of getting E.D.C. ratified, we must do this. Militarily, of course, I wd. sooner not put a Br.divi. under f. command.

P.M. A good investment – if we can get ratification for this.

A.E. Yes : cheap at the price.

R.A.B. Tel 874 to w'ton : & message pre B'muda.
Once EDC is in & G. consⁿ. is running, we shall lose a G. contⁿ. amountg. prs. to increase of £80M. in our exp^{'re}. If we tie ourselves to this as first charge on our defence, we must be prep^d. to make a reduction elsewhere. But let that be understood. Can't have net increase in overseas cost of defence.
I myself regard Europe as priority & am ready to accept this as a commitment.

A.E. This is our offer. It is not negotiable. They take it or leave it.

Approved. [Enter D.E.]

7. Carlton House Terrace.

P.M. Sh^d. we embark on this, at cost of £7M., to enable F.O. to leave its traditional home. Facade will not be improved by increased height.

A.E. Whole situation re Govt. bldgs is v. complicated. Is Horseferry R^d. best place, e.g., for M.I.5? I cd. stay in Downing St. if remainder of my staff cd. be concentrated in H. R^d.

D.E. No diff^y. in finding tenants for old F.O. bldg.

L.P. Science Centre on S. Bank: approved in principle, by H.A. Ctt^{ee}. How is this related in priority?

W. And are we assuming sufficient redⁿ. in size of bureaucracy.

P.M. We shd. stem rising tide of bureaucracy.
Hope F.O. will remain where they are. And Nash facade will stay as is. W^d. be much criticism of this plan.

D.E. Won't fall down for 10 years.
But £130,000 already paid to architect in fees.
Someday a decision will have to be taken by someone.

- H.M. Nobody can live in private houses. What are we to do with them?
Force to consent to conversion to offices – e.g. in Berkeley Square.
This is noticeable in Carlton House Terrace.
- T.D. Crown Lands – trustees for good adminⁿ. Will fall down 1961. Must
know what Cab. wants to do. W^d. be v. suitable for offices.
- Sw. Diff. to justify the expense, at present time.
- H.C. Cd. it be turned into hotel. Ritz (Paris) preserved old facade.
- D.E. Commercial developer can't accept add^l. 50% involved in keeping
facade.
- P.M. Ctt^{ee}. of Ministers can consider in recess. Inclined to do Richmond
Terrace first.

[Exit J.S.]

[Exit D.E.]

8. Coloured Workers.

- M.F. As in memo.
Advise firm refusal of Ctt^{ee}. because it wd. raise whole ques of colour
bar
J.S. supports that view.
Considⁿ. (by me) of deportⁿ. powers can continue.
- Sw. Power to deport wd. be adequate deterrent to immigration.
Are opposed to Ctt^{ee}. of enquiry.
- Sal. In 10-15 years' time this may be unmanageable.
Cd we not have Comm. Conf^{ce}. to get uniformity of immigration laws?
I don't believe deportⁿ. alone will be enough. Shall need to regulate
entry.
- H.M. Cd^{nt}. we start with deportⁿ. powers. Entry control is dangerous – don't
incite India to exclude our immigrants. Get your deportⁿ. powers first.

9. High Commission Territories.

- P.M. We will not hand these over to Malan.
He may continue anti-Br. policy in consequence.
If they renounced allegiance, I believe Natal might secede fr. Union.
But doubt if Malan will re-act v. violently. Suits him to be violent in
domestic policy but calm in inter-Comm. rel^{ns}.
- Sw. I have no excuse to warn High Commr. – for my sources can't be
disclosed.
We cdn't reject request for conversations.

Economic pressure on territories cd. easily be applied by them.
Will go on trying to stop Malan making this a public issue.
When I get chance to speak to them, will ask RAB. to send personal message to Havenga.

1. Egypt. [Enter 3 Serv. Min. 2 C.O.S., ALB., BH, S.Ll.

- A.E. E. now ready to offer better availability clause. Risk tht. we may be forced into brkg. over uniform. – not an easily defensible posⁿ.
Not keen on small & dwindling no. of troops i/c. Base.
Therefore consider possibility of removg. troops & putting Base under civilian control & m'tenance.
Para. 11. Steps to restore confidence includes points in para. 6. That wd. be the stick. Amb. wd. show carrot – viz., nature of agreemt. we wd. make if E. Govt. had taken those steps.
- Sal. Disliked this at 1st. sight. But fr. realistic view, it facilitates re-deploy^{mnt}, gives re-entry on satisf. terms, gives us 20 yrs. vice
Argument against : involves complete evacuation & that is anathema to our dissidents. Can we get away with it with them? If not, we shd. have to abandon it.
- Al. From mil. angle this has advantages. Tho' we shd. have to be sure we cd. get suitable contractors to take it on; & we shd. have to retain right to send in mil. insprs. (in plain clothes).
- RAB. Seeking solution in E. because impending overseas exp^{'re} on G.
Two anxieties i) how will civil contractor basis work?
how far wd. E. Govt. have to be parties to contract?
how protect contractors fr. unreasonable E. action?
ii) A.E. says "troops shd. re-deploy elsewhere". We need strong alternative location. Can't rely on N. being supported by p. opinion. We must be able to re-intervene if there's trouble. On Suez we need more than article in agreemt. W^d. wish U.S. to come in & support freedom of Canal. Can't hope to convince our supporters unless we have both points in (ii).
- H.C. If we go for this sort of solution, we had better present it on basis that our real concern is Canal.
- Sw. This plan wd. probably be acceptable to Comm.
The technicians were always weak part of our original plan. Hostages to fortune. W^d. be possible to defend in Parlt. giving up this part of our original plan.
Canal. Assurance shd. be, not to us only, but to all countries with this maritime interest.

- M.F. Cd. be presented to H/C. if we firmly represent it as giving time for a redeployment on our initiative. Main cause of discontent is feeling tht. we are being thrown out at E. initiative.
We know we must redeploy in the end.
Canal. Recital in preamble is binding on party wh. makes it. Also has current publicity value.
- H.M. Is this a good plan on merits? If so, we can carry Party.
Advantages : i) get rid of technicians – which were never going to be fighters.
ii) gives us time. In 7 yrs. world crisis may not be over. Twenty years is v. much better, if we can get it.
iii) we need re-deploymt. which preserves both our prestige and our power in M/E.
Continue study. Go ahead, if satisfied it's a good plan.
- W.M. Needs more study.
Restoring confidence. Shall need time to see wtr we shd. be justified in placing that confidence on E. assurances.
Technicians. A weakness. But at least deterred interference, because wd. have bn. an act of war.
- J.S. What of posⁿ. of Br. civilian employees – unguarded by troops? H/C. won't like that.
Also what assurance tht. Base will be in good shape when we re-enter.
- Sim. Doubt first point. New atmosphere, in wh. E. wd. be much less likely to interfere.
- W. No one wd. have faith in word of E. Govt.
H/C. will want to know tht. we shall still have posⁿ. of strength of M/E.
- A.H. Arm^d. brigade in Libya. 2 Brigades in Cyprus.
First cd. move in across desert. Second thro' Tobruk.
- Al. Tho' they wd. have to be re-inforced, from UK, if we had to go back against hostile Egypt.
- Sw. You cdn't go back, by force, into E. merely because E. weren't m'taing Base.
- A.E. No. Only if availability clause because operative. Then we cd return wtr E. were willing or not.
- R.A.B. Canal?
- A.L.B. Wylie thinks E. will not harm installations, unless we guard them with Br. troops. Tho' they may impede our shipping.

Want clause in Agreemt. re Canal vice inclⁿ. in preamble. That will help with H/C.

P.M.

V. gt. anxiety.

On merits. Depends wholly on confidence. I feel none in an agreemt. wh. has no physical force to ensure respect for it.

Sugg^d. we seek guarantees re fair treatment in Sudan i.e. fair E. conduct. But we had those in the Anglo-S. Agreemt. All N. is asked to say is : I won't break my word again.

N.'s posⁿ. is difficult. He has recovered his posⁿ. in E. mainly because of his Sudanese descent. This (E. control over S.) is real E. object. His posⁿ. depends on driving us out & re-establishing E. posⁿ. in S. How does this co-incide with our interests? N. needs quarrel with us even more than triumph. I can't trust his word, even if he gave us assurances – unless there were some other guarantee.

Acceptance of N.'s word wd. be regarded as a rebuff to us.

W'drawal of plan for 4.000 technicians I never liked. But uniform meant status & that meant interference was act of war. To w'draw this wd. certainly appear to be submⁿ. on our part. We get nothing in return save N.'s word.

W^d. have bn. readier to accept civilian control of Base if there had bn. other guarantees. But we cdn't come back by force merely becaus E. let Base go.

Will N. carry this with his people? Even if he gives assurances re S., he will surely go back on it. Dearest dream of E. hearts is to recover lost hold over Sudan.

Joint Anglo-U.S. approach might have give some assurances for future. Many political criticisms cd. be levelled v. this plan. Thus – convenient is disembarrass ourselves of E. and S. But civil war will follow in S. : we cd. not disinterest ourselves w'out repudⁿ. of our responsibilities. Nor therefore only a blow to Br. prestige, but may lead on to bloody consequences.

Like suggested emphasis on Canal. Don't value Base – which doesn't pay us.

This policy wd. be regarded as complete surrender.

What wd. be time-table? I want to get some troops out of E. at once.

Believe first arm^d. divⁿ. cd. leave now, esp. if we accompanied it by firm statement of our future intentions.

I care far more about Sudan (a great & living trust) than about Canal Zone.

Sympathy with A.E. Must help him.

A.E.

i) Re-deploymt. C^d. include brigade in Jordan, if we needed it.

ii) Canal. Was included in preamble because this is declⁿ. of E.'s intention & there is no bi-lateral agreement betw. us & E. on Canal.

Others are concerned. Ready to consider strengthening wording.

iii) Status. Diff. to judge wtr this is better or worse than earlier plan. We shd. have right to go back by force under availability clause, even if E. renounced agreement.

At present we have complete jurisdⁿ. over our troops. We cd. demand this for technicians, under agreement – and drop uniform clause.

iv) N. may be ambitious to recover Sudan. But they must see that feeling there is mounting against them. They surely don't want a civil war in S. – with all it mean for their water.

H.M. Are we going to negotiate further with E. on either plan until we have had a period in wh. to get more confidence in N. Two points : (i) to consider what is best plan, old or new or mixture. (ii) timing & confide^{ce}. needed for either.

Suppose N. accepted our offer as it now stands. What wd. we say? Are we to say, whatever he offers w'out guarantees, tht. in view of what has happened in Sudan we haven't enough confidence to make any agreemt.

P.M. i) Call off current negot^{ns}.
ii) Announce intentⁿ. to redeploy. Begin at once to send arm^d. brigade to Libya. And put one brigade group at or nr. Khartoum. As guarantee of Sudan's independence of E. interference
In E. (Canal Zone) we re-group for better safety.*
Aim at multi-lateral assurance of security of Canal.
Action not words would be offered for debate.
These sugg^{ns}. are thrown out merely for examination.
*abandoning Rodeo but holding e.g. Suez.
You will get nothing out of E. except by show of force.

A.E. How wd. Sudanese re-act to arrival of Br. troops. They wd. ask purpose.

P.M. To present further E. interference with S. movement to independence. As a sanction.
Agree you must watch timing. But nearly had a chance last week.

A.E. How break of def. negot^{ns}? What pretext, now they have offered one concession.

P.M. That their internal instability makes it not worth while.

A.E. Final warning. N. may say one day we agree on all save uniform. Then what support shall we have for our intransigence?

Sal. C^d. we consider more precise scheme of redeploymt. – as counter-attraction to our supporters.

Al. We wd. be stronger in M/E under our redeploymt. plan than as now.

H.M. C^d. we say we cd. only initial agreemt. with Govt. wh. has no Parl^y. or democratic support. Must await that before we confirm it – viz., ratification by a Parlt.

- P.M. Will discuss with A.E. and others arrangements for small Ctt^{ec}. to review it all.
- R.A.B. Our troops remaining – or genuine U.S. co-opⁿ. in M/E. defence – these are only solutions wh. our Party wd. accept. Is there no hope of the second?
- A.E. Tried – always w’out success.
- H.M. Anglo-U.S. civil company to m’tain Base?
- P.M. We shall continue to have friction with E because we shall not abandon Sudan. And N.’s Govt. will live on that friction.
- A.E. C^d. we say prs. to U.S. – we have no confidence in E., as events in S. have shown. We can’t therefore conclude agreemt. previously contemplated. But will you come in & join with us in m’taining Base thro’ a civilian organisation.
May I consider this? C^d. go ahead with that, with P.M.’s consent, if I see my way to frame an appeal to them.
Redeployed, we shd. be equally able to fly re-inforcemts to Sudan.

2. Sudan.

- S.L.I. We have possibility there. E. has overplayed her hand. We must continue to press our demands. If they aren’t meet, we may well have to declare emergency & resume power. We shd therefore make plans now – what shd. we do then.
To play hand properly much depends on Howe, & he isn’t in touch with Sudanese. Can’t change him.
Morale of B. officials is v. low. They want a date for end of contracts compensⁿ. & pensions. This was done in India. After 1/3, we can’t preserve Ty. posⁿ. tht. this must wait upon negot^{ns}. with S. Govt. Will RAB now declare scheme is fair & HMG. will make interim payments under it pending negotⁿ. with S. Govt.
- P.M. RAB must have time to consider this.
- Al. Has C-in-C. M/E. still authority to send re-inforcemts to Sudan at request of Govr-Genl.
- P.M. Yes.

[Exit Serv. Min. COS., ALB. H.M.]

3. Remuneration of M.P.’s.

- P.M. Tactics. We shd. play for time. Let Opposⁿ. make the case – and take their share of the responsibility.

- Favour telling them we can announce nothg. at present.
Consol. Fund Bill?
- B.H. Comes on next week. Too soon for P.M.'s attitude.
They cd. stage debate on a [any] Supply Day, however.
- P.M. W^d. prefer to avoid serious discussion until after Budget.
P'pone our decision until we have heard a debate – w'out a divⁿ.
- B.H. Wait for them to suggest a motion : then tell them that wd. wreck all
their hopes. Then work for debate w'out division.
- P.M. M'while consider merits.
Looks as tho' opinion is hardening v. it in the country.
General support for – "lodging turns".
free postage & telephones from W'minster.
No support for pool of typists.
4. Farm Price Review.
- T.D. Can get redⁿ. of
Direct Exch. saving of £23¾M. in 1954.
Short of £2 to £4M. on milk, as cpd. with RAB's wish.
If we try to screw more out of them, they will run out.
Marketing company will save more. C^d. be represented as £55M. redⁿ.
in farmers' incomes.
- R.A.B. Will be no loss to farmers. Feed down by 2^d. & we seek only 1^d.
reduction. Milk for manuf.^g. will rise – & we can't dispose of what we
get now. Want still more off milk price – or we shall have to pour it
down the drain.
Eggs – scandal rivalling groundnuts – cost over £30M. And yet no
great change. 4/3 to 4/0.
Get those down to 3/11., at least.
Pigs. Settling at 3/= redⁿ., when we annc'd. at 4/3^d.
This is not a stiff settlement. But it is a friendly one.
- T.D. Milk. Never thght they wd. accept 1^d. reduction. And on 1/4 we start
new system of 2-tier price under M.M.B^d. – & they share with Ty. any
loss on manuf.^g. milk. Agreed we taper off next year if necessary.
Eggs. £1.8M. is included. This plan wd. have saved us £5½M in
1953/4. Assumes a saving of 1^d. on price thro' scale.
Pigs. W^d. have liked to get more. Marketing cost under free market is
additional – means 3/10^d. vice 4/3.
- L.I.G. Milk this year may be as big a scandal as eggs in last.
Stocks of condensed milk = 12 mos. supply now.
M.M.B^d. seek redⁿ. of 1½^d. as minimum.

T.D. Won't get it by agreement.

H.C. Agreement is cheaply bought for £2M.
On milk cdn't we say tht., if there is over prodⁿ., we shall insist on drastic reduction next year.

R.A.B. Must warn Turner he is heading for serious trouble.
We cd. have got more off milk – we ought to get more off.
We all agree with that. Sh^d. we not press them further.
Invite T.D. to conclude settlement on agreed basis but to try for another 1/4^d. off milk.

Agreed.

[Enter G.Ll.

5. Persia.

A.E. Compensation A.I.O.C want to secure it by lump sum + annual paymts from partners in consortium. Partners willing to pay in cash only 1/4 of AIOC figure.

Also want Persians to buy at prodⁿ. cost & deliver 10% I don't think this is reasonable.

U.S. Fr. & others have all said they won't have this plan.

U.S. Cos have told AIOC they won't have this. Fraser will now try another method. If he produces reasonable sum, I shall tell him to clinch at once & start negot^{ns}. in Persia. He wd. like Shawcross to go out when co. rep^{vs}. start negotiating. Unsuitable – member of former Govt. Persians will misunderstand : will assume Govt is in it. Cos. are to negotiate.

P.M. This may be left to A.E.'s judgement.

1. Royal Tour.

[Enter A.L.B., B.H.]

P.M.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

Wd. like H.M. to have our advice, to use or not in her discretion.
Leave her free to ignore it if she wishes.
Visit of 5 days, starting on 26/3.
Advice already given by Sir Horace Evans.

Sw. Sir G. McRobert thinks risk is slight. Less than flying.
In U.K. we have had 8.000 notified in 1947 and nearly as many in
1951 and no rest^{ns}. were placed on Royal activities.
Greater risk is to children congregated in large crowds.
Have sent tel. to Govr. of W. Austr., askg. for informⁿ.

P.M. x/ Will the tour, with rest^{ns}. imposed, be worth-while?

Sw. Rest^{ns}. – our knowledge now is based on D. Express and other newspp.
We have a duty to consider Queen's health. But x/ is essentially a
matter for Australian Govt.

Sal. Doubt if risk is v. great. Easy to over-estimate. 100 cases in last
month in whole of W. Austr. is not v. large.
Agree x/ is doubtful. We might say tht. if they advise her not to go on
with it, we wd. sympathise with that view.

Sw. The risk is v. small.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

Sw. Send Tel. to Menzies : we are most anxious for Queen's safety. We
shd. fully understand if you thght it necessary tht. visit to W.A. shd. be
cancelled or that alterations shd. be made in plans e.g. that she shd.
stay in Gothic vice Govt. House.

2. Sudan.

P.M. Tel. 103 from Khartoum.

A.E. Am considering. Don't want U.N. brought in. Will reply this p.m.
This links with idea tht. Pakistan mght w'draw their Chairman of
Commⁿ. If he went at same time, Govr. Genl. wd. be supported.
Much to be said for acting before Parl^y. decⁿ. : but diff. to over-rule G.
Genl. on that point. Can put the other argument to him.
Will submit answer to P.M. in draft.

[Exit B.H.]

3. Airways Corp^{ns}. : Use of Hermes Aircraft.

- A.L.B. Press reports are misleading. Inaccurate in most respects.
Discⁿ. by workers y'day on wtr they wd. be asked to take Hermes out of cocoon. They haven't bn. asked yet. And on Fri. there will be joint national discussions.
BOAC have 19, bought 1950, wh. are now surplus. Men have bn. led to believe they cd. be used for trooping. In fact only 6 cd. be so used. Our policy is tht. trooping shd. be given to independents. Untrue the machines are being given away – sold at fair price.
- P.M. This (divⁿ. of function betwn. Nat^d. and private airlines) is a matter for Parlt. Industrial organisⁿ. of T.U.'s must not be used to force pol. decisions or action contrary to those decisions.
- ALB. Mikardo is trying to do by industrial means what he has failed to secure by political methods.
He has failed to raise it by P.N. Ques to-day. Better tht. BOAC shd. handle it quietly, as they wish to do.
- W.M. Still at shop-level. On Fri., at nat^l. level, it will be handled by people who know diff^{ce}. betwn. indust^l. and pol. matters.

Shall give them hint tht. this is a Parl^y. matter.
W^d. prefer tht. unions shd. turn this down themselves – tho', if they don't, we shall have to do it for them.
- P.M. So long as it is clear tht. T.U.'s may not over-rule, by industrial action, decisions properly taken by Parlt.

1. Parliament.

[Enter B.H.]

- H.C. Mon. Opposⁿ. may request debate for E/W. Trade.
Tues. Judges' Bill.
Thurs. Television Bill. Speakers : M-F. to open : Gammans to reply to debate.
- P.M. Shall see Executive of 1922 this pm. Will elicit their views on M.P.'s expenses.
- A.H. Waterhouse group want A.H. to address them.
- P.M. No. Problem is political rather than military.
- J.S. C^d. he not go and listen?
- M-F. Agree with that.
- H.C. Better keep him out of this.
- Al. They won't understand true mil. implications.
- B.H. Might leak to Press. A.H. wd. have to be careful what he said.
- J.S. They are getting worried re effects of their attitude. Mght help to know what they are thinking.
- P.M. Let A.H. go, with H.C. "It wd. be rather good for you to have a look at them".

2. Gold Market.

[Exit B.H.]

- R.A.B. i) Will be announced at wk-end tht. Ldn. gold market will re-open 22/3.
Discussed with C. Fin. Min in Sydney. Welcomed by them.
Doesn't pre-judge convertibility.
Belgians are going to do same. Glad we shan't be behind them.
U.S. have now agreed.
ii) Transferable sterling now quoted at diff^t. rates. Propose now to unify all forms. One rate will make trading easier.

[Enter de L.]

3. Scampton Airfield.

- P.M. Brought to my notice by L.P.S. Involves cutting 2 miles of Ermine St., wh. has bn. preserved for 2.000 years.

- L.P.S. Avow constituency interest. But wider interest because i) Ermine St.
ii) Lincoln – both noise & risk. All other bomber airfields are much
further from towns. Even at add^l. expense, another airfield cd. be
developed in substitution.
- de L. Lincoln is not alone in this. Stanford and Doncaster are in like case.
These 2 have bn. there, nr. Lincoln, since 1934.
Not Gt. N. Rd. – a less important road. M/T. doesn't dissent.
These extensions can't be made w'out interference with roads or
amenities.
Limit^{ns}. : must be near pipeline & bomb. bases.
must not be w'in 30 miles of coast.
economy : cheaper to develop existg. airfields.
agric. land : this uses least possible.
Disturbances. Airfield are now in use. Last war's bombers made even
more noise – because more numerous & lower. Routes will not
impinge on Lincoln.
- H.M. Regular procedure – involvg. consultⁿ. with Dpts. and l.a.'s. Whatever
Cab. decide, we shd. follow that.
- de L. No intention to try to avoid that.
- R.A.B. The alternative will cost nearly double. Another £2M.
- T.D. Also this is less inconvenient for agricultural land.
- P.M. Let the usual procedure be followed.
And why does it cost so much?
Let Cab. take final decision.

4. Industrial Organisation & Development Bill.

- P.T. As in memo.
- H.C. So long as P.T. will say it, in answer to P.Q. Not enough for me to fob
it off continually.
- Sal. If industry wanted scheme, why shdn't they work it by vol. levy?
- P.T. They don't really want it now. And cdn't work it by compulsion.
- R.A.B. Clear it up definitely as soon as possible.

5. Sexual Offences.

- M.F. Re-stated his case, as before.
Both are serious social problems. But we can't legislate at present.

Good reason to have R. Commⁿ.
They cd. (in reply to P.M.) do enquiry w'out publicity if they so decided.

Sw. What of legⁿ. restricting reports? C^d. we try that?

M.F. Genl. principles i) adminⁿ. of crim. justice shd. be done in public
ii) publicity attracts fresh evidence.
Shall I submit memo on a) composⁿ. and t. of r. of a R.C.] x
b) merits of legⁿ. proposal.]

Sw. b) cd. have a run in H/Lords?

H.C. Wdn't get a run in H/C. unless Govt. adopted it. We mightn't wish to do so.

Sal. W^d. also look bad to introduce in H/L. soon after Montagu case!

P.M. Agree – H/C. wd. be proper forum for such a discussion.

H.C. How many R. Commⁿ's have we now sitting? We shd. know that.

Sal. Somethg. shd. be done. Nothg. can be done w'out R. Commⁿ.
This is surely a strong case for enquiry on this occasion.

P.M. Limited legⁿ. is only prudent course to take.

H.M. Will arouse criticism tht. you are merely trying to hush it up.
Timing would have to be considered.

F.H. & W. W^d. lose women's vote if you tried to raise penalties for prostitutⁿ.
w'out backing of a R. Commⁿ.

H.M. Beware of removing deterrent of publicity.

M.F. Will put in memo. on (b).

Sal. Case for enquiry into prostitution is unanswerable.
Doubt re homosexuality – if only because remedy is less obvious.

F.H. Prostitution alone wd. be represented as undue concentⁿ. on women.

P.M. More Police? [Enter A.E.

- 1) M.F. to put in memo. on (b)
- 2) Resume discussion on proposal for R. Commⁿ.

6. Leeds Police.

- M.F. Arguments for & against. (not all heard).
Involves resolutions in both Houses.
- P.M. x/ Gt. mistake to pillory a single area in this way.
Surely disciplinary measures taken shd. suffice.
- M.F. Watch ctt^{ee}. which won't impose adequate penalties.
O.P. Member for Leeds, was disturbed at x/ but is convinced.
Special circs. of Leeds – 6 offrs. recently punished, and high level of
offences – justifies singling out this city.
- H.C. Suppose enquiry reports tht. root cause is failure to amend Betting
Laws.
- M.F. V. well. If Cab. so desire, I will not proceed. But I warn you tht. this
means taking not action on a matter which has done more to shake
public confidence than any recent event.
- P.M. Tackle this rather by persuading Leeds City Council to put their house
in order.
- Sal. W^d. be more logical to deal first with betting law.
- M.F. Yes – if Cabinet would do so. Perhaps they will.
- Sal. V. weak posⁿ. to tackle neither.
- A.E. You will have to tackle one or the other, sooner or later.

6. Milk Prices.

- L.I.G. Last year 5 changes. Propose this year only 2.
£6¾M. saving to Exchequer. And wd. help in disposing of surplus.
- P.T. How much on non-welfare milk?
- R.A.B. About £30M.
- R.A.B. This is only a small attempt to reduce burden.
Wish to raise with Cab., before Budget, levy & one other plan.
At Cab. next week. W^d. appear in Budget speech.
- Agreed : Mon. or Wed., whichever suits.
- Memo. approved.

8. Persia.

A.E. Posⁿ. is serious. Americans are perturbed.
Figures are diff. to reconcile.
U.S. claim co. ask £280 M for 60% interest. Shell endorse this
U.S. offer is worth £171 M. that is negotiable gap.
Persian contⁿ. is compensⁿ. Co. want 12½% in free oil : value 55/= p
ton : and puts P. contⁿ. at £132 M. U.S. say it's worth £530 M. –
reckoning at £5 a ton. U.S. say co. won't get compensⁿ. for [out of]
future profit. Everyone save Co. are opposed to oil at cost.
Have bn. rough with Fraser. Told him we had done much to to give
him this chance. Not therefore solely commercial affair.
U.S. cos won't agree to oil at cost & may break & go home Thurs.
That will wreck all our chances with P. opinion.
On Fraser's figures U.S. offer is £96.4 M. And it was worth nil before.
He says, however, he cdn't put it to his Bd.
Fear Fraser doesn't want agreemt.
Ordered him to meet U.S. this p.m. He will discuss P. paymt to Co.
Hoover thinks £100 M. wd. be a fair aim. So we cd. agree with U.S.
on £100 M & £96.4 : total compensⁿ. Not bad.
I will ask Hoover how £100 M cd. be secured.
U.S. have subm^d. memo. Fraser wants 2 days to reply. Will try to
persuade U.S. to wait for that.
Prs. at next round I shd. have support of some colleagues.

P.M. Woolton. and H.M. Agreed.
RAB to stand by.

A.E. I will circulate memo. to Cabinet.

1. Television.

A.E. Shd. I give a Party political television fr. official residence in Carlton Terrace.

RAB. I am doing it on Budget from 11 Downing St.
And Gaitskell wants to answer fr. room of official Leader of Oppⁿ. in H/C.

H.C. V. doubtful wtr anythg. like this shd. be done – esp. a Party b'cast.
Surprised tht. permission shd. be given.

Agreed : A.E. shd. go ahead with this proposal.
Doubts exp^d. re Gaitskell.

2. Kenya.

P.M. Welcome O.L. on return. Congrat^{ns}. on success of mission.

3. Egypt.

A.E. U.S. have returned promising reply to my enquiry.
Negot^{ns}. in Cairo must be suspended because of disorders in Canal Zone.
M'while, I will see what I can work out with U.S., w'out commitment, which mght be advanced as Anglo-American proposals.

P.M. On reflection, fear tht. U.S. by minimum contⁿ. may be able to exert maximum influence on our policy – here and in Sudan.
E. have now w'drawn what we thght they wd. offer on Turkey.

A.E. Anglo-U.S. discⁿ. on this needn't tie our hands in Sudan.
My enquiry went up to President. State Dept. thght it a manoeuvre to involve them in Base. But in spite of that E. and D. wanted to help us.
Labour Left may argue tht. what I said in H/C. to-day meant surrender to our Right.

J.S. Mtg. with them on Thurs.? L.P.S. and A.H.

H.C. A.H. gave a lecture on Base and what wd. be involved if force reduced to 10,000. No political argument or discussion. They learned a lot – about the difficulties.

A.L.B. C^d. second proposal in my memo. be approved.

A.E. Demurred.

P.M. We have got into another phase of suspension.
Had hoped for a definite break, followed by re-deploymt.
We shd. keep 15,000 betwn. Ismailia and Port Said – so long as we have no confidence in E. Govt. As in C.O.S. report.

A.E. I still aim at an agreement. For any alternative is worse. If we remain w'out their assent we shall have to fight them – and that will need many more than 15,000 men.
Tho' some redeploymt. at right moment might put them in a better mood.

R.A.B. How much more time have we?
We can't afford both Germany and Egypt – in terms of overseas cost.

A.E. x/ C^d. we at least begin the contraction of the Base?

Sal. In final solution, we assume no more troops in Zone than pre-war?

P.M. I would give no indication of this m'while.

Agreed : A.E. To explore Anglo-U.S. approach.
W.O. to consider and report on x/.

4. Royal Tour. [Exit A.L.B.]

Sw. Menzies has conferred with State Govt. and has now announced substantial modification of tour proposed in W.Australia.
He has over-ridden views of State Premier.
Queen will stay in Gothic throughout. All indoor ceremonies will be cancelled. All her food will come fr. Gothic. No shore leave for crew.
Outbreak described by his medical adviser as epidemic on increasing scale.
Queen has signified her approval.

[Exit C.O.S., 3 Serv. Min.
N. Birch.]

5. Atomic Energy : Hydrogen Bomb.

P.M. A no. of P.Q.'s on these ques.
D. Worker to-day, Dean of Canterbury discloses the water-burst story.

I feel tht. in present circs. a weightier answer or statement is called for.
I have written to Eisenhower posing the issues.
Consultⁿ. is a matter of gt. importance.
Unless I make a significant statement, there may be an explosion of public feeling.

A.E. P.Q.'s arise fr. Dulles' statements – Pearsons' comment etc. Dulles has given re-assurance tht. they won't act w'out consultⁿ.

- P.M. I feel that some note of gravity of this situation.
Read a draft of statement preliminary to answers to specific Ques on consultation.
- A.E. P.Q.'s don't ask for this. But no harm in giving background.
Assurances re consultⁿ. are oral, betwn P.M. and Eisenhower.
- P.M. There is a P.Q. to A.E. on hydrogen bomb.
- H.C. Such a statement wd. provoke demand for debate. We have no time to give for it.
- Sw. In view of Nixon's statement re nibbles, we shall be asked awkward ques re use of atomic weapons in renewed hostilities in Korea etc.,
- A.E. We had oral assurances in B'muda. We cdn't say that : but we cd. say we were satisfied with the [assurances given] [position]
- H.M. Public concern is, not re weight of bomb, but risk tht. U.S. will use it on a minor occasion & thus bring R. retaliation on us.
- A.E. I agree. And on this we can give assurance tht. we shall be consulted. But I feel that U.S. will soon assume that any action by them is atomic. They will have all their armaments attuned and fitted for atomic weapons only.
- D.S. U.S. Strategic Air Force is turning over to h. bomb as standard weapon.
Difference betwn. their posⁿ. and ours is tht. U.S. can't be attacked with this by R. for next 5 years or so.
- Sal. Favour more genl. knowledge of all this – to deter war.
But statement now will provoke many ques about concerted policy with U.S., which we can't answer satisfactorily now.
- A.E. D/Cant. ended by plea for disarmament on a. weapons. We don't want to mobilise public support for that viz., our only advantage over R. C^d. you say this sort of thing in a speech v. soon.
- D.S. x/ You cd. repeat written assurances re bases in U.K. – not being used for atomic attack w'out our agreement.
- P.M. Yes. Agreed.
- M.F. We must some time explain this – & it's effect as a deterrent of world war. But we aren't quite ready to do it yet.

Dulles' assurances in Press Conference are reasonable – implies they wd. use it w'out consultⁿ. only for self-preservation.

1. Parliament.

[Enter B-H.

H.C. Business for next week.

Television Bill : propose to inform Opposⁿ. tht. we shall take this on floor.

(No prospect of getting it thro' in Ctt^{ee}.) Sh^d. try for agreed time-table. Can't spare more than 6 days.

P.M. Do our supporters like it?

W. No.

P.M. So much done to meet criticism that it now pleases no one. A flop. But see if you can get agreed time-table. If that is impossible we can consider wtr we impose a time-table or drop the Bill. If time-table is intended, impose it at outset of Ctt^{ee}. stage.

2. Jordan : Frontier Dispute.

A.E. Concerned at situation developing since last incident. Israeli's have now withdrawn rep^{ves}. fr. Armistice Commⁿ. Can't leave this alone. How shd. we intervene? We are in special posⁿ. as ally of Jordan. M/State is telling Amb. of Jordan we take serious view & askg. wtr he and Israeli Amb. wd. come & discuss with us limited ques of frontier squabbe. If J. will join, we will extend formal invitⁿ. to I., who have already bn sounded informally. It wd. be private.

P.M. Welcome this initiative. Use my name with Israelis.

[Exit B-H.

3. East/West Trade.

P.M. Message from Eisenhower. Will be circulated. Was read to Cabinet. Propose immediate reply by telegram, followed by longer letter. Both were read to Cabinet.

A.E. U.S. Amb. thinks tht. on receipt of these messages Eis. will probably arrange for Stassen to come over to Ldn. for discussions.

P.T. Minor amendment to make it clear tht. R. has access, w'out imports, to materials needed for nuclear developmt.

A.E. We shd. make it more clear, in public, tht none of this applies to China.

4. Newsprint.

- P.M. Decontrol wd. lead to disappearance of trash – and increased prosperity of pp supportg Tory Party thro' increased advertising. Benefits of freedom are undoubted.
- R.A.B. Discussed by E.P.C., at initiative of W. Read lr. about to go to W. offering some concession on cond^{ns}. stipulated. Dollar risk of complete freedom is too great.
- P.T. W^d. like further chance of discussing this. For it involves me in makg. corresponding cut on Scandinavian supplies.
- R.A.B. There will be such an opportunity at E.P.C. tomorrow.
- W. Present system is not defensible. viz., control over no. of pages not circulation.
Newsp. are all against us. We are v. vulnerable politically. They must be given a decision by Friday p.m. on their immediate request.
- P.M. Hope we may de-ration.
- W. RAB's proposal won't do that – enough merely to m'tain existg. decision.

5. Equal Pay.

[Enter I. McL.]

- R.A.B. Have shown memo. to interested Ministers.
C^d. do with an attractive morsel in my Budget.
W^d. like to put it to our credit tht. we have made first move to introduce this into C. Service. Scheme wd. be completed in 5-7 years.
Don't propose to extend it to industrials.
Don't propose to say myself it shd. extend to teachers – wd. leave that to Burnham machinery.
- Cost wd. not exceed £3 M. in first year.
Arguments against. Further rises & uncertainties in industry.
But pol. pressure is becoming irresistible. W^d. be v. diff. to hold further debates in H/C. Labour Party have comm^d. themselves to do it when in office.
- F.H. Teachers wd. certainly have to have it. W^d. cost £17 M.
They might delay its operation for one year; and then adopt a gradual scheme. We cd. prevent a more expensive scheme than ours.
- W.M. To this proposal I wdn't object. It is bound to come.
But stress distⁿ. betwn. industrials & non-industrials. C.S. pay is determined by Tomlin formula. But industrials' rates are fixed on fair-

wages principle : & employers wd. resent our giving the lead in industrial field. Where 7 m. women wd. be affected. Cond^{ns}. outside have h'to bn. reflected back into Govt. industrials. If we reverse this, it wd. be v. dangerous.

M.F. Can't hold pol. posⁿ. Shall be mocked if we delay giving effect to our pledge.

O.L. Industrial cond^{ns}. are different. Can never get it in industry.
In some occup^{ns}. equal pay wd. drive women out of empl.
Hope therefore tht. we can escape industrial repercussions.

H.M. i) Can you hold it to a 7 year p'mme. I doubt it. Better chance prs. of holding 3 year p'mme if you said so at once.
ii) £8-9 M. cost on l. govt. services – a v. heavy load on rates.
Increases argument for review of l. govt. finance.

A.E. Don't believe in political dividends earned by these things.
May be we can't avoid doing it. But don't expect votes from it. More likely to lose some.
Support H.M.'s point (i). 4 year period might be best.

W. Agree with A.E. With a 7 year plan it may lose us votes. W^d. prefer 3 year plan.

H.C. No electoral advantage at all. Probably, if done by stages, we may get a disadvantage.
Also think it wrong on merits.

Sal. May be we can't avoid it. But, once principle is admitted, we can't deny it anywhere. Will prob. lose some women their jobs.
This may be good socially.
Accept that it can't prs. be delayed.

P.T. I am against it.
RAB will come down from 7 years to 3. Cost is £37M. Industry is suffering from too much exp^{'re}. We ought to be striving to reduce burden of taxation on industry.
We have held it for years, during wh. a majority in H/C. wd. have favoured it.

P.M. No-one can doubt it is economically indefensible.
Nor is it to advantage of women – many of whom will lose jobs.
Lrs. in N. Chronicle some weeks back.
But, if it's going to happen anyhow, we might get credit.

R.B. We cd. give industry a lot of relief for £36 M.
And cost wd. be much greater if extended to industry.

- I.McL. Must spread to Health Service in time. C^d. hold it for some time but not prs. for more than 3 years.
Politically, think we must do this.
- A.E. i) Helpful to Budget. That is weighty.
ii) Re-assured by W.M.'s promise re industry.
- P.T. Pledge shd. be all right. For R.A.B. has said we must cut expenditure in '55 & we can only do so by changes in policy which we shd. have to justify by argument that our economic condⁿ. demands economy.
- R.A.B. Will review this in light of discussion.

6. Agricultural Subsidies.

- R.A.B. Total subsidies now up to £300 M. And £200 M. for agriculture.
Want to find methods of curbing this w'out raising Corn Acts cry.
Only means are cutting subsidy or a levy. I want to refer, w'out commitment, to possibility of levy subsidy on flour. Don't ask for decision to-day.
- P.M. M/F. comment raises echoes from past. 1^d. on the loaf can be understood by all. But makg. bread dearer doesn't mean less is eaten – therefore poorest suffer most. “V. diff. to meet that argument : I never tried to”.
- O.L. But average industrial wage is now £7.
- W.M. W^d. be v. embarrassing in wage negot^{ns}. if 1^d. went on bread.
- Ll.G. Diff^y. of returning to 1932 machinery is tht. we have subsidy on bread.
Our policy has bn. to reduce subsidies. Right thing surely is to reduce subsidy. Can't have levy while bread subsidy continues.
My plan is tht any redⁿ. in wheat prices shd. go to reduce subsidy not retail price.
- T.D. Support that method.
- Sw. V. dangerous to mention levy subsidy in Budget speech. Sh^d. get worst of both worlds.
- A.E. Don't say anything until we know what we are going to do.
- H.M. Agreed.
- T.D. Don't wish principle of levy to be rejected. But size of levy shd. depend on world price of wheat.
- W. Suggⁿ. tht. we intend to increase basic food prices wd. be v. bad.

R.A.B. Will have a further discⁿ. on this at E.P.C. tomorrow.

7. Electoral Reform. [Exit I.McL.

M.F. Grimston wants to apply single transferable vote to his own constituency.
Recommend tht. Govt. spokesman shd. take line indicated in memo.

8. Regional Organisation.

Memo. approved.

9. Policy towards Japan.

Memo. noted.

1. Parliament. [Enter B.H., de L.

H.C. Speakers in Budget Debate.

R.A.B. Maudling to speak second. viz., on Thursday.
Either Fin. Secy. or another Cab. Minister on followg. Monday – spkg.
first, before I wind up at end.

H.C. Must there be debate on H. bomb? My view is tht. there must & tht.
we shd. keep initiative by offering it. We cd. do it on Mon. next –
leaving Housing Bill until Thurs. Only loss wd. be remaing. stages of
Atomic Bill, wh. wd. then have to stand over until after Easter.
Alternative is 14/4 – last operative day & poor attendance.

P.M. Sooner the better. Mon. wd. suit me.
I will speak first (or second).
I intend to publish Quebec Agreement on date of debate, after consultⁿ.
with Eisenhower. Think he would consent : but will publish even if he
doesn't. First (U.S.) draft of history of our Collaborⁿ., as agreed at
B'muda, will not be available before end of month – too late for this
debate.

Speakers : P.M. and A.E.

A.E. Motion on Entente Cordiale – Thurs.
Will be moved by Private Members of both Parties. A.E. will bless it
thereafter.

H.C. Sorry that Edelman (Labour) shd. be the mover.

A.E. He represents as Chairman Franco-British Ctt^{ee}. wh. has done all the
work.

2. Remuneration of Members.

R.A.B. Have drafted Parl^y. statement on basis i) no increase in salaries
ii) ready to give help in kind iii) invite debate for expⁿ. of opinion.
Difficulty over (ii) is that it doesn't help London members.

J.S. They have no expenses.

P.M. Paper to be circulated : on scheme for help in kind
Cab. next week.
Favour early statement on those lines, prs. by L.P.S.

3. Hydrogen Bomb.

Longer answer – as written. If w'drawn, give same informⁿ. in debate on Monday next.

[Exit B.H.

[Enter Serv. Min. & C.O.S.

4. Jordan.

- Al. This military plan cd. not, I recognise, be put into opⁿ. – for pol. reasons.
But diff. situation. Treaty obligⁿ. to make plans. Mtg. of Def. Bd. due next week. Can't easily p'pone it again.
Prs. a simpler plan. Object : prevent Jews fr. attackg. Arabs : best way is to make it clear tht., if they do, they will encounter us. C^d. we not ensure this by sending our armoured troops to train with Jordan forces on the route fr. frontier.
- A.E. Treaty includes obligⁿ. to try & seek solution by peaceful means. We can stress J. duty in that regard.
Risk is Israeli action despite P.M.'s sounder view.
W^d. be useful to encourage him to caution – by message from P.M.
- P.M. At mtg. do not table this detailed plan. Take line tht. peaceful means must be followed : urge them to avoid provocation : say that, if worst came, U.N. wd. be concerned.
I cd. certainly not take responsibility for declaring war on Israel or invading it.
W^d. sooner not have a mtg. in these inflamed circumstances.
- A.E. But see 2nd. para. of Art. 3 We can't say nothing, at present time.
Suggⁿ. tht. we wdn't stand by Treaty wd. encourage J. to rashness.
- P.M. Mght be politically necessary to take the worse military course of assistg. Jordanians in J.
- R.A.B. With inhibition v. using Air against Holy Places, this force wdn't prevail.
Look rather at re-inforcing Jordanians w'in Jordan.
- Al. C.O.S. don't endorse final recommⁿ. tht. this be disclosed to Jordan.
- Agreed : C.O.S. to work out alternative plan not involving counter-attack v. Israel.
- CIGS. Diff^y. of that is tht. forces available in J. do not suffice for deterrent. If we cd. raise squadron to regt. & station it further north, it might suffice – tho' we cdn't do it quickly. Mght discuss that with J. at f'coming mtg.
- F.O. to work this out, in consultⁿ. with C.O.S.

5. Siam and Malaya.

A.E. Only new point is para.6.

Sw. Will tell P.M.'s of A. & N.Z. tht. we are now spkg. to U.S.

[Exit Serv. Min & C.O.S.

[Enter G.Ll. & A.L.B.

6. Coal Prices.

G.Ll. W^d. not have bn. needed if we had succeeded in holding wages.
2-2½% increase in productivity wd. have given them £9-10 m.
But after rlwy award increased yield fr. productivity was linked to the increased wages awarded to daily-paid rates.
Other increased costs have therefore to be compensated, viz., capital investment charges amounting to £5 m. Lower income fr. exports (£4 m). Increase in piece-rates.
Method. Instead of flat-rate, propose to differentiate between qualities – increasg. costs of better qualities more than worse qualities.

R.A.B. E.P.C. discussed & concluded there was no alternative. Tho' it will lay heavy burden on rlways and on fishing.

A.E. Great resentment among householders.

W. May 3rd.– elections.

G.Ll. i) Altho' price of h. coal will increase generally, in lower qualities there will be no increase & some decrease.
ii) May – to coincide with summer prices – wh. means tht almost all grades will not be reduced.

W. Need we present this as increase balanced by summer reduction?

O.L. Wdn't you announce only the net prices in the last column.

G.Ll. No : for you must forecast the normal (viz., winter prices.)
You can stress, in presentⁿ., the benefit of summer price.

F.H. Which grades are recommended for new grades?

G.Ll. Large house groups are 3, 4 & 5.

J.S. Must we wipe off deficit so quickly? This plan wd. extinguish it by '56.

G.Ll. Existg. deficit of £13 M. will be increased by another £17 M. w'out this price increase.

But there are bound to be increased costs next year because of charges on larger investment.

- H.M. Increased prices encourage miners to demand more wages.
- J.S. & T.D. Trawler-owners will demand increased subsidies.
- G.Ll. N.C.B. did well to get N.U.M. to link wage increase with productivity. Our labour problem is more dangerous than in other industries. We have done well on this. Must keep their co.opⁿ.
- R.A.B. We can't allow this deficit to grow. This and rlwys both going deeper into red wd. shake confidence. N.C.B. members want to get on to an even keel.
- W.M. Can't easily predict effect on workers.
- RAB. Our coal is cheaper than foreign. We cd. get more if we exported. There will be day of reckoning if we p'pone. See consequences on Budget of our reluctance to reduce food subsidies.
- P.T. Heavy burden on industry of rising prices. But agree with R.A.B. Will be worse if we duck it now.
- G.Ll. Heyworth & Hambro' might resign if this were refused. Their view is tht. priv. enterprise wd. have raised prices much higher much earlier.
- Sw. Support this. But threaten N.U.M. later with oil.
- G.Ll. That is my long-term policy – to bring in more oil. We shan't get work from miners until country needs them less. N.U.M. campaign : N.C.B. selling coking coal to de-nationalised steel cos. at inadequate price, lower than export price. If we don't do this, there will be real trouble in Durham.
- W. Can we p'pone until after 15/5: e.g. until 1/6.
- G.Ll. They will ask about summer prices on 3/5 – the traditional date.
- W. Leave it until 1/7 – and defend.

Proposal approved.

1. London Fares. [Enter A.L.B.

A.L.B. As in memo. They have strong case for having their claim considered. The 2 Appl^{ns}. will be made together. No increases cd. result before Sept.

M.F. Unwise to give direction with a view to stopping this applⁿ.

Approved.

[Exit A.L.B.

2. Equal Pay.

R.A.B. Reviewed our earlier statements in our manifestos. We are deeply involved. What shall we say in our next manifesto? Repeat the old promise. Or say we can't do it.
How cd. we start. In Civil Service : on cond^{ns}. i) agreed scheme with Union ii) gradual scheme over 5 years – during which we cd consider compensating allowances for men with larger families.
£2 M. in first year, rising to £13 M in fifth.
Teachers. W^d. be for Burnham Ctt^{ee}. to follow my (gradual) lead.
They wd. probably follow, w[']in a year. 60% of cost wd. be on Ty.
Believe it's best to make a start.
If we don't, we shall lose power to control it.
On balance, I favour going ahead with it.

O.L. Don't believe it will spread to industry.

P.T. But it involves (full) commitment of £30 M. or so. Incongruous when RAB calls for heavy reductions of expenditure.

A.E. Agree that next manifesto wd. be diff. if we had done nothing.
But industrial re-action is a counter-weight. W^d. depend how much industry is being helped otherwise by Budget.

P.T. Don't suppose R.A.B. can give help to industry. He can't, until there is real redⁿ. in public expenditure.

W. Don't believe there are votes in this either way.

M.F. May lose votes for not doing it.

RAB. Admit tht. we shall be attacked for not doing more – e.g. gradual and industrials.

P.T. If it is a political thing why not do it, together with pensions, in next Budget.

And if RAB contemplates both, when are we going to get red^{ns}. in expenditure – and in taxation.
When are we going to increase our exports? And to meet competⁿ. of Germany & Japan.

P.M. RAB exposes himself by this to a charge of inconsistency.
But he recognises this and, despite it, thinks tht. his Budget needs this adornment.

R.A.B. Will review, in light of discussion, & decide.

[Exit McL

3. High Commission Territories.

Sw. As in memo.

O.L. Are you going to publish lr? Pretty fulsome re economic co.opⁿ.

Sw. No. Tho' I think it cd. be publ^d. if we had to.

A.E. Bottom of page. Put Parl^y. diff^{ies}. separately.

Sw. Quite ready to omit words after “present time”.

Approved.

[Exit Sw.

4. German Captured Archives.

A.E. If we insist on keeping these here, Germans & U.S. will be mad.
If we send them to Germany, our historians will be mad.

P.M. Why limit microfilming to Weimar period. It is the later period tht. is more important. Can't we microfilm them all!

A.E. It goes right up to 1933, when Hitler came into power.
No need to keep the later pp., for we have covered that in publ^{ns}.

Windsor Papers.

We are arranging to p'pone publⁿ. of this volume. I propose to get G. & U.S. to agree tht. as quid pro quo, these pp. be retained in U.K. This compromise plan is best way of getting what we want on those.

P.M. You cd. if you wished, make non-publⁿ. assurance end with end of Windsor's life.

H.C. Shd. prefer that all documents be micro-filmed before return.

A.E. Will consider that suggⁿ.

R.A.B. Historians wd. the be less likely to resign.

5. Newsprint.

W. Discussed in E.P.C. R.A.B. cdn't agree to their making 4 year contract.
Their stocks now are so low tht. they mayn't be able to carry on as now. They shd. have 100,000 t. 80,000 t. a minimum. They will soon be down to 65,000 t. They therefore ask for 25.000 t. to make up stock. [But they can't get it fr. Canada w'out contracting for 50,000 t. p.a. for 4 years.] E.P.C. wdn't agree.
I have told newsp. they can have 25.000 t. now but no promise for future. They have seen me. They say they must ensure future supplies. Also [] I Suggested they shd. contract subject to f. exchange being available. They reminded me tht. U.K. cdn't let Canada down again on this. They press therefore for Can. Contract : 50.000 t. in each of 4 years.
The amount needed to relieve us of all control is 100.000 t. p.a. – viz., Canadian plus another 50,000 from Scandinavia.

R.A.B. B/p. prospects are gloomier because of decreased U.S. purchases of materials.
We can't stand cost of freeing newsprint.

P.T. We shd. put Canadian Govt. on the spot re forward contracts before we admit inevitability of it.

P.M. Prefer to decontrol : or at least apply more rest^{ns}. to magazines.
Don't waste money w'out compensatg. advantage.

Agreed : E.P.C. to consider to-morrow.

C. 25(54)

5th April, 1954

1. The Budget.

[Enter O.P., B-H.

Statement by R.A.B.

P.M. Congrat^{ns}. to R.A.B. on sound financial management.

1. Royal Tour.

[Enter B-H.

O.L. Risk tht. M.M. terrorist might get down to Uganda fr. Kenya.
Govr. likely to recommend cutting visit to Kampala (drive) – wh. is
only substantial risk – and tht. she flies both ways to Dam.
Hope Cabinet will authorise me to agree to that, if it proposed.

P.M. Do that – at least. I wd. prefer she shd. not be exposed to any risk.
What about Ceylon?

Sw. N.S. Y^d. are fully satisfied with precautions proposed.

P.M. CRO responsibility to bring to Cabinet any doubts on this.

2. Parliament.

H.C. Business for next week.
Easter Recess. Thursday 15th. to Tuesday 27th. April.
Teachers' Superannuation Bill. Sh^d. we take it on 13/4.

B.H. 3 will abstain : 20 won't promise to vote and are unreliable. Govt.
supporters.
With 20 or so sick or absent I can't guarantee a majority.
Labour & Liberals are solidly opposed to it.
Thus, quite a chance of a defeat.
Whips think, however, tht. prospects may worsen with delay.

F.H. If it is deferred again, we shan't get it – ever.
Tories who have supported our case will be angry at w'drawal.
N.U.T. conf^{ce}. Easter will increase opposⁿ.
Our case is known to public. Press support it. It is right on merits :
6% is right figure paid in comparable schemes. We shall therefore be
shown to have given way to teachers & revolt by some Tory
supporters, who aren't v. reputable Members.
L.a.'s are apprehensive tht, if we relent, they won't be able to hold
cont^{ns}. to their other superannuation schemes.
Will certainly have repercussions on all other contrib^y. schemes.
Believe we cd. persuade 50% of doubters. We cd. use mounting anger
of others, who don't want us to run away.

R.A.B. Small thing elevated into ques of principle. Most of our people feel v.
strongly that we shd. go on.
Believe we cd. get 2nd. Rdg. More diff. to carry Clause 1.
On balance, I believe we shall get it. Tho' a gt. risk.

P.M. Govt. with so small a majority is justified in proposing only such legⁿ.
as it can carry.

- F.H. Decided in July '52. Much work done on it since.
Believe tht., if 2nd. Rdg. passed, waiverers wd. not persist in opposⁿ.
- P.M. What wd. happen if we were defeated?
Sh^d. we stake country's fortunes on this?
Considerable misgivings.
- A.E. What shd. we do if defeated?
- P.M. Not bound to resign. C^d. merely drop Bill. Invite vote of confidence.
- H.M. 3rd. Rdg. of Housing Bill on 14/4. We cdn't carry that, if Teachers Bill went wrong. Might be debating vote of confidence.
H bomb debate cd. be alleged as reason for p'poning this Bill. Have lost a day in consequence.
- F.H. If deferred until after Easter, we shd. have to say we were going to do it after Easter. Also Teachers' Conferences at Easter will increase our difficulties.
- J.S. If we are to pass this Bill, do it as soon as poss.
P'ponemt. until after Easter cd. be accepted if we announced now tht. it wd. be taken in first week after Recess.
- A.E. We do want Housing Bill – with a good majority – before Easter.
Better take that on Tuesday, 13/4.
- P.M. Favour deciding to defer, and taking no other decision.
Also clear tht. we shd. take Housing Bill on Tuesday to ensure a good majority.
- L.P.S. Believe we shd. go on with Bill. Unlikely to be defeated. If we are, we need not resign. It is not a major matter.
- P.M. Not before Easter.
Consider, in smaller gathering, wthr we say Thurs. what we say about our future intention.
- F.H. Also what we say to our supporters, privately.
- J.S. H-Bomb altered our business. For convenience of House now propose to take Housing Tuesd. [& Teachers after Easter.]
- AE. Or say [] privately. Or not at all. Merely avoid saying we aren't going on with it.
- L.P.S. To consider & report to P.M. what is to be said or not said on Teachers' Bill.

3. Indo-China.

P.M. Letter from Eisenhower. Mentioned not read.

A.E. U.S. Ambassador brought me last night digest of series of messages.
U.S. diplomacy at its worst.
U.S. now dislike idea of mtg. Chinese at Geneva. Suggest therefore threats in advance to intimidate Chinese. Doubt if this will succeed.
Dulles made his speech before consultg us. Tho' I urged him to avoid reference to "united action".
Dulles now suggests coming to Ldn. for consultⁿ.
Some merits in plan if we cd. get it into right shape. We dislike Anzus : wd. welcome substⁿ. of 5 Power pact incldg. U.K. But what of I-China itself? I don't want to commit U.K. there.
Prefer tht. Fr. shd. fight & U.S. aid. W^d. sooner use Pact as a SEA/NATO. Don't think Fr. can lose before Geneva. No mil. urgency. This is pol. ques : how to handle Geneva.

Least obj. solⁿ. of I/China is partition : giving H. ch. M. part & makg the other subject to Allied guarantee. U.S. will dislike – fear it will lead to further encroachmt. But what else cd. we do, unless U.S. willing to put much mil. force into I/Ch.

What about Dulles? Best line is for us to try to re-shape U.S. plan. Better therefore to let D. come here next week (e.g. Mon.). M'while, I will try to prepare for Cab. what I think is best plan – on lines of a N.A.T.O. for S.E.A. W^d. involve U.S. support of us in H-Kong and Malaya. Disadv. : leads us into mil. commit^{mts}. in I/China.
When rains begin, we shall have 3/4 months in wh. to consider.

P.M. Don't like telling Doms. etc. our views before we see D.

A.E. But he has bn. talking to them – & they are asking our views.
At this stage we needn't say much.

P.M. Read Eisenhower's letter. V. important. Raises whole issue of closer co-opⁿ. betwn. U.K. & U.S. which alone can save the world.
Read Menzies message.

Sw. Latter supports A.E.'s preference for delay.

A.E. Declaration won't hearten French or frighten China.
And R. might take it as excuse for not coming to Geneva.
I don't want any declⁿ. before Geneva – tho' we shd. make a plan.
Two telegrams just rec^d. from Spender. He says D. stressed Key posⁿ. of U.K. Has met Congr. leaders : satisf^d. Congr. wd. support D.'s plan but not unless U.K. wd. join in direct mil. help to I/China.
U.S. wd. have to re-consider plan if U.K. wdn't join. U.N. cd. not be brought in at outset because of urgency.

- Sw. Holland has asked for immed^{te}. consultⁿ. Mention naval & air action : doubts its efficacy : recalls tht. this is what U.S. thght at outset of Korea.
- A.E. Fr. have enormous preponderance in air : and it hasn't enabled them to win.
- P.M. This wd. excite gt. controversy here. But alternative may be U.S. w'drawal to peripheral defence. Can't lose them. Real. risk tht. she mght go it alone, if we won't go along with them. And that wd. expose us to awful danger.
- Sal. Alarmed at use of threat now. May increase deadlock – Ch. refusal to attend Geneva. Or show Ch. not amenable – then U.S. wdn't go. W^d. like D. to come here. But public will think he is coming over H-bomb.
And we shan't be able to avoid wider discⁿ. than I/China.
Air-action v. China will provoke ques here wthr tht. involves use of a. weapons. If we join coalition, we must know their intentions on that.
- P.M. Agreed.
- O.L. Genl. approach has enormous advantages fr our posⁿ. in S.E.A. Tho' untimely we must not reject it.
[Exit B-H.
- A.E. If he comes, and we can't accept his plan, US/UK coopⁿ. will be injured. But if we accept it, it kills Geneva.
- Agreed : P.M. to tell Eis. we shd. welcome D. But these are grave issues on wh. I wdn't wish to pronounce until we have talked.
- M.F. Stressed gravity of para. 4.
No declⁿ. before Geneva.
4. British Honduras.
- O.L. Have amended final para. of draft statement. Read new version.
- Sw. Improvement.
- A.E. Yes : meets my doubt.
- O.L. P.U.P. aren't communists. Violently anti-Br. Assert independence in external relations.
Govr. and H.H. think revelations re Guatemala will affect P.U.P.'s chances in elections. I am not sure.

A.E. My advisers think Honduras are growing less fond of Guatemalans.

P.M. Why allow elections?

O.L. Report alone is not enough to warrant disfranchising Hondurans.

O.L. If I delay constitution, there will be trouble – & I may need troops.

Sw. Delay of elections wd. unite all sections against us.

P.M. Expressed repeated doubts.

Sal. Support O.L.'s course, because only one open. But exposes folly of our position : we don't really believe these people are fit for independence.

O.L. There are still reserve powers.
We didn't embark on adult suffrage in W. Indies. But we are committed to it.
Worse to put constitⁿ. into force & then have to suspend it.

5. Parliament : Expenses of Members. [Enter B.H.]

P.M. Mtg. with Tory Party this p.m.
Do we accept lodging allowances. Hope we shall add other allowances for telephones etc., also.

R.A.B. Suggest we put to Party the draft statement.
Then go on to discuss Plan I. London M.P.'s : might offer a smaller (day) allowance to them. Invite their views on that.

A.E. Omit penultimate para. Don't offer that.

H.C. Also para. 5 – "what is wrong". Don't admit that. Say "subject of complaint".

Sw. No mention of Peers.

R.A.B. Plan I cd. be applied to them.

Sal. For M.P.'s this will be super-imposed on a large salary.
Cumberland Hotel charge 50/= minimum p. day. That means a loss of 8/= a day for Peers. Attendance in H/L. is already impaired by sheer inability to come to Ldn. I can't keep H/L going properly on this basis. Must make this protest.

B.H. Whips think Members will be relieved tht. there isn't to be a salary increase. This will prob. go rather well. But if you bring in Peers this p.m. you will spoil it.

P.M. No need to tell H/C. what you propose re Peers.

A.E. Must tell them sometime because they will have to vote the Money.

RAB. Can't pay Peers even on attendance basis, pending reform.
Must therefore be subsistence allowances only. C^d. they be larger than
for H/C. because of no salary.

Sal. Cost wd. be v. small.

R.A.B. But that isn't the point.

Sal. Waiting until after reform : p'ponemt. until Gk. Kalends.

RAB. For H/L. might link subsist^{ce}. allow^{ce}. with attendances, as is done
with travel.

P.M. C^d. say today : there will have to be counterpart for H/L.
Must do something for Ldn Members. 21= or 25/=.

[Enter D.S., de La W.]

1. Post Office Workers : Wages Claim

P.M.G. Original claim must be rejected, as inconsistent with arbitⁿ. award.
But postmen are lagging behind in wages & have a case on economic grounds. 5 pt. rise in c/l. index since last award. They wd. prob. succeed at arbitⁿ.
But Union haven't made claim on economic grounds. i) wish to super-impose it on value of work award ii) cd. get more later if c/l. index cont^d. to rise.

But these factors wd. win them sympathy in a strike.
H.A. Ctt^{ee}. decision of Friday. If I wrote as suggested (para.3(b)) there wd. be no scope for further discⁿ. : trouble wd. start, beginning in Ldn. Once in a conflict, if we adm^d. some economic claim, we shd. appear to surrender.

Propose therefore tht. I shd. see Geddes before formal lr. or public announcement.

W^d. say i) can't accept his interpⁿ. of award.
 ii) ready, with him or w[']out, to seek elucidⁿ. fr. tribunal.
 iii) ready to consider any "economic" claim.

Even so, I am advised tht. trouble is likely. But we shd. be on sounder ground in fighting it.

W.M. Endorse P.M.G.'s conclⁿ.
First, we must ensure tht. Geddes can't over turn award on value/work. Then, he may come fwd. with economic claim.
For (iii) substitute "any other claim" – don't mention "economic".

PMG. Probable cost of settlement might be £4M.

M.F. Use of troops. 1,500 contemplated. Limited h'to to m'taining essentials to public. Not used h'to in cases where State is employer. W^d. prefer therefore tht. it be reserved as v. last resort – exhausting first possibility of making do with volunteers.

P.M.G. Recognise obj^{ns}. But will be diff. to get volunteers. Our Xmas volunteers are largely P.O. relatives. Need core of skilled or disciplined men – about 1,500.
But will review this, & see what I can do.
Paras. 7-8 paint worst poss. picture.

W.M. Lr. shd. be answered after first discⁿ. with Geddes. [Exit P.M.G.]
[Enter AL.B.]

2. Industrial Disputes : Railways.

W.M. Saw ALB & Robertson on stage reached in “structure” negot^{ns}.
7/= increase brght lowest to 124/6. Tribunal thght differentials shd. be reviewed.
N.U.R. want increase in basic by 10/6. A.S.L.E.F. (footplate) threatened strike on 24/4 unless differentials are improved. Likely to be pacified.
Cler. & Admin^{ve}. want even more.
Total claimed wd. involve increased costs of £26½ M.
B.T.C. proposals wd. cost only about £2M.
N.U.R. are likely to prove intransigent.
Robertson thinks top-grade engine-men at 180/= won’t get enough. But further award wd. spread to Tubes & roads. Also they will be over 10/= better of than in Dec.
He asked if he was right in holding basic rate to 124/6. I have said certainly : for otherwise the 7/= underlying all recent awards will be raised – and all other settlemts. on comparable basis will be re-opened.
We must make a stand against N.U.R. pressure for increase in basic rate.

Endorsed.

[Exit ALB.

3. European Coal & Steel Community.

[Enter GH.

A.E. We are being pressed in H/C. re reply to Monnet.
I favour starting talks, & see wtr steel industry’s diff^{ies}. can be overcome as we go along.
But we shd. then say that it is our object to reach agreement, incldg. common market for steel.
Alternative : remit whole ques to Ctt^{ee}. of Ministers. Don’t object, if it cd. be quick but M/S. will be away 3 wks.

D.S. My only doubt. Dangerous to say, in announcemt, tht. we are likely to reach agreemt. – if Monnet’s lr. is publ^d., impⁿ. will be given tht. we have decided in principle in favour of common market. Not sure we shall carry steel industry on this : & don’t want a row with them and engineering industry over this.

From straight industrial angle, they are right – few advantages & gt. risks. I doubt wtr in fact they will suffer. They fear tht. High Auth^y. won’t be able to enforce rules on members.

I believe we shd. export no more steel to Europe & E. mght export a little more.

There are important pol. advantages, however – wh. Steel Bd. have recognised. They will prob. take a broad view therefore.

First step shd. be to get our steel men in touch with theirs, and seek re-assurances. Quite a chance tht. misgivings will be reduced.

A.E. If there is to be a Ctt^{ee}. it shd. report by end/April.

- D.S. As we have declared our desire to establish close assocⁿ, we can't refuse to talk. But in offering to talk we shd. warn Monnet privately tht. we aren't likely to be able to accept his v. wide proposals. Avoid public indicⁿ. tht. we favour open market.
- R.A.B. Monnet can't get here until end/May – now in U.S.
We shd. invite him to talk – & work out our line m'while. Ctt^{ee}. of Ministers can do that over next 5 wks.
- A.E. Ctt^{ee}. F.O., Ty., B/T., M/S. and M/F. & P., and C.R.O.
- Sw. If we went in, what about our preferences in Comm. markets?
- P.T. We shd. be pressed to trade them in at 2nd. stage. This is a point to be discussed by Ctt^{ee}.
- D.S. We shan't be able to arrive at public statement re common market – either in Ctt^{ee}. or in Cab^t. – at any early stage. Shan't therefore be able to express a view on this in reply to Monnet.

Agreed : Ctt^{ee}. as above.

[Exit D.S., G.Ll.]

4. High Commission Territories.

- Sw. Malan has tabled resolⁿ. – in terms modified by reason of our rep^{ns}.
Our Press have now got it.
We can't delay comment. When Ques are asked, we shall have to
x/ say we cdn't contemplate transfer at this time.
If therefore there is much Press comment, we shall get a Ques. Can't play it long on basis resolⁿ. isn't yet passed. We shd. reply as at x/.
- P.M. That line will be supported by all sides in H/C.
But I wd. wish to see wording of proposed reply.

5. Food : Bacon Imports

- Ll.G. Wish to increase Danish imports by 20,000 tons.
We make profit of £33 a ton. Ty. get £11M. profit p.a. out of it.
Diff^y. is rate of arrivals. With extra 20,000 t. I cd. make it a condⁿ. tht. there shd. be regular arrivals.
- R.A.B. My Budget diff^{ies}. were due to unforeseen rises in agric. subsidies – little things like these.
Bacon is only item left which we can control.
If Cab. wants this, hope M/F. will space it out on imports.
will consider storing, so as to even deliveries.

Agreed – as proposed by M/Food.

1. Parliament. [Enter O.P., BH.]

H.C. Business for week after Recess.
Omits Teachers' Superannuation Bill.

F.H. When are we to take that.

P.M. We have got all discredit for p'poning that you wd. get from abandoning.

H.C. First is not a good week for controversial measure : implies no decision to abandon.

P.M. We will take firm decⁿ. in Cab. in first wk. after Recess.

H.C. Estimates Ctt^{ee}. plan to send Sub-Ctt^{ee}. with clerk to investigate no. of Embassies.
We protested v. such a plan when in Opposⁿ. – & Labour Govt. dropped it.
Have told W[']house tht., but he may not take it.
Constit^l. obj^{ns}. to formal enquiries abroad, by a Parl^y. Ctt^{ee}.
Joy-rides, even in U.K., must be curbed.

P.M. We are against it.

4. Parliament : Members' Expenses.

P.M. Draft. Shortened version of RAB.'s. C^d. be even shorter.
Further amended in discussion. [Enter J.S.]

Agreed : P.M. to make statement in H/C. Wednesday.

5. Pensions.

O.P. Electoral importance.
Merits a) nos. on assistance are too great.
b) many are too proud to ask for it & suffer hardship.
We shd. restore value to 1946 level at least. This will ease a) and put cash level of pensions above cash level of assist^{ce}.
Must do same for war pensioners.
Socialists will do it, if they win : & will put cost on tax-payer. I want to do it mainly by cont^{ns}. – prs. about 7^d. fr. each side. We made a larger increase in '52 w[']out trouble. Self-employed mght have to pay 1/= extra ; but pension is specially important to them.
Exch. cost. First 2 yrs net saving because of economy on assistance.

RAB stresses ultimate cost. It is heavy. Always known tht. Fund wd. need rising Exch. assistance. Annual deficit of £400M. in 25 years' time – Actuary's estimate : believe it pessimistic. It assumes double unemplt., increased sickness & gt. longevity. Anyway a long way off, & may be offset by productivity or drop in defence cost.

Exch. contⁿ. will continue at 1/7th. of new rate.

Timing is v. important. Phillips going slower than hoped : won't report until early '55. This also is quinquennial review year.

6 mos before the change becomes operative, fr. date of announcemt.

Can't operate it in spring because of epidemics in first 3 months of year.

Legⁿ. wd. take 10 weeks.

Choices are: i) emergency scheme coming in twds end/54. W^d. have to be announced end/May.
ii) emergency scheme – announced Oct. to come in May '55. W^d. then be asked why we do this so soon before Phillips & quinqn. report.
iii) if we wait for those reports, announcemt. cd. not be earlier than Mar. 55. Operation wd. then come in Oct. '55. V. near date of autumn election. Undesirable to bring them in (increased cont^{ns}.) on eve of poll. Need a gap of 2 or 3 months before election comes.

P.M. Must have dealt with this before Election.

RAB. Merits. i) Cont^{ns}. wd. be large.
ii) 1¼ m. on assistance wd. get nothing out of it. These (poorest) are those we were criticised for not helping at first Budget.

O.P. Poorest in fact are those who are too proud to ask for assist^{ce}.

RAB. To do this properly we shd. await the reports. And get relief, from higher retiring age.

Not easy to wait, however. O.P. is right on this, because of timing – too long to keep them waiting & too near election.

Must therefore consider what is best interim scheme.

Alternative : carry legⁿ. by July for opⁿ. on 1/1/55.

Don't take final decision today.

We ought to save £70M. on Exch. supplement. We shd. also remove cheap tobacco - £14M. This wd. be sound, tho' unpopular.

2/4 a week – and a black market in coupons.

P.M. W'drawal wd. lose masses of votes.

RAB. Also get best informⁿ. we can on date & content of Phillips' report.

To ensure tht. interim scheme will be consistent with long-term.

P.T. C^d. we not get them to submit interim report?

An interim scheme by us wd. be popular. Leavg. all hard things for Rpt. & then be unable to implement them.
This is biggest Budgetary problem, even if £400 M. is exaggerated.

O.P. Phillips Ctt^{ee}. aren't concerned with rates. All round increase cd. not be inconsistent with their report.

[Exit B.H.

P.M. Prepare in outline 2 schemes – interim and long-term (?)

R.A.B. Consider calling for interim report or interim views from Phillips Ctt^{ee}.
EEB and B.G. are seeing him tomorrow.
Either interim scheme with some Phillips – operatg June '55.
Or interim scheme on rates only – operatg. Jan '55 – condoned by Phillips but not anticipatg. him.

A.E. x Danger of slipping on June '55 disposes me twds alternative.

[Exit O.P.

6. Indo-China.

P.M. Statement went v. well.

A.E. I may have gone too far over India. Dulles mayn't like that.

P.M. May lead on to a M.E.D.O.

[Enter H.M. I.McL.

7. Trieste.

A.E. The £2M wd. only be paid if we made a settlement – and therefore save our current exp^{re} there, now running at £2M. a year.

x/ Other Y. economic claims wd. be stalled m'while.

R.A.B. Had not heard of this until luncheon.
But I will (grudgingly) accept this.
And no more money to Italians.
Stress x/. They owe us £22 M and a lot of dollars to U.S.

H.C. Hope we can get some of the contracts. Make that a condⁿ.

8. Royal Tour : Uganda.

O.L. As in memo. : for informⁿ.

9. Local Government Reform.

[Enter M.F.]

- H.M. Don't seek approval at this stage. Merely that a small Ctt^{ee}. shd. be appointed to consider these & related ques & report to Cabinet. To formulate a policy on these inter-locking issues.
Need comprehensive plan – so as to get jam as well as powder.
Memo. is my contⁿ. to ques.
- P.M. Don't mind a report. But big mouthful. Better for first year of a new Govt.
- Sal. Explore it. Tho' little chance of doing it before an Election.
- RAB. W^d. wish to be on this. Main purpose shd. be to reform l.g. finance with view to economy.

1. Hong-Kong. [Enter C.O.S., 3 Serv. Min., B-C.

A.E. Nothing shd. operate until after Geneva.
Nothing shd. be said to U.S., m'while. It wd. sink prospect of S.E.A.
N.A.T.O.

P.M. No communication to mil. units.
No answer to Govr.'s telegram.

Al. Better tell Govr. there is stand still until after Geneva – m'while we
shd. say nothing.

Agreed.

2. Egypt.

A.E. If we abandon full Rodeo, incldg. Alexandria, it weakens our authority
in E. The E. Govt. know of Rodeo plan. Sitⁿ. mght arise in which we
wd. have a chance to put in a new Govt. & support it.
If therefore flying column is 1st. step, I shd. like to see some backing
behind it : if situation suggests we need it & cd. exploit sitⁿ. to our
advantage.

P.M. Br. troops won't be re-inforced. They must do what they can with
what they have.

Al. Rodeo/Flail was planned 2 yrs ago. Mil. sitⁿ. has altered. Much stiffer
opposⁿ. must now be expected.
Suggest M/E Commrs. shd. now consider what is best plan they can
make with forces available.

C.I.G.S. We suggested a change in present concept in order to start reducing our
forces in M/E If we have to remain respons. for going in to C. & A. to
m'tain order, we can't reduce : & if we had to stay for long we shd.
have to re-inforce. It is a v. big job.
We were seekg. alternative opⁿ. which we cd. do with fewer troops.
We therefore sugg^d. rescue opⁿ. vice occupⁿ. opⁿ.

P.M. If our troops have bn. re-deployed and there is trouble then, we can't
guarantee Br. lives.

A.H. We have bn. told to study redeploymt. before agreemt. If we begin it,
we can't do Rodeo.

P.M. What Br. troops can do will depend on circs. at time.

- C.I.G.S. Will turn mainly on wtr we are asked to control C. & Alex. for some time. That is the bigger task.
- A.E. Ask for latitude to make best use of troops available – not limit ourselves now to rescue operation.
- P.M. A no. of alternative plans can be prepared – decision to be taken according to circs.
- A.H. If we are to be sure of having troops for all contingencies, we can't begin to redeploy in advance of agreemt.
- Al. Don't stop contraction of Base m'while.
Let us have plans to use such troops as are available when emergency crisis.
- CIGS Principle : scope of opⁿ. wd. be related to forces available at material time.
- Agreed : but no actual w'drawal w'out further Cab. authority.
- P.M. Hope SEA pact may be precedent for M.E.D.O. also including U.S.
That wd. give us prestige cover to w'draw from E.
Sh^d. we not take that up now? With U.S. It involves neither financial nor mil. support fr. U.S.
- A.E. If it were purely U.S./U.K., it wdn't be like S.E.A. model.
No other Powers ready to come in in M/E.
- P.M. Canal Powers cd. be associated with it.
U.S. have given us chance now for U.K./U.S. initiative. Over SEA they have for first time suggested prelin^y. bi-lateral agreement, even w'out French. This is the vital new factor.
- [Exit C.O.S. & Serv. Min.
[Enter D.E.
3. Civil Defence.
- Revision of Plans Generally.
- M.F. i) General anxiety ii) Coventry iii) Times & Tribune : Govt. is not doing much more than Coventry. I must answer these.
C.D. Ctt^{ee}. have discussed my draft. Want Cabinet to know the line I am taking.
- P.M. Arrangemts. will always be needed for survivors round edges.
- M.F. Must continue local recruitment : go on with mobile column : revise plans for evacuation & care of homeless.

P.M. Structural protⁿ. is main thing which has now bn. discredited.

Sal. More emphasis on improved outlets from large cities. Boost for trunk roads.

M.F. Am discussing with M/T.

Sal. Add to para 7 a fourth : removal of causes of war.

A.E. Yes : wish to make sugg^{ns}. on this and para. 6.

H.C. Para.16 was new to me. Didn't know they wd. be used on C.D. in War.

M.F. Because these will not be needed by RAF in opening phase of 12 mos. of war.

Sw. Add : "until they are needed in R.A.F.".

Shelters in Buildings.

D.E. As in memo. Add^l. cost is 7%. May I quietly drop the attempt at persuasion?

M.F. Try to persuade. If that fails, give the licence. Make no public recantation. Slide out of this quietly. Cool off.

4. G.A.T.T. [Exit D.E.
[Enter Maudling, Nugent.

P.T. As in memo.

Approved. [Exit M. & N.

5. Sexual Offences.

H.M. Balance of argument is v. restⁿ. of reporting. Esp. difficult to define what offences because of sexual element in so many crimes of violence.
W^d. also appear tht. we were seeking to distract attentⁿ. fr. scandal.
Our R. Commⁿ. criticism : I now propose Dpl. Ctt^{ee}. instead.
Can't take any action on prostⁿ. w'out independent enquiry.

Sal. Winterton has now tabled his Motion again for mid-May. Need to be able to announce somethg definite then.

J.S. I cdn't keep out – tho' my problem is less acute.

P.M. Cabinet shd. not interfere with your wishes, on Dpl. Ctt^{ee}.

M.F. Will submit names & t. of r. to P.M.

6. Malta.

O.L. Is it any good pursuing idea of Maltese repⁿ. at W'minster. I think it inconceivable. But we reject Dom. Status. They reject I. of M. status. We may therefore be driven to R. Commⁿ. – wh. is dangerous.

M.F. Olivier wants Dom. status. Doms. wdn't concede that. Mintoff wants integration with U.K. – for economic reasons. He impressed M.P.'s while here. If we must resist that, we shan't get any agreemt. with Malta.

O.L. Labour Party deputⁿ. to me showed no enthusiasm for repⁿ. at W'minster – or for carrying M.'s surplus popⁿ. on our social services. [They have 75,000 more than Island can support].
Fear we may be forced into R. Commⁿ.

Sw. 2-tier system to open to gt. practical objⁿ. That strengthens Cab decⁿ. tht. Malta can't be transferred to C.R.O.
Danger of R. Commⁿ. is "what will it report? As practical alternatives are all rejected, it may recommend solution impossible to carry out.

O.L. Their real object is to get our money.

Sw. Can we look at it again when disc^{ns}. have reached deadlock?

O.L. Yes : neither M.F. nor O.L. like R. Commⁿ.

P.M. It is not impossible to say No.

[Exit Al., A.E.]

7. Malaya : Constitution of Singapore.

O.L. Indian resident in Singapore not recognised as Indian citizen, wd. (?) not be U.K. & Col. But if India passed its citizenship Act they cd. enfranchise themselves by becoming U.K. & Col. citizens. – on declaration after 1 yrs' residence.

Sw. Difficult Comm. points : but despite them I support O.L. Need for a local loyalty over-rides, in multi-racial place like this.
India wd. have no cause to complain. But other Doms. normally have right to vote – and 500 or so Australians in S. wd. under this lose right to vote. W^d. like chance to consider that – tho' I still think we must support general plan.

Approved in principle subject to C.R.O. considⁿ. of Australian ques.

1. Geneva Meeting.

A.E. Arrangements now agreed with R. – techn. and admin^{ve}.

2. Indo-China.

A.E. Tel. 257. Alarmist approach by Dulles.
Had arranged to see him on followg. a.m. (Sat.) to discuss other ques.
But he went on, instead, with I/Ch. – Tel. 262 : Radford being there.
Fear R. has facile view of wht. cd. be done in I/Ch. – mil. & politically.
D. Bien Phu written off anyhow. But U.S. think much can be done by
U.K./U.S. intervention i) morale effect ii) air intervention alone.
E.g. R. asked if we hadn't a carrier.
Fighting v. hard. at D B. Phu. 600 seriously wounded exposed to fire.
2.600 less seriously wounded. Only 3.000 effective left.
About 4.000 V.Nam left – but not standing up to artillery fire.
A worse & larger Malaya. U.K./U.S. intervⁿ. wd. be immensely costly
& of doubtful value. But U.S. think of it as naval/air only, with no grd.
troops.
Bao Dai has told D. he would like Fr. to go out & U.S. to come in. But
D. admits he represents v. little now.
Rescue of garrison in D.B.Phu might have bn. considered. But U.S.
now admit tht. it isn't possible.
Air strike – wd. have to be v. lorry borne supplies. Even that unlikely
to be more than 10% effective.
No talk yet of using a. bombs. there. But at NATO, D. made it clear
tht. U.S. wd. feel free to use a. weapons in retaliation – not necessarily
in place when they had bn. attacked.
U.S. reports of what Fr. want were not borne out by what Fr. said to us.
Insisted therefore on talks with them. Results : No. 267. Fr. have not
asked us for help. When I sugg^d. it, he said we shd. be grateful for
anything you can do.
Fall of D.B.Phu may lead to fall of Fr. Govt. and replacement by a
neutralist Govt. – prs. led by Faure.
Comm. views. Canada (Pearson) deprecates any intervention & has
made that clear to D. Tel. 269 : para 2. w^d. be ill received by world
opinion & wd. be ineffective.
Australia prob. think same, tho' Casey wobbles.
Hope he wd. follow our lead. Tho' naturally A. is worried about
consequ. of Fr. collapse in I/Ch.

Reflections:

i) no hope of preventg. large parts of I/Ch. falling under Comm.
control. Best hope therefore is partition. Sh^d. increase Fr. bargaining
power for that at Geneva. By warning Ch. of consequ. & by
encouraging Fr. to continue resistance.

ii) But these objections won't be secured by premature mil. intervention.
 Threat of more in future is more effective than a small action at present.
 Draft memo. Designed as directive for Geneva.
 SEA pact. Concerned at U.S. haste. Sure it wd. be mistake to hold early public mtg on this. The 10 aren't impressive qua Asia.
 Dangerous esp. while Colombo mtg. is on. Hope Ceylon & P. will prevent rash action at Colombo.
 Para. 4 and 8 are new offers.
 R. was pessimistic about Malaya if I/Ch. went. I answered tht. our pol. posⁿ. in M. was much stronger than that of Fr. in I/China.
 Read to Cabinet letter fr. D. to Bidault. [Not known wtr it has bn. sent – B. was reluctant to receive it.]

- P.M. Must avoid a row with U.S. – esp. over what we can't do.
 Rescue opⁿ. we cd. have gone into : but not indefinite mil. commit^{mt}. in I/China.
- A.E. All R. wants is one carrier fr. us. But p. opinion wd. ask what we were doing in such op^{ns}.
- O.L. U.S. thght. Korea cd. be handled w'out ground troops.
- A.E. U.S. haven't faced possibility of using ground troops in I/China.
- P.M. We shd. stand on paras. 4, 6 & 8 of draft directive.
 At same time, we mustn't under-rate effect of Comm. triumph at D.B. Phu. Will spread throughout Asia. Commⁿ. over capitalism : Asian over European. Viet. Nam opinion will move at once v. France. Sitⁿ. will be much graver. But doesn't follow tht. method of dealing with that is to go into I/China now.
- A.E. Or to open war with China, as R. believes.
- C.N.S. R.'s view has always bn. tht. we shd. attack Ch. – on view tht. R. won't intervene.
- A.E. A v. dangerous assumptⁿ.
- P.M. We mustn't lose our influence with U.S. But we shdn't go into this.
- CIGS. Para. 4. If area guaranteed includes any part of I/China, it will involve v. gt. effort – pol. and mil.
- A.E. I agree. Hope tht. if we draw this line, it will be outside I/China.
- M.F. Alternative i) ill-considered and ineffective intervⁿ. in I/China.
 Must rule that out because of consequences.
 ii) Paras 4 & 6 of directive.

This is our only course.

- O.L. What will be sitⁿ. of Malaya?
Importance of Kra peninsula. If we cd. seal off Malaya there,
deterioration in M. won't be v. rapid. We have orgⁿ. and power to deal
with insurrection.
- A.L. We shall lose the rice.
- O.L. Supplies are better. ^{x/} We must lay our hands on all available
surpluses.
Experiments on new areas have bn. procdg : but they are slow.
I will have it examined again, with view to x/.
- CIGS. Morale effect on M. can't be ignored.
Loss of I/China & pressures on Siam emphasises need to seize Songkla
posⁿ. before any risk of Siam's falling.
Our policy shd. be to develop M. as area of strength & stability.
- A.E. Sh^d. we not talk to R. about Songkla. Get U.S. agreemt. tht. we shd.
seize that posⁿ. at approp^{te}. moment. Don't believe Siam will go
quickly. Comm. don't hurry.
- CIGS. We mustn't be drawn into giving mil. support to Siam. Broken reed.
Not the place at wh. to put up main resistance.
- A.E. Yes. Tho' we cd. encourage U.S. to buttress Siam. Our role being to
hold Malaya.
- A.H. We shall prob. need more troops in M. if threat fr. north develops.
We can't occupy Songkla and preserve order against deteriorating
internal sitⁿ. in M.
- C.A.S. W^d. this be good moment to raise with R. w'drawal of some of our
troops from Korea. We have 10,000 in all.
- A.E. Don't see why we shdn't move a brigade from there.
- P.M. For Songkla we cd. take it – and prs. a divⁿ. fr, Canal Zone.
O.L.'s movements ? Cut out Nyassaland : and return to Ldn as soon as
Queen leaves Uganda.
- O.L. I can be back by 9/5.

1. Colombo Meeting. [Enter S.Ll., B-H., J. B.C.]

Sw. Tel. 25 from Geneva: draft of A.E.'s message to P.M.'s of I., P. & Ceylon.

Favour this. Urgent. Will strengthen hands of P.M.'s of C. & P.

Agreed : authorise immediate despatch.

2. Parliament.

H.C. Address of welcome on Queen's return. Monday after her return 17/5. To be moved by leaders of the three Parties. Ch. Whip to arrange with auth^{ies}. wtr part of roadway be available to M.P.'s on 15/5. Home Sec. to consider, with L^d. Ch., wtr Queen's route shd. be round Parl^t. Square.

Business for next week.

Two days for decision : Tues or Wed^y. Either Ctt^{ee}. of Television Bill or Members' Expenses. Opposⁿ. have declared intentⁿ. to fight the T. Bill. Sh^d. we have a time-table? Is this a Bill for that? What effect wd. it have on H/Lds?

Sw. H/L. wdn't object to time-table as such – only concerned wtr clauses had bn. considered.

B.H. V. large no. of amend^{mts}. Some of ours wd. have to come off, if we were to get it w'out time table.

M.F. Then our amend^{mts}. will be w'drawn and all time will be spent on Oppⁿ. amend^{mts}. Better to have time-table – wd. give greater impⁿ. tht. Bill has general support.

P.M. Quite suitable for time-table.

B.H. Some believe it's a matter of conscience.

P.M. You wdn't admit that when I wanted a free vote.

H.M. Must have time-table or drop Bill.

H.C. We are drifting into posⁿ. of time-tabling nearly everything – which is against our principles. We shan't like it when in Opposⁿ. Remember there is no gt. interest in this except in H/C.

P.M. I regret tht. we have gone so far with this : but it wd. be humiliating to drop it now.

Agreed : Impose time-table.

H.C. W^d. prefer to wait until it is obviously necessary. Run it for 2 days w'out time-table.

Agreed.

3. Indo.China.

P.M. Held a mtg. of as many as were immediately available on Sunday.
A.E.'s plan was plainly right.
Seems poss. U.S. may come round to our view, without a row.
Further appeal y'day from Laniel via Massigli. I rejected that.

C.O.S. remain of opinion tht. strike wd. be ineffective, despite views of Fr. staff officer brght over by Massigli.

[Enter H.H., J.T.

5. Gibraltar : Pay of Industrial Workers.

P.M. A.E. is concerned at this. Causes much ill-feeling in Spain.
Difference in c/living has decreased.
Tho' no diff^y. in getting Sp. labour at lower rates.

Al. Costs £150,000. And will come off Def. Vote.
Feel no gt. sympathy with Sp. workers – they only come because they prefer it to work available in Gib. Favour sending out commⁿ. to see how we cd. reduce nos. employed – if not cut it out altogether.

H.H. Gib. Govt., who also employ, want to reduce differential – can't resist views of T.U.'s much longer.

W.M. Private employers pay same rates.
We pay to Sp. residents the lower rates : & the higher rates to B. subjects resident in Spain. Thus, we discriminate on citizenship basis.

J.T. We wd. pay same rate to those resident in Gib ; but C.O. object to that.

J.B.C. Raise by 9/= so as to reflect real difference in c/living.

H.H. That assumes v. canny buying – on both sides.

W.M. Differential shd. at least be related to residence.

J.T. Serv. Dpts. wd. accept that.

Al. Make good extra cost by employing fewer Spaniards.

JBC. High rate of living in Gib. is due in part to artificial rate of exchange fixed for goods sent in fr. Spain to Gib.

- Sw. x| This gives Franco good justificⁿ. for ordering no Spaniard to work in Gib. if he wished to do so.
- P.M. Timing. On reflection, I think it better not to involve Queen in this. Read note by Admiralty.
- H.H. Effect will be worse if there is agitation while Queen is there and we have to give way afterwards.
- JB.C. But no current wage dispute.
1. P.M. No announcement before Queen's visit.
S.L.I. What of x/.
P.M. Spaniards won't like it. We can bear it – Maltese & Mauritians are available & load of dockyard work can be adjusted.
 2. P.M. Ctt^{ee}. shd. be appt^d. and announced after visit to consider wtr compromise in para. 4 wd. do.
J.T.'s memo. to be circulated to Cab. & sent to A.E.
Form of enquiry to be subject of recommⁿ. by M/L.
- [Exit H.H., J.T.]
6. Teachers' Superannuation Bill. [Enter I.McL.]
- F.H. Most other schemes involve 6% contⁿ.
But teachers' real point is tht. their pensions shd. never be made contrib^y.
I told them in 1952 tht. the rate wd. have to be raised.
When Bill was introduced teachers had no hope of defeating it. They have taken heart at Tory revolt.
- The 2 points are :- i) all contrib. schemes will be threatened.
ii) can't find economies if we don't do this.
- On both counts this is a test case.
I have put this to Educⁿ. Ctt^{ee}. of Party. Large majority agreed.
RAB has since done so. Many Members have defended our posⁿ.
Those who dissent are neither senior nor respected members of Party.
Believe I cd. win some of them over if I saw them separately.
Mass mtgs. do nothg. but provide an audience for Boothby.
Want it in week after next. R.A.B. will wind up.
- J.S. I have ¹¹/₈₀^{ths}. of this trouble. It is wholly justified. Have defended it for months. We ought to push it through.
- F.H. Burnham Ctt^{ee}., when salaries were last raised, knew tht. this was coming. But they said it wd. be wrong to increase salaries for purpose of enabling them to make higher contⁿ. to pensions.
Salary was therefore negotiated separately.

- H.C. This dates fr. economies we imposed when we first took office.
If we give it up now, how can we expect another £100M. economies.
We shd. have to abandon all hope of cutting anything wh. hurts.
- F.H. And P.A.C. have twice said tht. this shd. be rectified w'out delay.
- H.C. No ques of merits. Only ques is wtr we can carry the Bill.
- H.M. Agree. We have reached that point now.
If we can carry it, we shall gain in prestige.
If we w'draw it, we admit that 6 or 8 dissidents can prevent anything.
- B.H. Discontented but willing = 15.
Unreliable = 19 to 23, or wh. 8 are certain to abstain. & 1 of them will vote against.

Absence thro' sickness etc., before Recess = 22.
Liberals will vote against it.
- P.M. Well : I think we had better ram it thro'.
If defeated, we will defer to view of H/C. but not resign.
Invite vote of confidence, if desired.
- [Enter O.P.]
7. Occupational Health Scheme. [Exit B.H. Alex. S.Ll.]
- W.M. T.U.C. mentioned this at deputⁿ. to P.M. They have bn. pressing it for some time. Labour wd. do it in grandiose way. I want to make modest start – empirical approach via 2 Ctt^{ees}. as in memo.
J.S. doubts its scope: presume he wd. exclude non-industrials, but that wd. exclude about 50% of employed. I.McL. wants enquiry.
We don't need that – have had several abortive attempts.
Dpl. responsibility. I sugg^d. M/L., who now have Factory Dpt. Recognise, however, tht. this might prejudge decⁿ. & I wd. accept neutral Minister as Chairman. Want official Ctt^{ee}. as well.
BMA, as well as T.U.C., will m'tain pressure.
- P.M. Views of B/T.
- W.M. Need not be expressive. Depends what policies emerge.
- J.B.C. Purpose wd. presumably be to expand this service?
- W.M. Moderate add^l. cost on industry.
- JBC. Paid out of taxation.
Is this the right time to branch out on this?
- M.F. Para. 11(1) and (2). Esp. (ii). I have received many deput^{ns}.
My proposals on Gowers are now coming to Cabinet.

- If they are turned down, how will M/L. co-ordinate?
- W.M. Consult^{ns}. on rlways & agric. were, in Jan., hanging fire.
- I.McL. Support P.T.'s point (2)
But my own view is tht. we don't need this new machinery.
I want to determine type & means of services needed. That (not Dpl. responsibility) has not bn. explored before.
We shd. know where we are going before we announce a new step.
Any Ctt^{ee}. shd. have Chairman independent of all Dpts. concerned.
- W. These services do improve productivity.
Even so, I doubt if this is moment for another fwd. step.
N.H.S. isn't out of wood. Doctors are over-worked.
This wd. call into being a corps of doctors who wd. not be attending patients. Gt. call on medical man-power.
Suggest small Ctt^{ee}. of Ministers to consider whole project.
- Sw. Economy. Can't hope to get £100 M. w'out cuts that hurt.
This, in long term, wd. certainly involve added expend'^{re}.
It shd. be taken into a/c in that connⁿ.
- P.M. Is this a good time to go forward?
Is it in harmony with economy plans?
Surely not.
Also, is it wise to raise a lot of hopes (major policy etc.,) when our aim this year is to cut back cost of Welfare State.
If we have no real intentⁿ. or hope of making progress soon, wd. it be wise to raise such hopes? - by appointing a public Ctt^{ee}.
Surely we have enough trouble on our hands already.
Prefer to examine this when there is a real intention to act.
- M.F. Gowers Rpt. ques will come up next week.
May we take final decision then, when we have discussed those pp.
If we decide to do nothing, M/L. & I will have to handle T.U.'s v. carefully.
Theme of our last year is v. important & shd. be considered as a whole.
- P.M. Yes – next week : on report of F. Legⁿ. Ctt^{ee}.

1. Indo.China.

[Enter S.Ll., B.H.]

S.Ll. A.E. havg. diff^{ies}. in Geneva with Dulles.
Geneva tel. 113. Para. 3.

P.M. Awkward moment when D.B.Phu falls – as seems inevitable.
Will encourage Communists – esp. at moment when greater rift
appears betwn. W. Allies.
Endorse A.E.'s policy.
But, as soon as this crisis is over, we must follow up quickly
with effective pact for collective defence of S.E.A.

2. Parliament : Members' Expenses.

R.A.B. If all-Party motion is tabled, I shd. not favour free vote.
I wd. favour Govt. amendment to a Motion – wtr Opposⁿ. Motion or
all-party.

H.C. Thurs. last we were pressed for a day. ^x/ Made it clear, anyhow, tht. all
the pressure is coming fr. Opposⁿ. side. / But pressure will be
renewed this Thursday unless we decide to give time next week. They
asked, thro' usual channels, for debate this week. Thursday of next
week is only Govt. day we cd. offer.

P.M. Has the onus of x/ been clearly put on Opposⁿ.?

H.C. Certainly in H/Commons.

Sw. Can't make anything in country on ques who supplies the time for
discussion.

P.M. Suppose they offer Supply Day & table motion approvg. Cttee's report.
C^d. we not allow free vote? It wd. be carried. We need do no more
than expense scheme.

H.C. If it were carried on a free vote, we wd. have to do Cttee's report.
Also : wd. it be proper for Ministers to speak or vote – they aren't
concerned.

P.M. Doubt validity of second point.
But on reflectⁿ. : we have said it isn't our policy to do Cttee's report.
If motion commanded that, we shd. have to table amendment.

B.H. Debate on adjournment motion wd. be so much to our advantage tht. I
x| wonder wtr it wdn't be better to off Govt. time on condⁿ. it was on
| adjournment motion & tht. they wdn't vote – officially.

Number of Tories favouring Rpt. is decreasing as constituency influences are brought to bear.

R.A.B. Try for debate on Adjournment.

H.M. Yes : abandon manoeuvre about “whose time” & proceed as at x/

P.M. Don’t want to eat all my words : cd. we not offer to share time?

B.H. They wdn’t accept cond^{ns}. on that basis.

M.F. And, if that fails, & they table motion – we shd. put down amendment.

1. Geneva Conference. [Enter BH., J.B.C., S.Ll.]

P.M. B. Smith's forthcoming attitude to A.E.
But when I spoke to him on tel. last night he said he was finished.
V. disappointing – and bewildering. A.E. agrees.

2. Parliament.

H.C. Business for next week.
Teachers' Superannuation Bill – 2nd. Rdg. Monday.
Time-table motion for Television Bill – Tuesday.
Members' Expenses – Thursday, on adjournment.

B.H. Oppⁿ. accept^{ed}. our proposal, on condⁿ. we gave time in followg. wk.
for a final decision. I said Govt. spokesmen wd. be indicatg. intentⁿ. at
end of 1st. debate. He adm^d. tht. if they disliked this & wished for
further debate, it wd. have to be on Supply Day.

H.C. Need for Indemnity Bill for Neil Macpherson M.P. in respect of his
accept^{ce}. of posⁿ. with Dried Fruit Corpⁿ. Australia.

P.M. Final apprecⁿ. of chances on Educⁿ. Bill?

B.H. Proposing to spk. to 26 today, who are unreliable: & of whom 8 are
pledged to teachers not to vote for it.
My opinion : more likely to be beaten than not.

P.M. Is this a good moment?

S.Ll. Co-inciding with possible fall of French Govt.

L.P. If we are going to lose the Bill, why incur the disadv. of a defeat.

H.C. Shall we p'pone for a week, so that BH can see all & Geneva may
clear?
But there must be def. decⁿ. to go on.

H.M. Defeat wh. we ignore will be bad for future discipline in our Party.

B.H. So will abandoning Bill, wh. majority of our supporters have defended.

F.H. I can't see how we shall get economies if we run away fr. our
dissidents on this.
Will also damage our prestige.

Sal. Foreign situation is most important argument. This is not the moment
at wh. to risk Govt. defeat.

H.M. Future economies. This won't prevent them if they are presented & carried all together.

Sw. I agree, on reflection.

B.C. W'out the Bill, we shall need a supplementary.

J.S. Abandonment of Bill will damage our prestige. C^d. accept a weeks' delay. We have all justified Bill as right & necessary. How do we explain w'drawal. Let us at least show we have courage of our convictions, even if we are beaten.

W.M. P.T. P'pone for a week.

M.F. Driven to that view because of Geneva situation.

Agreed : P'pone annoucement. of date of 2nd. Rdg.
Review it again next week.

3. Indo-China.

S.Ll. Tel. 137-138.

P.M. Overtaken by telephone message fr. Bedell?

S.Ll. Specific suggⁿ. of study of S.E.A. pact need not be affected
Only poss. objⁿ. is tht. group won't include any Asian. But this is
x/ met by 1st. para. on p 2 of Tel. 138.

P.M. First aim after Geneva must be to repair breach betwn. U.K. & U.S.
Can hope to do this on basis of Ldn. Communiqué.

S.Ll. This is consistent with that.

Al. Para. 6 of 137. Staff Agency will need pol. guidance [Exit B.H.
on our policy for Indo-China, if they are to get far.

S.Ll. Recognise that, but will show we mean business.

Sw. Safe fr. pt. of view of Asians because of x/.
Telegram fr. P.M./Ceylon suggests contact will suffice.

Agreed : Authorise A.E. subject to Bedell S. develop^{mt}.
having produced no change.

4. Goa.

Sw. Portuguese & India have approached us re Treaty posⁿ.
P. have right to claim our support under old Treaty and N.A.T.O.

We can't accede to Nehru's suggⁿ. of a declⁿ. tht. these have no relevance to Goa.
We propose therefore to make our posⁿ. clear to both sides, as in paras. 7 and 8.

P.M. Favour Portugal. But base it on legalistic arguments & make it all as involved as possible.

[Enter ALB., I.McL., O.P., D.E.]

5. Government Programme for 1954/55.

P.M. Big theme must be pensions. Humanity can turn the flank of economy. Advantages of big gestures. That shd. have first priority.

O.P. Memo. on this will be available next week.

W.M. Ready to agree tht. my plans for occup^l. health and Gowers for rlways shd. be considered together with proposals for economy.

M.F. Shops : closing hours. Waiting since '47 : being pressed for it. Non-industrial etc., Pressure fr. T.U.'s since Govt. took office. I have met 9 deput^{ns}. from T.U.C. L^d. Chancellor promised legⁿ. to employers. On other side, Parl^y. time : restrictions on traders : cost to employers.

[Exit Sw.]

Cond^{ns}. are bad : T.U. requests are justified. Labour wd. chide us at our Election with not having done it.

W.M. Will be diff. to handle T.U.'s if we can't say we are going on with this.

L.P. Opinion on H.A. Ctt^{ce}. evenly divided.
The other side of the case shd. not be ignored – para. 3. Remember Catering trade. Won't be popular with Tory Party.

P.T. These reforms cost money – to employers. Can't get anyone to build a hotel now. C^d. we ask rlways to spend more – means higher fares.

A.L.B. Rlways have enough burdens already. Any money for them shd. go on higher wages for more skilled men. This is not moment to give benefits to all.
Road Traffic Bill shd. be included.

P.T. Also Par Shares.

M.F. Emergency Powers. Are we to try to end it all before Election?
Arguments : we are pledged to it.
a valuable instrument of Socialism.

H.C. Tho' there are diff^{ies}.

T.D. Open-cast.

W.M. Use of troops in strikes.

M.F. Main point : are we to leave the powers.

P.M. Favour the theme of dismantling structure of emergency powers.

Agreed : Sh^d. be a more detailed memo. for Cabinet. H.O.

H.M. In a final Session - Lists A. & B. Essential Bills.
Emergency Powers.
Legⁿ. for Economy Measures
O.A.P.
Can we do more? That wd. give us a good p'mme for Election.

W.M. May be right. But danger of affronting T.U.'s. Occup^l. Health & Gowers shd. not be shut out altogether.

[Exit A.L.B.
I.McL. O.P.]

6. Recruitment of Ukrainians.

Memo. approved.

7. King George VI Memorial.

D.E. As in memo.

P.M. First ascertain wtr Queen & Queen Mother approve – informally.
I will, if you won't. Before Cab. tender formal advice.

1. Parliament.

[Enter S.Ll., B.H.]

H.C. Business for next week.
Select Ctt^{ee}. wish to send Sub-Ctt^{ee}. abroad. Pressure to agree. But L.O.'s concerns tht. this wd. imply claim by H/C. to jurisdⁿ. abroad. Am therefore telling them finally they can't do it.

2. Indo-China.

P.M. A.E. is not returning this w/end.
Posⁿ at Geneva is v. confused.

S.Ll. V. Minh proposals are clever – esp. recognⁿ. of Fr. cultural interests and free elections. Good propaganda in I-China.

Sw. Messenge fr. A.E. to PM's of Asian Doms. V. helpful.

P.M. No general will want to fight to preserve Fr. Empire in I.China.
U.S. have always shown special interest in China : but doubt if they will go into this alone. No sign tht. anyone will join them.

3. Members' Expenses.

R.A.B. Propose to speak about middle of debate.

P.M. Better : no final speech for Govt. at end.

RAB. (i) Shepherd has seen J.B-C. & said he & his friends wd. favour straight salary increase. They have bn. in touch with Dalton & Morrison.
Are likely to join in all-Party motion next week.
But majority of our supporters wd. oppose that. I must remain non-committal. But seems tht. next week there mght. be absolute majority for salary increase. W^d. be Supply Day.
(ii) Members. Fund – hardship. Shall I mention possibility of Ty. contⁿ. to this – for pensions. W^d. be only a few thousands in next year or so. W^d. not commit myself.

P.T. Favour a mention.

J.S. Fear where it may lead. Actuarial possibilities.

R.A.B. Prs. I had better not throw out this suggestion.
(iii) Salaries of Junion Ministers. Sh^d. I say anything on that?

J.S. Keep all Ministers together & separate from Members.

- P.M. There will be no diff^y. on Junior Ministers : but better discuss this with Opposⁿ. later when M.P.'s expenses is out of the way.
Avoid this ques at the present.
- R.A.B. (iv) Subsistence plan : based on nights when Parlt. meets. But there is case for extending it to week-ends during session. That wd. give another £50 p.a. A business-man cd. claim that.
- H.M. Restrict it to nights when House is meeting.
- R.A.B. (v) On this occasion, I propose to make no reference to expenses of Peers – tho' I don't retract my offer as made to Cabinet.
- J.S. (vi) You will be asked if allowance affects claim on income tax for extra expenses due to living away.
- R.A.B. You won't be able to get it both ways. Alternatives.
4. Teachers Superannuation Bill.
- H.C. Not proposed to take it next week.
- B.H. Have seen 22 of the 26 unreliable Tories. Reported results.
- F.H. Continuing delay is most embarrassing – unless indicⁿ. can also be
x/ given that Govt. will go on with the Bill.
- RAB. Dissidents' arguments are unsound. P.A.C. criticism will be repeated if f'coming report, wh. will urge tht. situation shd. be remedied.
If this isn't done, there will have to be Supp. Estimate. Sh^d. be done in July, but can p'pone until Feb^y.
If this is delayed 2 years, it will be a bill of £3 or £4 M. for taxpayer.
Teachers are not being ill-treated. Don't want to review all other contributory schemes – that wd. be worse. No scheme cd. be devised more favourable than this to teachers. If delayed, they wd. get a worse settlement. They do better now than people under comparable schemes.
My view is therefore tht. we must go on with this. C^d. accept more delay. But shd. be done this summer or autumn.
- B.H. Our numbers in H/C. 20 M.P.'s ill : of whom 12 are long-term. 1 Minister abroad, instead of 3. Y'day's majority of 17 was prob., larger than we deserve. Can't therefore say this wd. be carried.
- H.C. If we don't take 2nd. Rdg. soon we can't pass Bill thro' H/C. (?) before recess.
- P.M. Special (foreign) circs. for delay haven't changed much. [Exit P.T.]

Govt. defeat wd. do injury to our national prestige – and hamper A.E. at Geneva.
Consider it again next week.

F.H. Can we say x/? I have bn. stalling for 2 months.

J.S. I have said we haven't given up the Bill. W^d. wish to reiterate that blaming delay on lack of Parl^y. time, due to Opposⁿ. tactics.

H.M. Sh^d. we not decide our intentions first – then presentation.
If we are defeated, we shall lose ability to carry other Bills e.g. on Report.
Habit of being beaten might gain ground – failure of discipline in Party. Might lose ability to carry out main business.
Presentⁿ. Used to be common for Bills to die. Massacre of innocents.
C^d. we not at some stage say we are not going to proceed with it “this Session” – tho' affirming our confidence in the principles of the Bill.

W.M. Support that view.

Sw. If we are defeated on this economy measure, shall we be able to carry the others?

J.S. Running away from this won't help with that.

O.L. Don't run away : m'tain it shd. be done – tho' not possible this Session.

M.F. C^d. we get 2nd. Rdg. in July.
If you don't do this, we shall not get support for £250 M. of economies.

B.H. Dissidents are not worried qua economy but qua discriminⁿ. v. teachers.

T.D. If you go on, P.M. must make it issue of confidence at outset, on 2nd. Rdg. Prefer therefore to say “not now.”

P.M. We have neither right nor obligation to attempt things we cannot carry by votes. We are the creatures of votes.

R.A.B. C^d. we draw up statement – covering Parl^y. time : intellectual
y| arguments (for Press) : posⁿ. of Ministers who support principle.
| Solution of Funds' posⁿ. must be put thro' – but not necessary in any
| particular week or month.

F.H. Hope that such a statement can be made next week.

H.C. It should be.

Agreed : RAB. to have statement prepared as at y/
with a view to announcement next week.

[Exit BH.

5. Colonial Exports.

O.L. Warning only. But sugg^{ns}. welcomes.

R.A.B. (i) Can handle this. On dollars we only set a ceiling.
W. Indies have behaved well.
(ii) Internal affairs. Ty. can discuss with C.O.
(iii) Decided in 1952 not to pursue this. Will consider with C.O.
& B/T. wtr we take it up on review of G.A.T.T.

LI.G. We have helped Jamaica on sugar – taking 3 times as much and 10 times the value.

P.M. Jamaican cigars shd. have a run here.
Bananas too – while starving Jamaicans hurry here to enjoy our social services.

R.A.B. Can say we are anxious in review of G.A.T.T. to help Colonies.

6. Egypt : Defence Negotiations.

S.LI. Shinwell is askg. today wtr negot^{ns}. are procdg. & wtr troops w'drawn.
Shall say – not procdg : troops are not being w'drawn.
Reason (if pressed) pol. changes in Egypt.

7. Russian Ballet : Visit to U.K.

S.LI. Fr. Govt. have cancelled visit of R. Ballet to Paris because of D. B. Phu.
Sugg^d. it shd. come here instead. Sh^d. we discourage that.

M.F. I cdn't properly refuse permⁿ. to land. W^d. be inconsistent with my general policy.

S.LI. F.O. cd. prs. kill it by informal advice.

P.M. Offer no formal opposⁿ. : invite them to consider French feelings. Let it take its normal course.

8. Sudan.

P.M. Mahdi's son to be arrested and tried.

- S.H. After riot of 1/3 Ctt^{ee}. of investigⁿ. was appointed : and a Br. barrister has said there is prima facie case v. him. Council of Ministers know of this. We can ensure a fair trial before impartial court.
W^d. damage our case in Sudan if we tried to put him above the law.
- P.M. Agree – we shd. not interfere with the course of justice.

1. Parliament.

[Enter B-H.

H.C. Business for next week.

2. Teachers' Superannuation Bill.

R.A.B. Draft statement prepared in consultⁿ. with Ministers concerned.
Discussed and approved – as drafted.

P.M. When shd. it be announced?

B.H. Not today because of troubles on Members' Expenses. Same Members who don't want anything done on that are in favour of going on with this Bill.

F.H. W^d. prefer to have it to-day. For have to address Tory teachers on Sat^y.

B.H. Don't press the point. Better to volunteer it to-day than to have it extracted by P.Q. on Tuesday.

Agreed : L.P.S. to make statement today.

3. Expenses of Members of Parliament.

H.C. Can say to-day there is to be debate on Monday & I understand there will be all-Party motion. Agreed.

R.A.B. Two possibilities. i) accept this motion, allowing free vote. Ques then is attitude of Govt. P.M. shd. spk., indicatg. it is H/C. matter & there will be a free vote. How then wd. Ministers vote? My view is that Cab. Ministers in H/C. shd. abstain.
Diff^{ies}. v. lively debate in 1922 Ctt^{ee}. But my alternative is so close to this in result tht. we shd. seem to be fighting on a ridiculously small diff^{ce}.
ii) put fwd. Govt. amendment to motion favouring allowances within limit of £500. necessarily incurred in Parl^y. duties.
W^d. be same as add^l. £500 salary except for poorest, who claim tax relief on less than £500, or richest, who can make a claim for more than £1.000.
Advantage : Whips cd. be put on. Awkward for those Govt. supporters who have put names to other motion.

O.L. Prefer (ii) because it does refer in terms to expenses.

B.H. Feeling of Govt. supporters. Large body favour no action.
More think nothg. shd. be done, or take effect, until after Election.

This opinion was not reflected in first debate.
All Whips think only method wh. wd. avoid trouble in Party is (ii).
Straight salary increase won't be readily accepted.

- P.M. I'm willing to tell 1922 tht. we shall allow free vote on all-Party motion. This will provide for Members' needs, while at same time giving our people chance to vote against it. What more can a Member ask than opportunity to vote against it.
- R.A.B. Reported that authors of all-Party motion wd. accept method (ii). That wd. mean a Govt. motion. And some of our supporters wd. vote against us.
- B.H. No. They might be content to put fwd. (ii) as theirs, if they knew we wd. accept it.
- M.F. If they wd. accept ii) that wd. be best solution.
There is a real diff^{ce}. betwn. salary & allowance.
Great feeling in country v. increase of salary.
It wd. still be private Members' motion & there wd. still be free vote.
- W.M. That wd. give all advantages.
- P.T. If we negotiated ii) shd. we not be assuming responsibility for it.
- O.L. Better for reputation of H/C. to have ii).
- P.M. I am unwilling to advocate ii) to 1922 Ctt^{ee}.
I wd. abstain on ii) if put as amendment. But would vote in favour of all-Party motion.
- R.A.B. I wd. have to vote for ii) if put as amendmt. for it is so near to what I said in first debate.
- P.M. V. well : I'm ready to express preference for ii) if you like.
- R.A.B. Having regard to views of Party & Cabinet, I wd. get private Member to move ii), indicate that we wd. support it & see if it's carried.
If it is not, let all-Party motion go thro' but Ministers shd. abstain.
Free vote on both.
If that is our plan, we shd. see tht. ii) is tabled (or agreed to be tabled) before 1922 Ctt^{ee}.
- H.C. Agree. Doubt if amendment will be carried.
- P.M. Agree on reflection we shd. have to vote for ii)
- J.S. Advise P.M. not to go to 1922 Ctt^{ee}.

R.A.B. Salaries of Junior Ministers. Advise we should leave that to July or autumn. In debate we cd. say that we shall deal with that.

J.S. No Minister shd. vote against (ii).

P.M. L.P.S. & R.A.B.

4. Proceedings against Aneurin Bevan. [Enter O.P., I.McL.
[Exit I.McL O.P.]

Sim. Reported results of enquiry.

5. British Honduras.

O.L. As in memo. Approved.

6. Transfer of High Commission Territories.

Sw. Decline Ministerial talks on transfer – in Pretoria or in London.
But, if that is dead, suggest Min. talks in Nov. on def., pol. & econ.
questions. But this cd. not be publicly described as including transfer.

Sal. Support that course. We shall be presumed to be about to give way, if
we offer to talk. We cd. hear what they have to say in Nov. if they
come.

Agreed.

7. Railway Strike.

W.M. Has not spread beyond W. Region – tho' it has gone to Cardiff, where
a 4th. depot (coal) may also stop to-day.
On other hand, Swansea has agreed not to come out.
Response to decisions to strike has not bn. 100% - even in Cardiff.
Confined therefore to some only of depots in W. Region and even in
these not wholly heeded.

1. Geneva Conference.

A.E.

Thanks for patient support. – & P.M.'s help in H/C.
 B'ground v. serious) : if we can't get armistice at Geneva, risk of 3rd. war. For i) Chinese are in mood of revolutionary power, flushed with success : don't regard Korea as defeat. Tho' not wishing mil. adventure, they won't be threatened. U.S. methods v. dangerous therefore : for they threaten but don't speak to them.
 No contacts save at table – except betwn. M. & me.
 Cease-fire. No-one contemplates Partition. Standstill, followed by w'drawal to specified areas. Even chance of securing this.
 R. wd. like it : so wd. Fr. if they dared to say so.
 ii) Chou-en-lai, tho' courteous, is v. hard.
 U.S. are not united. Bedell is co-operative but under instruct^{ns}.
 Robertson (China lobby) & Radford think this is best moment for show-down with China and that this wd. be poss. w'out involving R.
 U.S. realise relative strength vis-à-vis R. will be worse 2 yrs' hence.
 Risk of R. intervention therefore can be accepted more readily now than in future.
 D.'s Ldn. visit. His plan was vague, but was not for S.E.A. pact.
 We evolved that in discⁿ. here. He went on to Paris. It is now said tht. he took our Ldn. communiqué as green light to go ahead negotiating Pact. That is why in W'ton he at once summoned rep^{ves}. of 10 Powers. I cdn't agree to that because in Ldn. we hadn't decided who wd. be members of Pact. We had not consulted India etc., I therefore counselled delay. Their group of 10 wd. have contained only 2 Asiatics – Philippines & Siam. Such a mtg. wd. have killed whole project.
 Second grievance : our refusal to support air-strike at D.B. Phu.
 This need never have bn. known if U.S. correspondent hadn't made it public.
 P.M.'s statement tht. we must await results of Geneva before going on with S.E.A. pact.
 Impression tht. we may talk so long at G. tht. we are overtaken by mil. events. Not valid. Only bn. talking turkey for 1 wk.
 Must give it 10 days or so more. M'while we are not wasting time.
We suggested 5 Power mil. talks. Fr. and U.S. are also discussing joint mil. action. Only thing tht. is being held up is S.E.A. pact. Anyhow, I cdn't say tht. delay is due to Communists. M., indeed, has bn. constructive.
 R. want agreement. They have every reason to want it. They are conscious of their vulnerability. (Ch. less so because they are not atomic target.) Fr. are harassed & torn in 2 directions.
 I have no doubt they shd. seek quick agreemt., cutting losses.
 But not easy for them to face that.

Asian Powers. I want to keep their interest, not because of mil. strength, but because we must have a good repⁿ. of the local popul^{us}. in such a Pact. That is why I have bn. careful over Burma & India. If we get a cease-fire, India wd. be ready jointly with Norway to play part in mil. supervision (acc. to Menon). Believe U.S. wd. welcome that.

Against this b'ground – consider memo. handed round.

Proposal that Siam shd. appeal to U.N. Tel. 418.

Difficult : i) v. diff. to do. U.N. Assembly wd. have to meet & having met, wd. be free to discuss anything.
 ii) R. will say it's U.S. manoeuvre to justify their intervention in S.
 iii) Our stand at G. re Laos & Cambodia (as having no Communists in it) wd. be undermined.

W^d. need 2/3rds majority. Shall we get it?

Another precipitate U.S. act w'out relevance to state of play at G.

But we can't go on disagreeing with U.S. at all points. Havg. explained diff^{es}. to B. Smith, I must I suppose in end promise our support in U.N.

Sal. i) We can't support mil. intervention in I/China. Public won't have it. Not like supporting small independent State.
 ii) SEA pact – we agree. But after Geneva.
 iii) Siam. Silly. But, if we have to make some concession to U.S., I shd. give them that.

General. My anxiety tht. U.S. may go ahead because they think their situatⁿ. will be worse 2 yrs' hence. In 2 yrs' time I shall feel easier. Strong deterrent to all : danger of war will then be less. Therefore, my policy wd. be to keep temperature down during next 2-3 yrs – & discourage U.S. fr. precipitate action.

R.A.B. Support A.E. – who is leading Conf^{ce}.
 U.K. can't accept further commit^{mts}. w'out going over to war economy. India. We must carry her along. Gt. potential value in world councils.

Sw. Endorse A.E.'s line. He will carry Comm^w. with him. Already has had astonishing results with Nehru.

H.M. U.S. try to play their cards too soon. Pity to get Siam appeal to U.N. so prematurely. Later, we may find India, Burma etc., wishing to appeal to U.N. Don't spoilt effect of that.
 What will U.S. do if no cease-fire is secured?

A.E. Depends on results of U.S./Fr. disc^{ns}. I don't believe Fr. will accept U.S. "conditions". They won't want the war to be internationalised. But U.S. may give air & naval support. Then hostilities betw. U.S./Ch. are v. likely to develop.

O.L. What influence have R. on Ch. at Geneva?

- A.E. M. has made it clear to me tht. he can't answer for Chinese.
They may do things wh. R. wdn't like.
Viet-Minh, similarly, not wholly controlled by China.
- P.M. We shd. seek conclⁿ. at G. in 10 days or so. Unless you are sure tht.
x| Communists are not takg. opportunity of altering mil. sitⁿ. to our
disadvantage eg. Hanoi.
y| If U.S. decided to intervene, doesn't follow we shd. be dissociated fr.
them. For we are playing, in Malaya, a part in defence on this area.
We shdn't break with them politically because of their intervention.
We cd. offer to send troops fr. E. to Malaya if they wd. help us to
extricate ourselves fr. Canal.
Tho' we dislike the way U.S. are playing the hand, we mustn't forget
whose side we are on.
- A.E. Mil. sitⁿ. in I/China is v. bad : and we therefore run risk of reproach at
x/.
But we are not delaying anything practical. SEA pact cdn't save
Hanoi. Only practical step is staff talks : & they are going on.
On y/ we must see what circs. are. Diff^y. is tht. this is such a bad case.
Everyone knows Viet Minh wd. win a free election in V.Nam. V. little
support in U.N. for such intervention.
x/ may be eased by early start of 5 Power staff talks.
W^d. help, too, if it cd. be made known tht. Templer wd. join in later.
- O.L. Is due to leave Malaya on 31/5.
Will warn him tht. we wd. like him to do this.
2. Atomic Energy : Quebec Agreement. [Exit A.E.
[Enter B.H.]
- P.M. After political row over Quebec Agreemt., some of our Party think we
shd. press our pol. advantage.
Chas. Taylor's Motion for Friday. Not a v. good day : we shdn't be
sure of carrying it. Labour will broaden it out.

Came to conclⁿ. tht. it wd. be better not to have such a debate.
Have asked Taylor to remove Motion.
- W. Agree : better to avoid further controversy.
- B.H. Agree.
- L.P.S. Yes : and discourage P.Q.'s.

3. Members' Expenses.

- P.M. Have decided not to speak. That wd. put us on side of those favouring increase.
Perhaps R.A.B. cd. add some words to Deedes.
- R.A.B. Opinion in Party is hardening. V. unhappy. Not v. many favour Deedes' amendment. Sh^d. we now do more to give confidence to our supporters? Sh^d. we say, e.g., tht. tho' this is a H/C. matter, timing is for Govt.
Might show we weren't wholly at bidding of Socialists.
Later in year it would look better.
If so, do we say in advance we will accept decⁿ. of H/C.
- H.C. Can't see logic of that, if case is based on present hardship.
Also wd. put more onus on Govt.
If we bow to decⁿ. of H/C., bow at once.
- P.M. I agree.
I now think I will vote for Deedes' amendment. And abstain on main motion.
- M.F. I wish to vote against main motion. I am not going to vote for higher salaries for Members when I am w'holding it from police widows.
- J.S. So do I.
- W. Much feeling in country against increase of salary.
- H.M. We have got ourselves in a v. bad posⁿ. Govt. is responsible for proposing increased charge & timing of it. We shall carry responsibility for this – & it will be unpopular.
Let us therefore seek strongest poss. vote for Deedes' plan, wh. is defensible. Govt. might then say they still think that is right method.
We might p'pone salary increase or go ahead with allowances plan.
- B.H. From Party point of view, best course is to vote for Deedes' and against main motion.
- R.A.B. No indication of Govt.'s intentions in advance of results of debate.
- P.M. Will it be practicable to secure a free vote on the Supplementary?
It wd. not be fair to deny Tories a free vote on that.
- L.P.S. Will consider how it can be done.

4. Railway Strike.

- W.M. Over 1,100 due to report: 250 did.

P'ton, N. Abbott & B'tol are solidly striking.
In other depots response to strike call is not v. good.
Hasn't spread as much as I feared.

1. Kenya. Air Operations.

[Enter B-H., A.H., de L.,
CAS. CIGS., S.LI.]

O.L. As in memo.

CAS. Air action is not good discriminatory weapon in these circs. Has not
bn. v. successful e.g. in Aden. But with condⁿ. tht. ground commander
must be in close contact. Also special pilots. Then risk of damage to
3rd. parties is not large & cd. be accepted. Air Staff don't like this in
principle but are ready to accept it under these cond^{ns}.

de L. Not for harassing purposes : only when troops are in contact and gang
is sufficiently large to offer a large target.

Approved : no need for announcement.

[Exit Serv. Min. & C.O.S.]

2. Togoland.

O.L. As in memo.

Approved.

3. Parliament.

H.C. Recess to 15/6 : from 4/6.
May be need for debate on Geneva for Recess : if so, wd. be on 3/6.

4. Expenses of Members.

R.A.B. May I submit memo. for discⁿ. next week, and decision.
M'while invite views.

W. Strong view in Party tht. we shd. deal with O.A.P. before Members'
salaries.
I wd. therefore favour early legⁿ., this summer, on O.A.P.

P.M. That is a big affair : surely it shd. await Phillips Rpt.

R.A.B. Large increase in stamp wd. be involved : cdn't be done in a hurry.
T.U.C. favour waiting until Phillips Rpt. is available. Ctt^{ee}. have now
only to see Actuaries. Pressing him for interim report.

W. Can we at least have a statement of intention on OAP before we raise
Members' salaries.

- RAB. Political suicide to link these together. V. little money in Members' salaries.
- P.M. We invited decision of H/C. We can't defend delay in implementing it.
W^d. cause v. bad feeling among Opposition.
- B.H. With majority of that size, we can't delay action.
We have delayed it for months since report submitted.
Tiresome motion by Tories counselling delay. Mover has already bn. told by Opposⁿ. tht. he will never get another pair.
- H.C. Can't delay beyond 30/6.
- P.M. Doubt if there will be serious trouble in country.
[Enter O.P.

If Parl^t. runs into '55 or '56 there will be plenty of time to deal fully with OAP before Election. Do this : & say that, before we go to country, we shall have dealt with O.A.P. too.
- H.M. No need to decide it to-day.
We have to decide how to implement clear wish of H/C. that posⁿ. of Members be improved – wtr by method wh. Govt. & most of our supporters preferred or by method preferred by Opposition. and Boothby-ites.
Tho' I agree tht. it must be one or other & as soon as possible.
- R.A.B. Also i) need mtg. of trustees of Members' Fund. Do they need an Exchequer contⁿ. : they have a balance of £70.000.
ii) we must consider salaries of Junior Ministers – summer or autumn. W^d. it be covered by same Supplementary?
- J.S. It wd. need legⁿ.
- P.M. It might be dated back.
- Sal. And what about the Peers?
Allowance scheme cd. be applied to them, at proper time. Salary increase could not. This shd. be taken into account.
- M.F. Having raised salaries by 50% we can't expect people to believe our propaganda on c/living. No doubt of ill effects on other policies.
- Sw. Strong re-action on labour claims.
- W.M. From that angle wd. have preferred re-imburement of expenses.
It will be just one of many arguments used in support of wage claims. Increased dividends (inevitable) will be another. This will be an added inconvenience, tho' not decisive.

- O.L. Can we carry Deedes' method after the vote?
- Sal. Believe that this is the right method.
I don't accept view tht. H/C. is sole judge. Can't disregard public opinion outside. Remember capital punishment. Deedes' method meets substance by the right method.
- B.H. Doubt if we cd. get it thro' – even with Whips on. [Exit B.H.]
5. Pensions.
- O.P. Outlined an interim scheme had it been wanted. But RAB and I wd. both prefer to wait until autumn & take only one bite at cherry. But that makes it all the more necessary to get Phillips & Actuaries Rpts. by November. So that we may announce policy at Xmas & get new rates in operation by summer of 1955.
Thus, recommend no interim action.
Last para. of memo. Unemployable allowances shd. now be p'poned & included in general scheme.
- P.M. When it is done, don't let it be pettifogging.
- RAB. i) £72 M – rising to £150 M. = increased cost. Will be met at first from Fund. But in 1970 or so big deficits will begin : unless we correct that by increasing retiring age.
ii) Six months' admin^{ve}. gap: this is inevitable. Awkward delay.
iii) Must press Phillips for earliest possible report this autumn.
- J.S. Unemployable allowances. Is it fair to defer until summer of '55?
- O.P. I am at RAB.'s disposal on this. Better prs. to m'tain general freeze until we are ready to move on main issue.
- RAB. I'm not against doing it earlier, if desired.
- Sw. W^d. provoke pressure for general improvemt.
- P.M. C^d. do it once we have let it be known tht. we plan to deal generally with pensions next year.
- H.C. Not before early autumn. W^d. be linked with Members' Expenses.
- RAB. Summer (before recess) or autumn. Will submit a recommⁿ.
- H.C. This (OAP.) will exclude all other "Social" legⁿ. next Session.
- O.P. My present intentⁿ. is a Bill dealing with little but rates & cont^{ns}. Won't occupy much time.

[Exit O.P.]

6. Sugar.

H.G. V. easy industry to nationalise. Natⁿ. wd. end sugar market in Ldn. Important therefore to end the control.
This plan will provoke some criticism. But alternative is natⁿ.
Trade have privately indicated tht. they will accept this.
Unless we do this, a M/F. will have to continue running sugar trade until 1956.

7. European Iron & Coal Community. [Enter D.S., G.Ll., A.L.B.]

Sw. Agreed we can't offer common market – all our industries are against it. They will, under pressure, accept ½ way-house.
Only way of overcoming their suspicions is to bring them into direct touch with Community & continental producers – hence plan for Council of Assocⁿ.

D.S. Support this plan. Steel Bd., qua commercial interests, want neither common market nor tariff red^{ns}. But they see pol. cons^{ns}. involved. We must carry them with us. Cdn't stand risk of severe competⁿ. or dumping. If we bring industry into touch, thro' Assocⁿ., with Continental producers they wd. prob^{ly}. come along twds a ½ way-house – given safeguards on dumping.
Anyhow, they wd. welcome machinery for continuing consultⁿ.
Can't get them to accept principles etc., on tariffs as pre-condⁿ. to Assocⁿ.

x/ Believe we can persuade Monnet tht. this is a typically Br. approach.
Cttee. cd. remain in being during talks with Monnet.

S.Ll. A.E. wd. welcome x/. And wd. like Sw. to conduct the talks with Monnet.

Sw. Talks will get at once into detail. W^d. prefer tht. D.S. shd. handle them from outset.

P.T. Don't differ greatly. But on timing – when & where do we negotiate redⁿ. in steel tariff. I wd. sooner do it before we associate.
If we associate first, we shd. be throwing that card away before we began discussing tariffs.

S.Ll. Monnet won't come here until 2nd. wk. of July. Sh^d. Weir begin to warn him tht. we shan't give all he hopes.

R.A.B. [Don't expect M. will be disappointed.]
Believe we shall have to discuss tariff etc., first.

P.M. Let D.S. take charge from now on – calling Weir into consultⁿ.
Ctt^{ee}. shd. remain in being.
Sw. can lunch Monnet.

[Exit D.S.]

8. Civil Defence Plans.

M.F. Draft statement approved by C.D. Ctt^{ee}.
Para. 4 app^d. by scientists in A.E. Dept.

Al. Sugg^d. amendment of para. 2.
Para. 3 figures based on St. Cole's statement. Sh^d. be made clear.
Para. 3 final sentence cd. be strengthened on basis of L.P.S. statement
at Skegness.
W^d. prefer to see statement made more robust, generally.

Approved, subject to discⁿ. on detail with Alex.

H.C. In what form? V. long for oral statement in H/C.

M.F. Not on a Friday – when v. little other business.

H.C. Make a short statement & circulate full version in Hansard.

M.F. Will make arrangemts. with H.C.

9. Apostolic Delegate in U.K.

P.M. U.S. citizen of Irish race.
2.8 m R.C.'s in E. & Wales and about same no. in Eire.

S.Ll. A man of exceptional quality, who has shown great friendship twds Br.
Commonwealth. But, admittedly, not a Br. s.
We have conveyed to Vatican our preference for a Br. s. but without
success.

Sw. He behaved excellently in Dublin.

Agreed : no objection.

10. Fuel Policy.

R.A.B. Can we have discussions on i) Marchwood.
ii) a diff^{ft}. method for briquettes.

H.M. I sh^d. be consulted on Marchwood because of pollution in So'ton.
Think D.S.I.R. shd. be brought in.

11. Pakistan.

Sw. Warned Cab. of facts in Tel. 709.

1. Parliament. [Enter S.Ll., B.H., de. L.]

H.C. Business for week after Recess.
One day on Finance Bill may have to be given over to F. Affairs debate.

2. Economic Affairs.

R.A.B. Over 165 M. – gold & dollar plus for the month.
Brings us near the total of £3.000 M. And less defence aid.
Conversion loan : success reflects good credit.

3. Iraq : Defence Arrangements. [Enter C.A.S.
[Exit B.H.]

Al. Treaty expires '57. Accept fact tht. we cdn't get agreemt. of same kind. But our essential strategic needs wd. be met by agreemt. on lines sugg^d. in memo. Front is now much further N.E. R. unlikely to be able to put big thrust thro' Caucasus. Good chance of holding what they cd. afford to put in if we can have Iraq co-opⁿ. in peace and use of their airfields in war.

P.M. Accept their ownership, but we must have unquestioned power to use, these air bases.

S.Ll. If we don't offer formally to hand over ownership, we shall end in deadlock & ruin our friends in Iraq. But if we do make that offer, we have a good chance of securing facilities we need.
Elections 9/6. All we propose now is to give Crown Prince an indication of our views & intentions – so tht. he may seek to get a Govt, who cd. negotiate on this in the autumn.

de L. Admin^{ve}. problem. If we re-deploy fr. E., we intend to station 3 or 4 squadrons in Iraq. V. important base. C^d. house 4.000. To re-arrange that wd. be complicated & expensive. We shd. be slow to offer its surrender.

R.A.B. Mil. talks won't start until Nov. W^{dn't}. it be better to wait until we have done our defence review.

S.Ll. We need only say : we are considering & if we get satisf. assurances on use we shall prob. be ready to hand over ownership.

Sal. Iraq is diff^{nt}. fr. E. : for we have friends there & shdn't weaken their position.
But shd. we not have a recommⁿ. from C.O.S.?

- C.A.S. Defence of Iraq is altering because of h. bomb. Looks as tho' we cd. now stop R. on a forward line. Habbaniyah becomes more important. We now have a chance of taking positive line with Iraqis. Importance of having a new agreement. But we wd. prefer to have the military talks first.
- P.M. x| Let us have C.O.S. view in writing.
| Also F.O. formula of what is actually to be said to Regent.
- Sw. Shall have to consider what we then say to Doms. – old Doms and also Pakistan. Prob^{ly}. wise to tell India too. Will discuss this with F.O.
- S.Ll. Not until after we have had Regent's re-action.
- Agreed – as at x/.
- [Exit de L., CAS.
[Enter Att. G.
4. Crichel Down.
- a) Long-term Policy.
- M.F. Explained proposals on future policy.
Majority of Ctt^{ee}. favour giving former owner chance to buy back on same method as was followed on requisition. Ty. posⁿ. reserved :
L^d. Chanc. dissents.
- T.D. Future of Crichel Down. Can't hand it back.
Marten's costs.
Publⁿ. of report. H/C. promised it before Whitsun. Ctt^{ee}. prefer to p'pone until day after recess, when debate can follow at once.
Report to be accompanied by short statement – as in Annex.
- Sim. I am alone in the view tht. rights of pre-emption shd. be created on an admin^{ve}. basis when it isn't practicable legally.
Crichel Down itself shows diff^{ies}. M/Ag. decided tht. public interest requires it to be farmed as a unit : this promise of pre-emption wd negative that.
- P.M. Public interest must sometimes bow to private claims.
- Sim. But on admin^{ve}. basis it wd. be capricious & arbitrary.
- P.M. Party wd. support majority view on Ctt^{ee}.
- Sim. I don't press my view.
- R.A.B. We shall be trying to do, by statement in H/C. what Parlt. has h'to failed to do in legⁿ. Surely the annex of exceptions is a mistake. Let us at least avoid this detail.

“Former owner & his successors”. Does that mean successors in title, or heirs?

Valuation by D. Valuer. Prefer to notify & then sell at auction.

Sal. Agree tht. we cd. not give statutory right of pre-emption. But that is not proposed. All we suggest is tht., save in exceptional cases, owner shall have a chance of buying at price fixed by Valuer. Ty. think Valuers’ price might not be highest obtainable. But his price is relied on when State acquires. Ty. can’t have it both ways. At auction owner may not have a fair chance : for Govt. may prefer to put it up in smaller parcels to get higher prices.

R.A.B. Defer to Sal’s view – but put it more generally.

H.M. Support that course.

Agreed : Revised version of statement on long-term policy to be submitted to Cabinet.

b) Clark’s Report.

T.D. May I now promise publⁿ. immediately after recess & foreshadow a debate “as soon as convenient” thereafter.

T.D. Proposed amendments in paras. on Civil Servants’ mistakes. Wish to state my confidence in Agric. Land Commⁿ.

Sal. Can you – when they have made such a mistake. Say instead tht. they still serve a useful purpose.

M.F. Useful tactically – because of Labour views.

Agreed : Adopt Sal’s formula.

T.D. Tozer. We can’t get him out unless he will go – & he won’t.

M.F. Not practicable to return the land to Marten. We shd. prob. have to pay T. £10,000 to get out : & how cd. we justify that?

J.S. Shd. we not at least ask T. if he will get out?

Agreed : can’t get T. out.

Att. G. Better say it, in statement.

T.D. Costs. I wd. prefer tht. we shd. pay the costs.

Sim. Dangerous precedent.

P.M. Were they warned tht. there was no provⁿ. for costs? If so, they had better lump it.

H.M. See how it goes in debate?

M.F. My instinct was to pay the costs. Marten was right in pressing for enquiry & public interest has bn. served by it. Public opinion wd. think it generous.

Agreed : Pay his costs.

5. Tarrant Rushton.

P.M. Position shd. be reviewed at once by Ministers concerned.

As in my brief.

6. Fuel Policy.

[Exit Att. G.

[Enter G.Ll.

G.Ll. Marchwood. Oil prices are so low that B.E.A. think it commercially acceptable. They are also warming twds. oil burning elsewhere. This, in turn, has made it easier to do briquetting at a commercial price. Shan't therefore have to issue any directions to either Bd. B.E.A. will now consider dual-firing at power stations in estuaries. All this helps me to be more reasonable over open-cast. Ready now to forego 2 m. tons over 3 years. W'in that time I will not raise Nook of Fife.

Man Power. Need is regional, not general. S Yorks. & Midlands when mines have to compete with other flourishing industries. NCB. are launching recruitg. campaign on basis of special houses.

RAB. Now accept principle of oil in competⁿ. with coal.

1. Members' Expenses.

[Enter S.Ll., B.H.]

P.M.

A difficult and dangerous situation.

At Whitsun M.P.'s will hear views of constituencies – mainly unfavourable.

But there was strong case for relieving hardship. We had unanimous recommⁿ. of Select Ctt^{ee}. We conceded free vote : we cd. not have carried opposite view, with Whips. Important in tactics to pass buck to Opposⁿ. When there was motion in Oppⁿ. time, I thought we had succeeded in that. But now responsibility has bn. laid on us – I had thght we cd. avoid that.

Favour reachg. rapid solution. Tho' we cd. take 10/14 days to decide it.

We cd. not defeat a motion for increase of salary. But don't think we are tied to direct increase – if we think there is advantage in another method. But little scope for any compromise with Opposition.

M.F.

Suggest we accept vote of H/C. as establishg. what is desirable.

x | Don't think this is time to implement it.

| Ready to meet need in cases of hardship. Propose method for doing that.

If Oppⁿ. voted v. that, we wd. do nothing. If they turned us out on Vote of Censure, Election on that issue wdn't be difficult.

P.M.

Alternative sugg^{ns}. ii) subsistence allowance, payable to any on demand, for every night H/C. sits.

H.C.

Vote need not commit us to more than accepting need for some improvement.

If we start from that, we might find a compromise acceptable to all Tories. If we cd., Labour might take it as better than nothing. Unless Govt. make a proposal, nothg. can happen.

R.A.B.

We deliberately decided to give a free vote. Cab. authorised me to support Deedes' amend^{mt}. but to say we were free to decide our attitude in light of vote. The majority was in fact so large tht. we can't ignore it.

If we are to live in this House, we shall be in grave diff^{ies}. if we can't carry H/C. with us. We have said this was a H/C. matter.

I cdn't support action now which implies breach of faith on that majority.

Now understand tht. Party view is harder than I was led to believe.

Their view was not exp^d. in first debate.

Situation in Party is serious. It wd. be more serious if I failed to give effect to result of this free vote. I believe vote does commit us.

My first choice therefore wd. be to implement decision of H/C.

Furtherest I cd. go wd. be some method which wd. give effect to its spirit. Can't break faith with H/C. (incldg. Opposition).

Most expenses schemes are not acceptable to H/C. – esp. Labour members.

Many Labour members don't incur more than £250 expenses. They want more salary.

Our room for manoeuvre is v. limited. I favour only minor adjustments & consultⁿ. with Oppⁿ. on them before we announce them publicly.

P.M. I associate myself with R.A.B.
Not sure tht. steadfast advance on our course wd. involve serious evils. Suppose we put down Suppl. & leave it to H/C. on free vote. It wd. be carried.

B.H. No Minister cd. vote against it surely? Several would wish to.

P.M. No members of Cab. wd. be justified in voting v. it.

M.F. Cab. were not comm^d. to direct increase of salary. Only to Deedes' amendment. I voted v. the salary increase : as did 36 other Ministers, incldg. a no. of Cabinet.
We were to review posⁿ. in light of vote. But were not bound to follow its result.

H.C. Don't believe we are committed to salary increase. We are comm^d. to doing something – not necessarily that.

O.L. Nor do I.

H.M. Face situation as it is.
This is minor, cpd. with other crises we have overcome.
First, we must keep Party together. They are shocked at salary increase. They are the depressed middle class who can't keep pace with real c/living. They are bitter that other classes are O.K. – rich on capital, workers on rising wages.
Party in H/C. are at odds.
Govt. are in danger of becoming divided.
We must find a way of honouring our posⁿ. vis-à-vis H/C. w'out wrecking Party.
Equal pay : carried on free vote in 1920 : not yet implemented.
Free vote doesn't relieve Govt. of duty to do what is right.
We can't have Govt. voting divided another time on this.
Our duty as Govt. to propose increased charge.
All say somethg. shd. be done. Majority, incldg. Labour, say by salary increase. Surely we can meet that on basis of x/.
Seek a method less objectionable to Party than salary increase.
Gain time & let bitterness subside. Immediate action wd. be represented as a temporary.

P.M. If Cab. can find themselves united on a method, this wd. rally Party.
On reflection, agree tht. on a matter involving executive action members of Govt. cd. not vote in diff^t. lobbies.

- W. Feeling in constituencies is firm v. salary increase – & will remain so.
W^d. not be adamant v. a diff^t. method.
- Sw. Recalled original view of Cab. – firmly v. salary increase.
Duty of Govt. to do what is right. This transcends H/C.
- Sal. Up to now Peers have held off this discussion.
This has now ceased to be a mere H/C. matter. Involves wages.
Affects posⁿ. of Party in country.
I shd. find it diff. to accept view tht. a H/C. vote binds Govt.
inevitably. Govt. shd. do what they think is right : Parlt. can reject it, if
it will. Vote shdn't dominate policy.
Analyse vote. Vast majority of Tories were opposed to salary increase.
Party in country takes same view. Unjustifiable to go fwd. at once
with that.
Equally, not practicable to do nothing.
Only middle course is to seek temp^y. means of easing hardship.
Agree that won't meet poorer Labour members. But it does relieve
them to some extent.
I wd. like to put Deedes' plan to H/C. If they rejected it, we shd. have
to wait until after Election to do anything.
- W. Subsistence allowance wd. be even more acceptable in H/C.
- B.H. 1922 Chairman told me tht. Tories in H/C. wd. accept x/. if method
followed was subsistence allowances pro. tem.
- W.M. At end of speech RAB. said Govt. must consider decision of H/C.
Open to us surely to consider method.
- M.F. "Wide measure of agreement betwn. Parties" has not bn. secured by
this vote. Only 30 Tories voted for salary increase.
- P.M. Surely RAB reserved Govt.'s right to interpret view of H/C. as
reflected in the vote. We were not accepting vote as compelling
executive decision.
- H.C. Doubt if even Labour assumed that view.
- B.H. We know that they wd. accept less than £500 salary increase.
- Sim. No charge of b/faith cd. lie v. RAB if he did not propose £500 salary
increase.
- Al. W^d. it be poss. to give individual Members choice between salary or
allowances?
- P.M. W^d. attract obj^{ns}. from both sides.

H.M. We must implement highest common measure of agreement in H/C.
5/6ths of Tories are opposed to salary increase. Can't do that.

R.A.B. Do we exclude discⁿ. with Opposⁿ.

Sal. No – at proper time. But not before Cabinet have discussed a plan.

H.C. Agree.

R.A.B. W^d. get it back to “wide measure of agreemt. between Parties”.

They will want to send someone. He cd. be., as our man is, charged only with duty of organising recognition.

P.M. Don't connect it with success or failure of Conference.
Find a means of deferring it for a time – e.g. wait until Geneva is over.

A.E. They have agreed to our re-opening Cons. Genl. in Shanghai.
They also propose visit to U.K. of vice-Minister for Trade. I said Govt. wdn't invite. They wd. take an invitⁿ. instead fr. F.B.I.
Think I had better stall on that – because of Anglo/U.S. relations.
Will say it wd. be more profitable after visit of private Trade Mission.

2. Anglo-U.S. Relations : Proposed Visit to Washington.

P.M. Telegram 22/4 to Eisenhower proposing I shd. visit W'ton.
Reply welcoming visit : 24/4.
Read subsequent correspondence – in part of which E. foreshadowed willingness to open up disc^{ns}. on developmt. of H. bomb. Vitally important not to miss that opportunity.
Final plan, as agreed with E., – go on 18/6 (leaving on evening of 17/6) with A.E. to talk to Dulles.
Importance } - i) exploit his readiness to talk on Atomics.
in my view. } ii) our need of their help in extricatg. ourselves from Egypt.
Since then, Geneva has lagged. A.E. uncertain wtr he can make this date. But I am anxious not to miss this date.

A.E. I think P.M. shd. go – basis of personal friendship. Presence of For. Secretaries mght make things more formal.
Cdn't go if Geneva continuing. W^d. look as tho' I was obeying U.S. orders.
Anyway, I wd. like to see H/C.
Only risk is tht. surge for U.S. intervention in I/China may arise when you are there.

1. Indo-China (cont'^d).

A.E. Read summary.
Farcical. Based on sitⁿ. wh. is most unlikely to arise. Ch. will not intervene by air in Viet Nam.
Fits in with B. Smith's view that sitⁿ. in I/China can't be restored w'out ground forces.
Encouraging – because unlikely to happen. But mustn't have it publ^d. while Geneva continues. Tho' after failure we cd. under-write that.
Seems that they are coming nearer to us.

P.M. Yes – consistent with SEATO – to wh. Malaya (re-inforced) wd. be our contⁿ.

If Hanoi fell, & U.S. intervened in I/China, we cd. support by re-inforcing Malaya.

A.E. Risk is tht. U.S. haven't much right to intervene in these countries. U.S. humbug – they haven't told Fr. tht. they won't intervene. & tht. they shd. conclude best agreemt. they can get. Fr. are being led on to persist by U.S. hints of interventⁿ. wh. are unreal.

2. P.M.'s Visit to Washington. (cont'd)

Sal. Concerned tht. A.E. shd. not accompany P.M. to W'ton. I/China is sure to be raised & D. will put his view. Gt. pity A.E. shdn't be there to handle it. If he can possibly leave Geneva, he shd. go.

P.M. I accept that. Let it stand tht. we have both promised to come – if A.E. can't because of Geneva I must go alone.

H.C. Shdn't visit be p'poned until A.E. can go too?

A.E. E. hasn't many free dates. Seems likely that Hanoi will fall about 20/6. Diff^y. is tht. if we suggest p'ponemt. we mayn't get another date.

P.M. Let it stand as arranged – for another week. W^d. like to announce at end of Recess.

O.L. If you go, at moment of Geneva's failure, in company with Cherwell public will assume you are going to discuss atomic interventⁿ. in I/China.

P.M. Cabinet cd. meet on pm. of 14/6 and take final decⁿ.

1. Indo-China (cont'd).

R.A.B. Message fr. Secy. of U.S. Treasury. Only member of U.S. Cabinet who had stood out in support of U.K. policy was Eisenhower – who took line tht. "we can't go in w'out U.K." A message on Thurs. relating to a U.S. Cabinet a week or so before.

3. Saudi Arabia.

A.E. If Aramco. stay, it may cost us hundreds of millions. U.S. Govt. don't support them.

P.M. I'm shy of firing when U.S. lives may be lost. Might enflame U.S. opinion.

A.E. My instruction was carefully weighed. Is it unsafe?
May I try for some compromise betwn. my view & yours.

P.M. Overwhelming force wd. be safer. 13 against 100 is unsafe.

A.E. Prs. you shd. send message to Eis.. He must call them off.

M/State will submit alternative, incldg. message to Eisenhower.

4. Expenses of Members.

P.M. Drew attention to H. Morrison's statement – sharing responsibility for any increase.

R.A.B. Still believe straight increase will cause least pol. diff^y. in the end.
If that isn't accepted, my alternative is as circulated.
We ought to accept decⁿ. of H/C. in principle. My suggⁿ. does.
It gives £1,500 – but in two parts & by degrees. Expenses at once, salary increase later.
I am not in favour of having this discussed at next Election.

P.M. I also believe best thing to do wd. be to ram it through.
We can't command majority for another course.
If we put positive alternative proposal, whole responsibility for that will be ours. Shall have no support from Opposition.
I agree that we have the option. Not bound by free vote.
But prefer to choose method of salary increase – and allow a free vote.

H.C. Morrison's statement doesn't assume we shall give effect to vote.
Trouble in Party runs even deeper than I thght previously.
Have considered, with Ch. Whip, compromise wh. gives all Members something & is therefore likely to be accepted by Labour.
No proposal involvg. any increase of salary will be acceptable to Tories.
Have therefore considered "London subsistence allowance" available to all to draw at their will. Can trust M.P.'s not to claim improperly when not in fact in attendance. Case for giving London Members something – suggest a lower rate for them. Defined already by Revenue.
Canvassed opinion discreetly – reason to think Party wd. accept.
It wd. benefit poorest w'out forcing advantage on richer.
Any element of salary increase wd. cause gt. diff^{ies}. in Party.
This wd. be temporary. Might never be necessary to tackle salaries.

M.F. Support this plan.

P.M. hasn't realised shock to Party of our apparent readiness to increase M.P.'s salaries before o.a.p. & w'out regard to affect on wages.

Gt^{est}. shock to Party in 25 years.

Can't keep Party together on any flat increase.

P.M. Baldwin's last act in H/C. was 50% increase (£400-£600) when 1½ m. unemployed. Carried by a free vote. And without the support of a Select Ctt^{ee}.

But I am willing to accept compromise. That wd. be consistent with my earlier statements.

Many of our people won't like compromise either.

M.F. Not only tactics. We have always said we were against salary increase.

W. Believe Party wd. accept the compromise.
Strong point in tht. no Member need take it.

R.A.B. M.P.'s are already claiming v. high living expenses v. tax. As a result, they won't get more than about £150 out of subsistence allowances.
But I agree tht. it wd. benefit poorer more than richer.
W^d. sooner not base it on "subsistence".

A.E. Better understood in country on basis of subsistence.

R.A.B. Then at least a block subsistence, not by days.

A.E. Usually best thing is to go thro', in a mess.
But on this ques what matters is, not Press comment but action of supporters in constituencies in w'drawing their support.

B.H. Any salary increase wd. be rejected by our supporters in H/C.
A subsistence scheme wd. be accepted.
Even Henry Brooke (member of Sel. Ctt^{ee}) now accepts that view.

H.M. Let us tackle immediate problem on basis of subsistence allowance.
And take more time to consider what we say on principle of long-term salary position.

[Exit Simonds.

P.M. Discuss at next Cabinet. Reflect m'while.

RAB. Takg. a/c of L.P.S. view tht. any salary increase wd. be rejected. I will consult with L.P.S. & others on 14/6.

5. Housing Subsidies.

H.M. Bank rate has bn. reduced – & so, now, has P. Works Loans rate.

As l.a.'s can now borrow more cheaply, rate of subsidy shd. be reduced.

W^d. save at least £1M. p.a. for 60 years on all new houses.

Leaves open main ques of subsidies.

Shall have to bargain with l.a.'s.

Hope Scotland can also make a token reduction.

R.A.B. Fully support this proposal.

J.S. Can't easily act in advance of rpt. of Thorn Ctt^{ee}. V. awkward for me.

R.A.B. Sc. subsidy is £950 cpd. with £600 in E. & Wales.

Urge J.S. to look at it again.

Let us go ahead in E. & W. alone.

Invite J.S. to consider again wtr he can do anything in Scotland in advance of Thorn report.

H.M. He might reserve right to alter before end/financial year, on receipt of Thorn report.

6. European Coal & Steel Community.

R.A.B. Unfair to Monnet.

Sw. But tariff wd. take 6 mos. to agree. Must give Monnet something.
Can't give him common market or tariff. Therefore, offer him assocⁿ.
& go along in that with discⁿ. of principles.

R.A.B. Will discuss with D.S. on his return.

1. Parliament. [Enter S.L.I., B-H.

H.C. Business for next week.
Hope Finance Bill Ctt^{ee}. can be finished on 24/6.

R.A.B. Will do my best – tho' many amend^{mts}. and new Clauses.

2. Future of Colonial Service.

O.L. Re-organⁿ. has bn. examined for some time. Paper on this has bn. produced – includg. change of title to Overseas Service. Want to announce at Corona Club Dinner on Thursday. P.M. suggests that I shd. circulate copies to members of Cabinet : unless objⁿ. is raised by letter I will speak as proposed on Thursday.

RAB.} Have bn. consulted & support this.
Sw. }

3. Foreign Affairs.

P.M. A.E. hopes to return Thurs. or Friday. Will make statement on Tuesday re Geneva Conference. Shall promise ths. in reply to P.Q.'s today.
I had thgt a debate wd. be needed : A.E. prefers to avoid that.
If pressed, I can say we can consider, after statement, wtr debate is needed.
Visit to W'ton. Cabinet were anxious tht. we shd. go together.
Luckily U.S. took initiative in suggesting a week's delay.
Shall announce in H/C. this p.m. Leave here 24/6 : shall not stay more than 3 nights at White House.

H.C. There will therefore be pressure for F.A. debate on Wed^y. 23/6.

P.M. Not unreasonable – will convey your view to A.E.

J.S. Might be better to have statement and debate on Wed^y.

H.C. If he made statement on Tues., he wdn't need to open debate on Wed^y.

[Enter A.H., C.I.G.S.

4. Recruitment of Gurkhas.

A.H. Ty. have bn. consulted on cost.

R.A.B. Weakness of plan : underestimates India's influence on Nepal.
Not certain tht. this manoeuvre will secure continued recruitment.

But hope is to cement close rel^{ns}. with India.
Don't want to stop any plan : but wd. like to discuss means of reducing cost.

Sw. Nehru is satisfied with this plan. On basis tht. we will recruit in Nepal & remove these camps fr. India, he won't object. If we haven't removed them by Indian election in 1956, Nehru won't be able to resist pressure to stop recruitment.
Plan therefore is vitally important.
Cost cd. be reduced if more use was made of local labour & more improvisation was accepted. Less planning by W.O. works depts.

R.A.B. C^d. we get assurance fr. India tht. they won't press Nepal to repudiate
x| agreemt. in 1958.

P.M. Tell Nehru : no Gurkhas, no gunboats.

Sw. W^d. discuss with colleagues wtr x/ wd. be wise. Doubt it.
Nepal's interest is in continuance of recruitment.

Approved in principle – subject to considⁿ. of x/ and discussion with Ty. on cost.

[Exit A.H., C.I.G.S.]

5. China : Diplomatic Relations.

S.Ll. A.E. wants to clinch this while in Geneva.
Our man is responsible for “discussing practical arrangemts for establishg dipl. rel^{ns}.”. We have called our man Chargé d’Affaires.
We wd. not treat their man any differently.

P.M. In earlier discⁿ. I deprecated doing this now.
But sitⁿ. has changed. i) B. Smith has rec^d it quietly.
ii) my visit will allay any U.S. irritation.

S.Ll. Leak in D. Express – further reason for clearing it up quickly.

Sal. I was against recognⁿ. in 1950 because it wd. impair Anglo/U.S. relations.
This proved correct.
Don't exclude possibility tht. R. & Ch. want this now for same reason.
Don't oppose what is suggested. Hope their appoint^{mt}. will not go
x|| beyond terms of our own. Give no impⁿ. tht. we are takg. a further step twds. full recognⁿ. [– or variation in our view on seating China in U.N.] Don't show greatly increased friendliness to China.

S.Ll. I accept x||, fully.
We have called our man Chargé d’Affaires, tho' he has not bn. one.
Ready to suggest to A.E. tht. he be described as “a representative” in para. 8 of Geneva Tel. 658.

H.M. From Sal.'s angle, better to do it now & make it a part of the Geneva misunderstandings with U.S.

Agreed : subject to S.Ll. speakg. to A.E. re announcing in reply to P.Q. today.

6. Dr. Cort.

M.F. He was Communist in U.S. & has m'tained those conn^{ns}. in U.K.
I can't say that.
But it is our policy to avoid having stateless persons here : and he may be deprived of U.S. citizenship.
Anti-U.S. clique in H/C. want it on pol. asylum basis. But H.O. view is tht. this applies only to persons whose life or liberty are in danger in their own country.
I therefore propose to stand firm. Labour M.P.'s are sending me deputⁿ.

P.M. Fear there may be criticism.

General support in Cabinet for M.F.'s proposed line of action.

7. Parliament : Members' Expenses.

P.M. R.A.B. produced simple allowances plan. I understood it wd. go down pretty well in H/C. But colleagues with whom RAB discussed it took less favourable view – and a different plan has now bn. evolved.
Don't like final para. Better to make short statement & leave that I. Revenue detail to a paper in Vote Office.

R.A.B. I preferred my original plan. Simpler & more dignified.
My colleague believe it wd. not be accepted by Tories.
Alternative plan of subsistence allowances has therefore bn. worked out.
Objⁿ. of subsistence is tht. you must differentiate betwn. Ldn. & others.
Small amount for Ldn. men will excite ridicule.
But we cd. pray in aid L. Govt. system. Also Australian plan of £2 a day for M.P.'s. There are precedents.
W^d. be ready to make statement general & put details in a White Paper, including final para.

Other problems :

- i) what do we say re Junion Ministers – which needs legⁿ.
- ii) Pensions Fund. Trustees have met, & we cd. say so. I'm disposed to give Exchequer grant.
- ii) This is called "a new proposal". W^d. wish to consult Opposⁿ. before statement is made. This is H/C. matter & we have to live with them.
We might offer allowance for postage, as

alternative which some Members cd. take instead.
 iv) Resolution imposing a charge wd. be needed.
 We put Whips on. What is our position if we don't carry it.

- B.H. On iv) our supporters have bn. promised a free vote to the end.
 There are precedents for allowg. free vote on Suppl. Estimates for such purposes as these.
- P.M. Cd. not expect our supporters to be influenced by Whips on this.
 We shall have to concede a free vote.
 Let us get a plan & then seek agreement with Opposⁿ. tht. they will accept it. If they won't, then do no more.
- M.F. Last scheme represents most that majority of Tories, in H/C. and country would accept. Believe 2/3rds. wd. accept it, reluctantly.
 General allowance, tho' simple, is open to criticism tht. it is much the same as salary increase.
 Subsistence allowances can be justified by reference to practice elsewhere.
 Accept RAB.'s view on ii) and iii).
 On iv), if H/C. will take this, they get it : if they won't they get nothing.
- R.A.B. M. Mellish won't relish 10/= or 12/6, for Ldn. residents.
- H.C. This wd. be easier to defend. Flat allowance can't be differentiated fr. salary increase. This is confined to Session. Distinction is logical betwn. m'taining one bed & two. L. Govt. allowances afford a real precedent.
 Concerned only at proposal that a man living in Ldn. shd. draw the allowance while visiting constituency. W^d. prefer to have it limited to subsistence in Ldn.
- x|
- H.M. Two different rates improves political presentⁿ. Can relate it to need.
- R.A.B. In future, Tories will need increased salaries more than Socialists.
 It is a pity that Party can't understand this now.
- B.H. During recess feeling has certainly hardened in favour of doing as little as possible. No straight rise – wtr salary or allowance will now be accepted.
- W. Can't say that this plan will be well received by Tories in country.
 But they will understand it. It is a recognised thing.
 In this form, I think we cd. quell much of trouble in country.
- J.S. Agree. This gives best hope of getting support fr. Party.
 Wd. have to see 1922 Executive.

- P.M. Suggest L.P.S. shd. make the announcement.
Make it general – & lay the detail in a written statement.
I will try it on 1922 Executive. If they accept it, I wd. consult Opposⁿ.
with RAB., L.P.S and Ch. Whip. Seek assurances tht. they will let it
go forward. If they won't give them, I wd. hope they wd. release us fr.
going forward with anything.
- R.A.B. Do you wish to exclude x/.?
- H.C. If this were extended to Peers, allowance wd. have to be limited to
Ldn. Better to keep two Houses in line. Agreed : limit it to
Westminster duties.
- H.C. When wd. statement be made?
- P.M. Hope it might be Monday.
- RAB. Add reference to Junior Ministers – on basis that legⁿ. will be needed
& can't be introduced until autumn.

5. China. Diplomatic Relations. (resumed).

- S.Ll. A.E. wants to spk. to Chou-en-lai on basis of “Chargé d’ Affaires” –
because we have always so described our man. But will add “having
same position as ours has in Peking”.
- Sal. Sh^d. deprecate that if it meant that both wd. move up to higher status.
I am concerned re effect on U.S. opinion. If Geneva produces sole
result tht. we enter upon progressively close relations with Chinese,
effect on U.S. opinion wd. surely be v. bad.

1. Guatemala. [Enter B-H., S.Ll.

S.Ll. Right of search – refused 7/10 days ago, in reply to Dulles.

P.M. Sad that on every ques fr. China to Peru we shd. always have to come down on Communist side.
I feel no sympathy with Guatemala.
Cdn't we send a R.N. squadron to search Br. ships?

S.Ll. We have told U.S. we will take action on any suspicion notified to us of action by B. subjects or ships.

P.M. Can't we do it ourselves – to show firm opposⁿ. to Guatemala.
M/State to consult with Adm^y. on possibility.

[Exit S.Ll.

2. Parliament : Members' Expenses.

P.M. We must govern. Can't run round endlessly with ears to ground.
RAB. still prefers flat £250 or £300 allowance. That has advantage of clarity. Alternative will give us all the trouble w'out the advantage.

Sal. We don't favour alternative because of tactics, but because we think it right.

R.A.B. C. 201 sets out plan which carries out Cab. view.
The block allowance is, however, much better in my view.
Read alternative draft.
Only 14 return expenses, for tax, below £250.
Believe this is simpler & more likely to be accepted.
Parlt. won't like this "dreadful 12/6".

H.M. M.P.'s get expenses w'out detail or ques. Businessmen don't.

O.L. Certificate like that wdn't be accepted from a business-man.

H.M. I.R. treat M.P.'s v. leniently.

P.M. Don't press for salary increase. Don't want complication of subsistence claim. I favour flat allowance of £300.

H.C. You invite us to reverse our decⁿ. in favour of subsistence plan.
A flat allowance for the year differs from [actual] subsistence for actual attendance at W'minster in Session. Plenty of precedents for it.

H.M. Not a ques of simplicity – subsistence may be simpler, for people to understand. Nor unusual. We have just worked out uniform scheme for L. Govt : – for being away from home on duty.

This is related to a duty – night or day. The other is “expense account”, wh. is under criticism already.

- Sal. There is also the argument tht. subsistence plan cd. be extended to Peers. Expense account for Peers wd. never be accepted.
- B.H. Subsistence is different in principle – & wd. be more popular with our Party. I admit tht. RAB.’s plan wd. be more popular with Opposition. Hope you will see 1922 Executive before Opposⁿ.
- M.F. Let us make up our minds first. I favour subsistence plan.
- R.A.B. Believe Opposⁿ. will reject subsistence, but not the other. Our supporters shd. now be given a line.
- O.L. RAB.’s plan : public will think it’s only 50% of £500 : not true. Eliminates 12/6, wh. will be derided. If you cd. make it £1., I wd. think subsistence plan the better.
- R.A.B. L. Govt. rate is £1 only for more than 12 hrs.
- H.M. Most M.P.’s do attend for 12 hrs & more, takg. a/c of St. Ctt^{ee}.
- W. Believe Cab. cd. agree on subsistence plan if £1 were substituted for 12/6. Country wdn’t object to that. Country will regard flat £250 as camouflage for salary rise.
- M.F. Subsistence is right because it is directly related to duty done – not substitute for salary increase. Flat allowance wd. go well with Opposⁿ., but not with Tory Party in country. Why alienate them 15 months before an Election.
- F.H. Party are becoming suspicious of M.P.’s “expenses.”
- M.F. The free vote has seriously damaged repⁿ. & dignity of M.P.’s – their apparent greed in voting themselves 50% increase.
- O.L. £250 allowance will be compared with £500 salary net of tax.
- P.M. W^d. like to put both schemes to Executive of 1922. If so, another Cabinet wd. be needed before consultⁿ. with Opposⁿ. leaders. Put it to them on basis – this is best we can do to help you: unless you will accept it and help to put it thro’, we can do nothing. We wd. do nothing, if it was clear they wd. put whole blame on us. But then you wd. have an embittered H/C.
- H.C. Will you argue in favour of subsistence plan, to 1922? There is a v. strong bias in Cabinet in favour of it.

- Sal. Are you not bound to tell 1922 what Cab. think. Gt. majority of Cabinet favour subsistence.
- P.M. Shall I put both plans to 1922 reserving right of Cabinet decision?
- Sw. Suppose they ask which we prefer?

1. Geneva Conference. [Enter B.H.]

P.M. Message fr. Eisenhower – do you think M. France intends to give up in Indo-China?

Draft answer read.

A.E. Para. 2. Asian re-actions are more important than Geneva. Alter order accordingly. Agreed.

Para. 5. In para. 9 at end you refer again to world def. front. That is enough. This cd. be omitted.

RAB. Had hoped for relief to overseas mil. exp^{re} thro' w'drawal fr. Egypt. When you speak to E., or here, cd. you indicate tht. in general re-deploymt we shall hope to get some redⁿ. of exp^{re}.

A.E. Not in this telegram. But in W'ton we cd. raise ques of w'drawing or reducing in Korea. Think we cd. get U.S. agreemt. Then you wd. get relief either fr. Korea or Egypt, only one of which wd. be needed to re-inforce Malaya.

Al. No early need to re-inforce Malaya.

A.E. Politically, I'm more anxious about it than that. Comm. coup in Siam is quite possible, & then we shd. advance to Kra Isthmus We shd. be able to go at short notice.

Al. We cd. do that. And then re-inforce Malaya v. deterioration in internal order.

Sal. End of para. 6. More important than that. Amendment approved.

Message approved, subject to the above amendments.

2. Members' Expenses.

R.A.B. Majority of 1922 Executive preferred flat allowance for expenses.

P.M. Tactics – Christ's plan. This has much to commend it. Avoids it's being presented as a Tory plan. Made it clear to 1922 that our position (right of decision) was reserved.

H.C. P.M. indicated his preference for allowance plan.

R.A.B. 1922 exp^d. strong desire for free vote on all subsequent stages.

P.M. I said Cabinet wd. vote for their preference, tho' others cd. vote as they pleased.

A.E. Shdn't like Cab. to vote in favour of somethg. no-one else favours. Isn't subsistence much easier to justify to the country?

P.M. Shall we now consult Labour leaders on both schemes?

A.E. Sh^d. we not decide which we prefer before discussing with Opposⁿ.

R.A.B. Sh^d. make it clar tht. expenses have to be justified to Revenue. Is not therefore a ramp. Merely cash advance to be [Enter H.M. justified later by detailed claim.

A.E. My concern is to unite Tories. I care less about Opposition.

P.M. What of informal approach to Opposⁿ.

A.E. Not the choice.

M.F. If offered both, they wd. choose allowances. And I still think we can't sell more than subsistence to our supporters in country.

W. Don't favour delay in decision. Regarded as incapable of decision. Also unpopularity will grow with delay.

J.S. Sure we can't get our supporters to accept more than subsistence.

W. That is my view too.

B.H. I believe that is true of supporters in H/C. also. Some of 1922 Executive, thro' preferring allowance, think it easier to get subsistence approved by followers in H/C. & in country.

R.A.B. I still think allowances is better & more acceptable to House as a whole.

P.M. Subsistence plan will be accepted by Opposⁿ. but abused.

M.P. Christ plan. Can't have free vote if we agree on a plan with Opposⁿ. Or, if you do risk its being carried by Cabinet & Opposition.

RAB. Ldn. Members won't like subsistence.

J.S. But they don't have such large expenses.

A.E. Is it case tht. whatever plan we propose, majority of Tories won't vote for it.

- Agreed. Then, ques is which will carry most support among Tories in country.
- P.M. There is also ques of preserving reasonable atmosphere in H/C as whole.
- H.M. H/C. voted for salary increase. We bein with that. C^d. we announce that this is impossible at this time.
Then, on contⁿ. to expenses : we cd. offer to discuss that with Opposⁿ. before we decide.
Then, I wd. put to them only subsistence plan. If they reject that, ask what they wd. propose.
This wd. make it clear to public tht. we won't raise salaries.
- Sal. Won't this lead to allowances – wh. Socialists wd. prefer.
You can't offer to negotiate if you aren't willing to consider their alternative.
- H.M. Then prs. it is better to decide on our own plan.
- A.E. Believe it's dangerous to negotiate at this stage. Prefer to make up our own minds.
- H.M. That is what I would prefer.
- A.E. R.A.B. is saying we can't get anything thro' save with Labour votes.
- Sw. Will Labour reject our plan when they know it's all they can get?
They won't vote it down then.
- P.M. But they will abuse it – & be bitter in opposition generally.
- O.L. They won't get much out of such criticisms in the country.
- x| [We shd. say i) no salary increase ii) we have a scheme for alleviating hardship] (subsistence) & if Oppⁿ. support it we will bring it in.
- P.M. Shall I see CRA., HM., WW. with Cl. Davies., & put that to them?
- A.E. Then they will bargain.
- P.M. First talk with them cd. be confidential.
- H.M. Let us see draft statement on x/. Then consider wtr we tell Oppⁿ. in confidence before we make public statement.
- R.A.B. C^d. we say only [] at present : adding we will discuss with Opposⁿ. Talks after P.M.'s return.
- H.M. Negotiate only w'in Scheme A.

1. Egypt. [Enter Serv. Min., C.O.S., Profumo]
- A.E. Duration : wd. ask for 20 yrs. Might get 12 or 10.
 Sh^d. have to press for 2 yrs. (vice 15 mos.) for w'drawal.
 i) What U.S. help? Minimum : public statement of support for our reasonable demands & priv. threat linking this with their aid.
 Also statement at some stage re navigⁿ. thro' Canal.
 ii) Do we say anything to E. before going to W'ton. Don't want to seem to be re-opening talks at U.S. behest. Enough to say tht. we may have something to say to them on our return.
 Welcome new approach by C.O.S. defining our limited needs in the Base.
- Sal. No option but to get agreement if we can.
 If we have to move out, essential to have U.S. associated with us in that.
 Won't be popular here – but less unpopular than a year ago.
 Presentⁿ. : better as re-alignment than as shuffling off burden too heavy for us to carry.
- Al. Value of Base is altered greatly by H-bomb. A concentrated Base like this offers a most tempting target – men as well as stores.
 This alone wd. be good reason to re-deploy.
 Size of Base (not heard)
 Technicians
 W'drawal period: longer time is necessary to w'draw more equipment if civil technicians only are to be there.
 Period of agreement: less important than w'drawal period.
 We are anxious to move M/E H.Q. to Cyprus as soon as poss. Mil. advantages outweigh objⁿ. tht. this will put ideas into E. head.
- Sw. Presentⁿ. as by Sal. & Alex. will go better with old Doms, whom we have invited to send troops there. Their thinking is not up to date.
 Cyprus story likely to leak out soon. Sh^d. be considered (M/D & F.O.) wtr some official statement shd. not be ready.
- A.H. Press have known of large camp at Dakalia, but not H.Q. at Episcopi.
 Used to idea of re-deployment of troops.
- W. Can we be sure of getting civilian technicians? Have contractors bn. asked?
- A.H. Wimpeys, Unilever & F.B.I. unwilling but wd. do it if asked. Will be expensive & inefficient.
- Profu. A.L.B.'s interest in getting intern^l. support for security of transit thro' Canal. Sh^d. be early review of Cab. of this – as requested by Cab. in Jan.

- P.M. Agreed : our posⁿ. in E. is not militarily advantageous. My concern is with effect on public opinion here of a w'drawal. Deep feelings will be aroused. Posⁿ. we have held since '82. If worth doing, is worth doing altogether. But cd. we take some of the edge off it by U.S. association – as in NATO or SEATO. Prefer therefore to see how our talks go in W'ton, before we ask for renewal of negotiations. Present it there as part of a world plan – includg. substitution of SEATO for ANZUS. That outweighs risk tht. E. will say U.S. have bidden us to negotiate. Moreover, we want this card in talks with U.S. Arms held up until 3 of 6. They want us to talk to E. : let us get something from them in return for agreeing to do so. Sudan – dismissal of B. officials is not going to help us with U.K. opinion on E. Future effect on Tory Party – of these developments in E. & S. Sound from military angle. But S. will be model for future in Africa generally. U.S. association is only means I see of mitigating these effects.
- A.E. Worse posⁿ. if were fighting a united S. nation. Countries nowadays prefer to rule themselves – it is a fact of modern life. Diff. to guess what U.S. will do to help us over E. We shan't keep it dark tht. we are discussing E. in W'ton. D. will prob. say that we have bn. told to discontinue our Colonialism in E. Not easy to link this re-deployment with SEATO.
- P.M. Must be ready to meet pressure of U.S. opinion if Hanoi falls. We can only do so by building up our positⁿ. in Malaya : can't co-operate in intervention in Indo-China.
- A.E. U.S. are intensely disliked in M/E. U.S. assocⁿ. with us won't help us in negotiating with E.
- P.M. I admit that. But it wd. help here & with world opinion, esp. if it covered Canal.
- A.E. That is a different issue – we can at this stage only have general words about it. Canal Convention is diff. fr. Anglo/E. Treaty. U.S. assocⁿ. won't help us anywhere in M/E. Even in H/C. it won't help to have it said that we acted at behest of U.S. All I want is to say to E. is – no chance to talk earlier because I have bn. away but hope tht. on return fr. W'ton I may have some commⁿ. to make to them. That wdn't commit us to much.
- P.M. Prefer to rely, for protⁿ. v. being criticised for acting at U.S. behest, on hope of declⁿ. of Anglo/U.S. co-opⁿ. over a wider front.
- Sw. You have outlined all that in yr. message to Eisenhower.
- P.M. It is 18 mos. since we discussed with U.S. basis for E. def. agreement. Not a new idea tht. we shd. have U.S. assocⁿ. in this.

A.E. C^d. put it to E. tht. we note improvemt. in cond^{ns}. in Canal Zone : we hope they will continue to improve cond^{ns}. in Zone : for only improvemt. there will induce us to resume talks.

P.M. W^d. sooner have it put that way.

A.E. Will submit my formula to P.M. before I speak to Egyptians.
Heads of Agreement approved, as basis for discⁿ. in W'ton.
No concessions to be made, on this, to U.S. pressure.

RAB. Hope sterling releases may be authorised as soon as negotiations begin.
Tho' they are quite calm at present.
Want to get rid of some of it during summer – so as not to run into fixed paymt. to be made next January and repayment of U.S. debt.

[Exit Profumo.

2. Geneva Conference. [Enter H.M.

A.E. Para. 4 of C. 207.
On (d) method of separate private approach to all is far better than public mtg. attended only by the 10 who will come.

Sw. On (c) A & N.Z. will want to go further and faster to ensure tht. U.S. interest is not lost.

A.E. (d) shd. meet them on that.
Kind of pact depends on Geneva. If there were agreemt., it wd. be Locarno form – guarantees by both sides. If no agreement, defensive N.A.T.O. form. Ready to discuss privately with U.S., if they wd. keep it dark. C^d. prs. safeguard v. leaks by discussing both.
Not sure U.S. wd. accept Locarno form, involving agreemt. with other side.

Sw. C^d. have SEATO as well as Locarno. That wd. meet them.

A.E. Even if Hanoi fell, there wd. be point in continuing to seek agreemt. at Geneva on basis of partition. Fr. don't hope to secure more than S of Viet Nam plus Laos & Cambodia.

P.M. Emotional reaction at fall of Hanoi may draw U.S. into intervention – while Phase I continues. The China lobby are reckless.

A.E. Is (f) accepted?

P.M. Yes.

Memo. approved.

A.E. Drew attentⁿ. to Canadian Amb. report on talk with Chou-en-lai.

3. Atomic Energy. Atomic "Bank" Plan.

- Sal. R. have now rejected plan. U.S. have enquired wtr we shd. go on alone.
Believe opinion in W'ton may be divided. State & Def. Dpts. are v. it.
We don't feel keen on plan save for bringing R. in. W'out that political advantage, we stand to lose rather than gain fr. Plan.
Ctt^{ee}. advised tht. we shd. discourage going fwd. & inform Doms.
Tho', if Eisenhower pressed it, we shd. acquiesce.
Gather, however, tht. A.E. wd. prefer to press for it to be dropped.
Disadvantages clearly outweigh the gain.
- Sw. Esp. when it is clear on Disarmament Ctt^{ee}. tht. R. won't play at all on any disarmament scheme.
- A.E. If R. won't come in, we shd. judge purely on self-interest. Pool wd. lose us advantage of being able to sell to others, who cd. draw on pool.
No point in makg. that sacrifice, if R. stand out.
Urge U.S. to go no further at present, while R. declines to come in.

Agreed.

[Exit Serv. Min., C.O.S.]

4. East/West Trade.

- P.T. Stassen wishes to p'pone enforcemt. of our agreed relaxations on trade to Soviet bloc by reference to developmts. in Indo-China. Seems mistaken to link these two. Wish to tell him so, & urge we go on quietly with disc^{ns}.
- A.E. I agree.
- P.T. Will concert with F.O. terms of a telegram.

[Exit A.E.
[Enter B.H.]

5. Dr. Cort.

- M.F. Have received deputⁿ.
Don't propose to change decision; for i) Cort has continued Communist connections ii) risk tht. he will be deprived of U.S. citizenship. iii) political asylum wd. imply tht. his life & liberty are in danger in U.S. because of his political opinions.
Any contrary decisions wd. be ill-received in U.S.
Admit there will be trouble in H/C.
- P.M. Liberal opinion in U.K. will be offended by this decision.
Don't under-rate that.

M.F. Alternative involves my saying tht. U.S. Govt. are using forms of law to cover political persecution.

6. Parliament.

H.C. Business for next week.
Finance Bill 7th. Ctt^{ee}. day on 28/6. Will that finish it?

RAB. Fear not. Another day will be needed.

H.C. Normal length was 6 days. Ch/Ex. won't use closure.

R.A.B. Don't believe in it : have never used it since Ch/Ex.

H.C. Knowledge of this makes people talk much more.
x| C^d. RAB. make a deal with Opposⁿ. to finish by 7 p.m. on 29/6.

B.H. Opposition Ch. Whip is urging use of closure.
[Exit Ll.G.]

RAB. Will try x/.

H.C. May have to hold debate on Crichel Down vice one day of Mines & Quarries Bill. Tho' I shall try to defer that until P.M.'s return fr. W'ton.

P.M. May not be back until 6/7 if I come by Q.E.

7. Members' Expenses.

P.M. After RAB's departure last night Cab. were virtually unanimous in favour of the subsistence plan.

R.A.B. Here is a draft.

P.M. Can we announce this w'out telling Opposⁿ.?

Sal. Omit [] – which suggests possibility of a bargain. Agreed.

R.A.B. Add the para. on pensions.
Tell Opposⁿ., routine way, 30 minutes before statement made Thursday.

P.M. Sh^d. like to know their attitude. R.A.B. We shd. have to disclose our plan.

Agreed : statement to be made on Thursday.

1. Washington Talks : Anglo-U.S. Declaration. [Enter S.Ll., B.H.

- S.Ll. Para. 3 “we will earnestly strive ...” i.e. omit reference to self-determinⁿ.
Even in U.N. Charter there was case to avoid reference to a right of s-d.
Para. 5. Last sentence : “citizens” reads oddly. Prefer to omit it.
- O.L. Support S.Ll.’s first point. This wd. give separatist movements in Colonies a peg on wh. to hang their demands. – cf. B. Honduras.
- Sal. Agree. S-determination, invented by Pres. Wilson, hung like a mill-stone round our necks betwn. wars.
Personally, I dislike whole of 1st. sentence. Who is to be the judge. We and U.S. mght take a v. diff. views.
- O.L. “Capable of sustaining self-govt” gives us the discretion where Colonies are concerned. Can stomach this wording.
- H.M. Third sentence of para. 3 is v. strong in relation to satellites.
- RAB. Para. 1. delete “in so far as they are still applicable”. Stop at “Charter”.
- Sal. Ask P.M. to recognise implication of rest of 1st. sentence of para 3. for B. Emp.

2. Parliament : Members Expenses.

- R.A.B. Sugg^d. reply to CRA’s lr. Main point, invite him to meet us to explain “full significance of your lr.”
- H.M. You must rebut his “precondition” of an increase in salary.
- Sal. “re-affirm” vice “nothing to add to” P.M.’s statement. Agreed.
- L.P.S. Continue : but it is not quite clear fr. yr. lr wtr you accept that position.
- M.F. Don’t slam the door. He may be given more rope.
- R.A.B. Invite him to talk to explain “full significance” of his lr. Agreed.

[Enter D.S., ALB., de. L.,
Att. G

sacrificed or p'poned until autumn spill-over. Or sit in first week of Aug.

R.A.B. Let L.P.S. indicate on Thursday what consequences wd. be, on leg^{ve}. p'mme.

5. Nationalised Industries : Select Committee. [Exit Home

L.P.S. Opposⁿ. was based partly on fear tht. Ctt^{ee}. wd. go into wages ques. Have made it clear tht. this will not be so. No support in H/L. for a Joint Ctt^{ee}. Dropping that will reduce some of the criticism. Wd^{n't}. be set up until next Session. Needn't be announced for 2 wks.

O.L. Wages & working cond^{ns}.? Bottom of p. 2. T. preference.

W.M. Wages & cond^{ns}. of service.

L.P.S. Will put in whatever words M/L. desire. No power to appoint Sub-Ctt^{ees}.

Approved.

[Exit G.Ll.

6. B.B.C. Fortnight Rule.

L.P.S. As in memo. Power of direction was not designed for this sort of thing. Must get Opposⁿ. agreemt. in writing to issue of a direction. If they don't assent, Cab. may have to consider it again.

Agreed : L.P.S. to consult CRA.
Authorised to give direction if CRA agrees.

1. East/West Trade. [Enter AH., de L., 3 Ch. of Staff. S.Ll.

P.T. P.M. thinks I shd. go to W'ton this w/end to see Stassen.
I wd. prefer to wait one week & consult AE m'while.
Official talks going well until 2 wks ago, when U.S. ceased to co-operate because of I/China.
Mtg. on 8/7. Agree we shd. p'pone that until 19/7.
U.S. refusing to agree to opⁿ. up dec^{ns}. because of I/China.
Want to get P.M.'s view before I spk. to Stassen. Don't want to disturb atmosphere of agreemt. wh. P.M. has created.
Read draft telegram.

S.Ll. Support this view – and draft.

R.A.B. Stiffen it up against going. W'ton Tel. 1344.

Sw. If P.T. goes to W'ton, U.K. assume whole onus of disagreeemt. with U.S.
Other countries support our view.

P.T. We have run this on U.K./U.S. line.
W^d. prefer to leave decision to those on the spot.

Telegram approved.

2. Aden.

O.L. As in memo. Seek auth^y. to bomb these villages, after warning.

Al. Support this. To avoid demand for ground troops and a lasting military commitment. Not new : was done on N.W.F. of India before war. Can be v. effective.

Sw. Worked well when I was in C.O.
Hard on our tribesmen, who have accepted this discipline, if it can't be applied to people who are attacking them.

de L. i) There is difference in bombing beyond border.
ii) Avoid fresh commitment.

C.A.S. In our villages, we can fine headman & use bombing only if he disobeys orders.
Different across border. Not enforcing our discipline. Yemen is member of U.N.

- S.Ll. Bound to be brought to Security Council. If we do it in self-defence we shd. report to Council. If we don't, Arab States will bring us to Council. In this area frontier is clear.
Safer way would be to send a ground force – native levies.
- O.L. Will take some time to build it up. Means increase of Aden levies.
Let us report to U.N. But do it.
- de L. Even native levies have to be officered & paid by U.K. It will be an added mil. commitment. And they won't stop this kind of raiding.
- S.Ll. Have asked Yemen Minister to ask his Govt. how they propose to stop this.
He has promised reply by end/week. Wait for that.
- R.A.B. P.M. must be told – e.g. effect on def. negot^{ns}. with E.
- Sal. Awkward if U.N. intervened & sent peace observⁿ. commⁿ.
- C.A.S. C^d. we eliminate the barracks in hot pursuit after next raid.
- H.M. Cdn't combine that with doctrine of "hot pursuit".
- O.L. x| Suggest we publish rep^{ns}. made to Yemen Govt. – to warn public what may be coming along. [Agreed.]
- S.Ll. Must build up a series of warnings.
Apart fr. Egypt, there is also risk of breaking rapprochemt. with Saudis.
- O.L. Yemen & Saudis aren't good friends.
- S.H. But might unite v. us.
- Agreed
- i) F.O. to inform P.M. of situation : also x/ :
Warning is 1st. stage. (not in para. 8 terms).
 - ii) F.O. to review U.N. aspects of this matter.
 - iii) M'while, public warning in general terms
and more publicity for what is happening.
- de L. Para. 5. Don't commit myself to carry cost on Air Min^y. Votes.
- RAB. Support plan for strengthening levies – cost £¼M.
- [Exit C.O.S., A.H.]
3. Cocos Islands. [Enter J.T. Att. G.]
- Sw. As in memo.

O.L. Support. Austr. may dislike our publishing their assurances. Will they object?

Sw. Haven't put it to them.

L.P.S. No leg^{ve}. time, even next Session. Must we do it?

Sw. Yes : to keep faith with Austr.

Att.G. App. D. Recital of Austr. request – is indispensable. Hope Austr. Govt. will agree.

Sw. Will put this to Austr. Govt.

J.T/de L. Adm^y. and Air Min^y. shd. be kept in touch with Bill because of W/T. station & air-strip.

Approved – subject to Leg^{ve}. P'mme.

4. Re-organisation of Railways. [Exit J.T., Att.G.
[Enter A.L.B., Home.

H.C. No time before recess.
Publish W. Paper. ^x/ If Labour want to discuss they can give Supply Day. ^x/ We have no day to offer – even for F. Affairs or Crichel.
Can't scrap T. & C. Bill or Lds. Am^{ts}. on Television or Reuters Bill.
Can't plan now on basis of sitting into August.
x/ is fair bet.

A.L.B. Don't want this criticised throughout Recess. C^d. we ascertain x/ before we publish?

H.C. May have to make deals with Labour on 2 days. [Enter Ch. Whip already (F.A. & Crichel). C^d. we ask for a 3rd.?

B.H. We could try.

A.L.B. Disastrous to disturb harmony of rlway world on this.

Sal. H/L. is in diff^{ies}. because of H/C. delays on big Bills. We are having to rush things. May have to ask H/L. to sit on after H/C. has risen.

B.H. Can't be specific with Opposⁿ. – unless they know already that White Paper is ready.

Agreed : Chief Whip to enquire.

[Exit A.L.B. & Home

5. Members' Expenses.

- R.A.B. Read CRA's letter.
Suggest H.C., with me and BH., shd. see him. Avoid putting detailed plan, in light of his lr. Invite his views. Give only general indicⁿ. tht. we are movg. twds our scheme. Be firm tht. we can give no date or commit^{mt}. re giving effect to H/C. vote.
- H.C. On last point – opinion of H/C. is on record. Not for us to re-affirm it.
- RAB. We can accept that this is opinion of H/C.
- B.H. Suggest you defer seeing them until after their Party mtg. this p.m.
They may be beginning to realise their general tactics aren't wise.
C.R.A. may get wider discretion.
Offer now to see him after dinner. [Exit Simonds.

6. Crichel Down.

- R.A.B. Minister said, with Cab. approval, tht. "no further action" wd. be taken in relⁿ. to officials.
Public & H/C. opinion is strongly in favour of transfer.
C. Service opinion considers no transfers shd. be made in response solely to public pressure.
- Propose therefore Ctt^{ee}. of 3 to consider wtr transfers are requ^d. to m'tain public confidence – on basis tht. disciplinary action has bn. disposed of. T. Barnes : J.H.E. Woods : Pilkington. Private enquiry : report before debate.
Wish to inform P.M. – but to go ahead at once.
- O.L. Kipping vice Pilkington.
- P.T. He is another "official".
- Agreed : stet Pilkington.
- T.D. C^d. Ctt^{ee}. also consider wtr Sanctuary & Sons shd. continue to be employed.
- Sw. Enough in Clark's report to warrant employing a diff^t. firm.
- T.D. Eastwood supports him & says Clark was wrong e.g. on dilapidations.
- Agreed : Exclude Sanctuary ques from enquiry.
M/Ag. to make up his own mind.
P.M. to be informed.

7. Parliament.

- H.C. Business for next week.
Hope Rpt. Stage of Finance Bill can be concluded in half a day. So that we can get to Rents Bill in reasonable time e.g. 8 pm.
- R.A.B. Can't promise. H.G. has not committed himself – can't until he sees marshalled amendmts on Monday.
- B.H. On any other day, Rents wd. have to come on after 10 p.m.
- H.C. 8 days in Ctt^{ee}. vice ormal 6. Surely 1½ days on Rpt. shd. be enough.
- H.M. C^d. run until 9 p.m. – that wd. leave me enough time.
[Exit W., BH.]

8. Council of Europe.

- S.H. As in brief.
- O.L. C.O. and CRO wd. prefer not to agree to Ch. III. Don't object to these tactics, so long as it is clear that we shan't accept it.
- S.H. We have enough obj^{ns}. to ensure that it can't be carried.

1. Aden. [Enter B.H.]
- R.A.B. A.E. has authorised despatch of note to Yemen Govt.
P.M. has made to M/D. sugg^{ns}. re use of ground troops.
2. High Commission Territories.
- Sw. As in memo. [Enter M.F.]
Satisfied Malan has raised this for political capital in f^ocoming elections.
If he wins those, he may have 2/3rds majority in Senate as well as lower House & will be able to carry “native” policy legⁿ.
I therefore recommend, to counter this, full objective & historical reply.
Ths wd. correct some of Malan’s omissions & misrepresent^{ns}.
Convenient to have a full answer on record, for publⁿ. if Malan continues to misrepresent posⁿ. W^d. be effective here & mght have some effect in S. Africa.
- Sal. Endorse procedure.
But para. 6 – U.K. pledges re consultg. natives. Then para. 12 goes further : implies native consent. Have we gone we so far?
Better : [“common ground tht. views of native pop^{ns}. must carry great weight”]?]
- Sw. Herzog said this. W^d. not insist on their coming in unless they are prep^d. and desire to come in.
And we have said we wdn’t submit them to transfer v. their will.
If we weaken it now, M. will exploit the change.
- Sal. Put [] first & continue : “indeed, Genl. H. himself said ...”
- H.M. Awkward that less strong statement is in historical part (para 6) & the stronger one in the argumentative para 12.
- Sw. W^d. transfer reference to Herzog para 12 to para 6.
Delete 1st. sentence of para 12 & run straight on from para. 11. Omit [] from para 12. (viz., the further reference to “prepared & desire to come in”).
- Sal. Para. 11 – say “relevance” vice “effect” of native policy.
- R.A.B. Frank references to native policy in para. 12 may mean tht. this paper is used in local politics.
- Sw. Can’t avoid grasping this nettle.

- O.L. This is nub of whole problem.
Agreed : omit 2nd. sentence of para. 11.
- W. Para 12. "They wd. not willingly accept" "In these circs. U.K. Parlt wd. not"
- Sal. "Without expressing any view on that policy, it is certain that they wd. not willingly"

Agreed : Sw. to submit re-draft in light of points raised in discussion.

3. Parliament : Members' Expenses.

- R.A.B. Saw CRA alone & refrained from detail.
Y'day we spent an hour, 3 a side. Evident they wd. like to get something for their poorer Members. Gave them subsistence plan. They countered Ldn. Members' expenses almost as great because of high living cost in Ldn.
At end they came down in favour of flat-rate allowance to all equally. They seek another mtg. on Wed^y. before their next Party mtg. My impression (their other objⁿ. to subsistence is linking allowance with attendance. Diff^y. of defining attendance. Abuse in L.C.C. bringing system into disrepute : Morrison. M.P.'s won't adhere to rules. Or will be charged with breach, if seen at cinema. Are they to draw allowances while sick, or abroad e.g. at C/Europe? We said no : strict enforcemt. What, they said, of pairs – made after beginning of Parl^y. day.) Think they wd. accept allowance based on £2 a day for 4 days a week, Sessional (regardless of attendance). C^d. be paid monthly – as re-imbursement of expenses & wd. need to be justified to Revenue in tax claim.
- L.P.S. They wd. like to settle. They wd. take almost anything – but raised all the snags in subsistence scheme. I was impressed by argument of higher living cost in Ldn. for Members resident in Ldn. They feared a good deal of cheating on claims – and resulting scandal.
- R.A.B. We offered retrospection.
- Sal. W^d. you prescribe any minimum no. of attendances? C^d. a man draw £8 a wk. & never go to W'minster?
- B.H. Believe Tories in H/C. wd. accept this, if Labour took it – partly to end diff^{ies}. over pairing.
It is related to days, not per annum – has element of subsistence. And refers only to sitting days.
It is therefore somewhere betwn 2 schemes considered by Cabinet.
- R.A.B. Annual amount wd. not exceed £280 & might average £250 – according to length of Session.

- W. For opinion in country, much will depend on presentⁿ.
Might be accepted if presented as subsistence for 4 sitting's days of each week of Session.
- Sw. Can justify it if we can put it as convenient way of applying subsistence principle.
- M.F. Impressed by arguments of B.H. W^d. be prepared to accept this.
- F.H. Will it be called "subsistence".
- R.A.B. Don't think you can – must be "necessary expenses". I.R. difficulty.
- F.H. Then you will be in trouble.
Think you will also have diff^y. in defending same treatment for Ldn. Members.
- H.M. Invent a phrase – "Parl^y. Sessional allowance". Or "Sessional subsistence allow^{ce}".
- R.A.B. Form of Parl^y. statement will need careful thought.
Will submit draft to P.M. on his return.
- Agreed. RAB. auth^d. to proceed with disc^{ns}. with Oppⁿ. on these lines. Draft of Parl^y. statement to come to Cabinet thereafter.

4. Housing Subsidies.

- H.M. Order needs affirmative resolⁿ. Recognise it may not be poss. to find time for this before recess. But if Order is laid, Opposⁿ. will be checked – l.a. deput^{ns}. etc., will be laid off.
If Oppⁿ. wanted to debate it before recess, they might give time.
- R.A.B. Support this proposal.
- H.M. It will show tht. Govt. are committed to this.
- L.P.S. C^d. take it in spill-over. Or allow Oppⁿ. to find time for it before recess.

5. Gatwick Airport.

- H.M. M/T. said report of enquiry wd. be publ^d. I am being asked (P.Q.) when. Do you consider it first & publish with our decision.
Or do we publish & allow public discussion to proceed.
If we sit on it for months, people will think there's some dirt in it.

Agreed : Publish and be damned.

6. Underground Car Parks.

Sal. H.A. Ctt^{ee}. discussed Car Park Shelters : & authorised M/T. to explore. Press has bn. given impⁿ. tht. Govt. favour this. In fact Ctt^{ee}. as a whole were against it. Think Cabinet shd. know.

M.F. Don't see how we can retrieve this.

R.A.B. Can discuss with M/T. when D.P. Ctt^{ee}. meet this p.m.

7. Finance Bill.

R.A.B. Dalton's new clause. No reason why Govt. shd. not accept this. Cost £400,000 this year. £1M. in full year. W^d. have to put revised version.
To reduce estate duty on small estates.
Is it a political trap?

H.C. Bid for popularity with small people – not in line with Socialist doctrine.
No economic effects. Won't be popular with our people who want substantial redⁿ. of death duties for economic reasons.

Sal. Part of Dalton's theory that poor shd. be relieved of all taxation.

Agreed : RAB authorised to accept this subject to reference to Tory Ctt^{ee}.

8. Ceylon.

Sw. Govr. of Ceylon Bank accused of malpractice – suspended for enquiry. He has countered by attack on Goon, whose appt^{mt}. as Govr. Genl. is now to be suspended pending enquiry.
Must expect a pretty fruity scandal.

[Enter 3 Serv. Min., C.O.S., ALB., BH.]

1. Parliament.

P.M. Statement or debate? – on W^{ton} talks.

A.E. No material for statement at once, beyond communiqué
Next week, Parlt. cd. have one or other. Rs. debate wd. be easier if
they want one.
But Mol. is returning to Geneva to-day : they may be aiming at
agreemt. by week-end.

H.C. No demand yet. Debate w^d. have to be in Oppⁿ. time.

R.A.B. Two P.Q.'s y'day. They will expect a statement by P.M. at some time.

A.E. That might stop down pressure for debate.

P.M. C^d. make a statement Thursday. F.O. to prepare a draft.
Admission of China to U.N. – is being given disproportionate
emphasis in U.S. Press.

A.E. Canada wants consultⁿ. before we make any pronouncemt. on this.
They wish it kept as open as possible.
P.M. Referred to Adlai Stevenson's reference to this – Manch. Guard.
5/7.
V. sensible approach to problem : the most sensible likely in U.S.

P.M. W^d. prefer to avoid anything this week – statement or debate next
week. Ascertain Opposition's wishes?

Agreed : Ch. Whip to enquire.

C.R.A. Wd. like statement Thursday – or Monday at latest.

Agreed : Statement on Monday. F.O. to draft
can be sent in advance to Doms.

2. Members' Expenses.

R.A.B. Have draft [Parl^y.] statement. Want to show it to CRA to-day.
W^d. cab. wish to see it first?
Copies circulated.
Can be revised before used in H/C. But is it good enough to show to
Opposⁿ.?

P.M. V. good.
General approval indicated.

H.M. Hope it will be known as "sessional subsistence allowance".

RAB. Will consider later wtr this can be suggested in H/C statement.

3. Egypt.

A.E. Drew attention to agreed minute.
This agreemt. with U.S. is as good as we cd. have expected. Economic aid is best sanction we cd. expect. U.S. will also make public statement re Canal.

P.M. Broadens our action : also implies greater assurance tht. agreemt. will be kept.

R.A.B. Further trade concessions now offered if £10 M balances released.
x| I favour linking this with resumed negot^{ns}.

A.E. Shall try to include Persia as well as Turkey. Also longer period.

A.E. Minute of agreemt. was U.S. draft. Unusually helpful.

A.L.B. This goes further than we dared expect. Shipping auth^{ies}. will welcome it.

B.H. The 41 have bn. meeting., on basis of newsrpts. Fear somethg. may have bn. going on behind their backs (!).

H.C. M/page article in D.T. by W'house last week.

P.M. My whole attitude has bn. changed by apprecⁿ. of changed mil. sitⁿ. – esp. extension of NATO on northern line reaching via Turkey to Pakⁿ. Also nuclear war, & now H-bomb, seems to exlude southward plunge thro' Caucasus – & increased vulnerability of Base.
Misuse of troops & resources in present strategic cond^{ns}.
Finally, cond^{ns}. bad for morale & recruitment to Br. Army.
I am now ready to defend w'drawal on mil. grounds.
Willing to support this, tho' not without distress.

R.A.B. Full statement of grounds shd. be made to F.A. group of Party tho' a few cannot be converted, many can.

B.H. Supported this v. strongly. Everyone will come to it. Not '22.

R.A.B. Yes – before negot^{ns}. are resumed.

P.M. 15/7.

A.E. C^d. begin negot^{ns}. before that?

P.M. Yes, surely.

P.M. Let A.H. do it, with Keighley & C.I.G.S

H.C. Don't bring Generals into this – it is wholly political ques.

A.H. Can do it quite well enough.

P.M. Let AE accompany him.

R.A.B. C^d. be done next Tuesday. Don't delay assumption of negot^{ns}.
Chief Whip to consider arrangmts. & timing.

de L. Telegrams to & fro' Cairo. Want to limit Air Force exp^{re} in M/E.
Can do with fewer installations than have bn. mentioned in list.
Don't wish to be drawn into m'taining E. air installations.
Doubt if Abu Sueir will be kept. – tho' enlarged by us for U.S. use. E.
will prob^{ly}. wish to have it as theirs, & U.S. may then have to negotiate
with E. for rights they need.
Must we m'tain by Br. funds staging post for U.S. aircraft.

Sw. It was v. useful tht. we gave these facilities to U.S. for transit to
I/China.

AE. Do you want para. 10? Thought it was valuable.

R.A.B. Can we do x/?

A.E. Wdn't favour associating the two too closely.

R.A.B. Then let me get rid of it before negot^{ns}. start.

A.E. I wd. favour that.

[Exit Serv. Min., C.O.S., ALB.
[Enter Amory, D.S.

4. East-West Trade.

R.A.B. P.T.'s message. Ques put to him. His answers.
While some points wh. H/C. won't like, this gives better impressⁿ.
If we are to have agreemt. (£17M. trade for us) – can't we get a bit
more : & can we present it to H/C. as not wholly closed?

H.A. On further informⁿ. we think we shd. accept agreemt. Tho' we are
concerned tht. peeling off shd. begin before recess. Traders with firm
orders have bn. delayed 3 mos. Will I/China posⁿ. change quickly
x| enough? Sh^d. P.T. warn Stassen tht. if date for this can't be settled by
agreemt., we may bring them in (agreed changes) after mtg on 19/7.
On this, tho' we lose £17M. on rolling mills, others will come along
for £17M. That was last night's estimate. Now, on P.T.'s telegram,
we wd. put 2nd. figure at £30M. – over a useful field. Therefore,

favour settlement. If we don't, can't see what comes out of mtg of 19/7.

Thus, agree subject to proviso at x/.

A.E. Agree to this settlement subject to x/. viz., warn Stassen we can't wait indefinitely because of I/China : not in terms of unilateral action.

D.S. Also ask him to make one further shot on rolling mills. The U.S. argumts are not sound. This is tin-plate – can't be of value for defence prodⁿ. Argument re U.S. know-how applies only to one firm.

A.E. Don't nag at that. Makins advises against it.
I support line sugg^d. by H-Amory.

D.S. There go on record that Stassen has agreed tht. rolling mills may be considered again later in year.

A.E. Understand don't want settle timing now : consider on 19/7 : but warn we shall be in diff^y.

[Exit H-Amory
[Enter Cherwell

5. Washington Talks.

P.M. Can't now give full a/c of all talks.

x// Three minutes were agreed. Egypt has bn circulated. The other two shd. be circulated before to-morrow.

Some advance on Atomic ques.

Must, however, inform Cab. of project for mtg. with R.

I had several talks with Eis. re Big Three Mtg. He was quite open-minded about it. Looked with favour on mtg in Ldn. 3 or 4 Power. At one point said he wd. come first & last on State visit – being rp^d m'while by Nixon & Dulles. But twds end he gave impⁿ. tht. he cdn't press such a policy v. domestic advice. But in public he said (N.Y. Herald Tribue: 1/7) this had bn. mentioned : timing must be judged etc., Can't be sure Dulles wd. be equally well disposed twds this – or tht. Congress wd. preclude Eis. from followg. his own instincts. On 4/5/53 I sugg^d. to Eis. tht. I shd. propose to Molotov tht. I shd. meet Malenkov. Eis. then deprecated this. Feared it wd. be a "solitary pilgrimage". Tho' he admitted my right to go, if I thought fit.

This time my conversations were on basis if 3 or 4 Power mtg. But I had no reason to suppose they wd. seek to prevent my going alone. D. tacitly accepted possibility that I might go alone.

From ship I sent message to Molotov. R.A.B. saw & commented before despatch. Reply received last p.m. Delivered by Malik. I told him I hadn't yet consulted Cabinet – message was personal & also tht. I hadn't put matter specifically to Eisenhower.

I at once sent message to Eis. – telling him of these exchanges – after consultⁿ. with AE., RAB., Sal., HM.

Suggest we defer forming opinion until we have Eis. views. Then a decision must be taken on answer to Molotov.

- A.E. Must await Eis. reply.
Troubled over European re-actions. Adenauer's posⁿ. (his statement re E.D.C. : R. will want to kill it). Other W. Eur. countries also will be concerned to a lesser extent. Believe G. re-actions will be the most diff.
- Sal. Have reflected overnight. No need for dec^{ns}. to-day.
My attitude will turn largely on temper of U.S. reply. If he were critical or hostile, I shd. counsel abandoning this because of harm to U.S./U.K. rel^{ns}. That over-rides all. U.S. opinion is in a v. excited state. M'while, I reserve my attitude.
- H.M. C^d. members see text of M's message & Eisenhower's, when received.
Diff. to follow, if read only. Special boxes –
- P.M. * Yes : in runner boxes.
U.S. can't veto my visit. They accept that.
* Series of telegrams last year (with Eis) will also be available in my Private Office to Ministers.
Stockholm or Vienna is my preference. Don't want to go to Moscow.
My hope is thereafter a 4 Power Mtg in Ldn. This wd. require a preliminary gesture by R : I wd. suggest, for this, indicⁿ. of their readiness to conclude Austrian Treaty.
Timing on 2 Power mtg. Cdn't happen until an issue reached in Geneva. C^d. be mid/August.

[Exit A.E.]

Atomic Questions.

- Ch. U.S. good will. Hope law will be changed before Congress rises.
Until then, they wish nothg. said. But they are ready to work with us, to limit. Offered informⁿ. re effect of H. bomb. Also details of bomb fixings – so we cd. carry U.S. bombs. Collaborⁿ. on intelligence re R. work. But involves disclosure of their bombs. They hope to go further after law amended. Atomic Bank – U.S. wish to go on. We devised innocuous formula Canadian tritium. Canada offered to help us.
P.M. S^t. Laurent confirmed there wd. be no insuperable diff^y.

6. Atomic Weapons Programme.

- P.M. Cab. must now decide wtr we shd. go on with m'fure of H. bomb.
Badge to R. Enclosure.
Essential to m'tenance of deterrent. This, in turns, depends on multiplicity of bases – to offset risk of effective surprise attack. Must be able to make it clear to R. tht. they can't stop effective retaliation.

That is only sure foundation for peace. Power of effective reprisal must be assured.

This makes it essential tht – we shd. make the H. bomb, & play our part in this.

- Sal. Accept strategic argument.
We have reached conclⁿ. tht. we shd. make H. bomb as well as atomic.
Taken preliminary steps. One diff^y. is scientific man-power.
Can't say more at present.
- P.M. Will Cab. approve in principle? And endorse preliminary action taken.
- H.C. W^d. sooner have more time to reflect on this.
- H.M. Are we to make it – or put ourselves in a posⁿ. to make it?

[Enter 3 Serv. Min., C.O.S., B.H.]

1. Aden.

Al. Air action – more efficient, & less loss of life, than use of ground troops.

O.L. Agree we shd. have frontier consultⁿ. – tho' little will come of it.
No action w'out consultⁿ. with F.O.

P.M. Drew attenⁿ. to Tel. 26 fr. Q.E. Advantages of warning before bombing.

C.I.G.S. Support views of M/D.

A.E. Agree with O.L.'s scepticism of consultⁿ.
But think we might be taken to U.N. Don't therefore like bombing – creates more public worry. W^d. prefer strengthening ground troops, tho' that is expensive.
May I review this before I go to Geneva.

O.L. Para. 7 covers that. No action without A.E.'s consent.

Sw. Dom. reaction wd. be serious. Asiatics wd. not support. N.Z. voted v. U.S. on Guatemala, & cdn't be expected to do more than abstain if it came to U.N. W^d. wish to discuss with A.E. & O.L. whether we shd. not consult old Doms. & what we say to new.

A.E. to consider.
(Negotiations to continue.
(Explanation to Doms. be prepared.

O.L. M'while Salem is going to Yemen & proposing to return via troubled part of Protectorate. Govr. wants him excluded.

x| We cd. try to deter him fr. coming. If he urges he shd. go, we cd. receive him at frontier and escort him to Aden, by air or jeep.

A.E. Don't mind your excluding him, if you prefer.

Agreed : as at x/.

[Exit 3 Serv. Min., C.O.S.
[Enter D.S.]

2. Atomic Weapons Programme.

P.M. Invite L.P.S. to express his view on moral issue.

H.C. What financial commitment is involved?
Is it sensible for U.K., alone in Europe, to do this when we know we shall not wage major war w'out U.S. as Ally. Sh^d. we not leave U.S. &

- R. as sole manufrs. : and preserve our right to say no European power shd. make it.
- D.S. Latter argument weakened by fact we are making the less efficient a. weapons.
- Al. Have we not a duty to our people to possess best weapons.
- RAB. On cost : cheaper per power developed than a. weapons.
- D.S. About 9/10^{ths}. of effort is required for going on with a. weapons.
Much flexibility retained as betwn H. & A. bombs. Can convert A. into H. bombs.
- H.M. Shock to be told, casually, tht. we were going to do this. A no of us feel like that.
- P.M. Must take a decision in principle. Not necessarily to-day.
Doesn't depend on technical detail.
Mainly a moral ques. cf. Soper's statements as reported in Press to-day : D. Worker.
I advise in favour of manufacture – but don't minimise moral issue.
- A.E. Thought moral issue was decided by Labour Govt., when made a bomb. No difference in principle.
Possession of a. weapons is now measure of power & influence in world.
Believe tht. as its deterrent power is realised this may well make war less likely.
- M.F. Agree with A.E.
i) Deterrent. We must make our contⁿ. to that. More likely to prevent war than bring it on.
ii) Anxiety lest U.S. shd. start a war – out of China or to forestall. Our best chance of restraining them is to retain their respect. More likely to do so, if we play our part in deterrent influence.
- Sim. Morally, can't distinguish betwn a. & h. bombs.
We are ready to accept protⁿ. of U.S. possession of these bombs.
If so, can't be wrong to make them ourselves.
- W.M. Agree with Sim.
- Sw. Favour going fwd.
- R.A.B. J.S. L.I.G. agreed.
- O.L. Agree. Even in smaller wars, total reliance on U.S. won't enable us to conduct independent f. policy.

F.H. Agree with Sim.
Was worried by spread of this into Europe, incldg. Germany.
But don't dissent from decision to make this.

H.C. W^d. wish to reflect a little longer.

H.M. So would I.

P.M. Then we can bring it up in a week or so.

H.M. C^d. we have some guidance on our public line. We can't hope to keep it secret for ever.

P.M. Resume at convenient day before end of July. Prelim^y. work to go fwd. m'while.

F.H. Abolition agreement – more easy if we were, or were not, making it.

A.E. Probably easier if we did make it.

3. Washington Talks. Meeting with Malenkov.

P.M. Read Eisenhower's message. This will be circulated in buff boxes.
Read draft answer to Eisenhower. Propose to despatch this. Shall not invite Cab. decⁿ. until I have E.'s further reply.
R. may suggest Moscow. Disposed to decline that.
I have exchanged many messages with President – in war and in present Govt. I must ask for confidence of Ministers in this. I have never sent messages to For. Secretary personages w'out consultⁿ. with my For. Secretary. Reserve my right to communicate personally with Heads of Govts – tho' F. Secy. sees & has right to suggest reference to Cabinet.
Believe I can get better answer from E.

A.E. Clear we shdn't go to Moscow. But Berne, at end of Geneva, wd. be a reasonable request. Hope P.M. will add that to his draft.

Sal. Cabinet members must know where they stand.
Tho' these were personal views, they constituted gt. act of f. policy.
Speech of 11/5 was personal, but bound Cab. unless they dissented.
As P.M. has constitutional right to take any decⁿ. But remedy of Ministers is to resign if they disagree. That is not a comfortable posⁿ.
If you reserve your absolute right to conduct such personal corr^{es}., we shall have to consider our position also.

P.M. L.P.S. has exp^d. regret at my action in sending message to Mol.

- H.C. Such a big act of national policy tht. Cab. shd. have had chance of expressg. view before done. Some commit^{mt}. in making approach at all.
If my view had bn sought, I wd. have bn reluctant to favour making such a move at this moment.
The tel., tho' personal, did involve our collective responsibility.
- P.M. I drew distinction btwn. enquiry & action. Action must receive Cab. assent. Thght enquiry wd. be permissible – if made with concurrence of A.E. He cd. have insisted tht. it shd. come to Cab.
- A.E. We had it in mind tht. RAB. wd. bring it to Cabinet.
- R.A.B. Tel. reached me in Norfolk on Sat^y. marked Private & Personal & no circulⁿ. I gave some re-actions of my own : consultg. only F.O. official who had seen tel. Before I cd. send my comments, another message arrived fr. P.M. askg. wtr original message had gone.
Express my regret, if I misunderstood.
Must keep this in perspective. i) Was clear P.M. intended to consult Cabinet on return – was a ref^{ce}. to Cab^t. in first draft. ii) F.O. officials confirmed tht. this was not much more than continⁿ. of A.E.'s contacts with Molotov.
I had no knowledge of what had passed in W'ton.
- Sal. Only 2 more days passed before P.M. returned. What was urgency wh. precluded waiting for proper consultⁿ.
- P.M. I may have exaggerated urgency of my hope for strengthening world peace. Perhaps was impatient of delay when I was only makg. personal enquiry which wd. not commit Cabinet.
Cannot accept censure for action taken in good faith in accord^{ce}. with principles followed in my experience of Cabinets.
W^d. be unfortunate if Cabinet broke on such an issue – on which opinion wd. be divided in the country.
x/ C^d. not abandon my freedom of conf^d. corr^{ce}. with Heads & States. or to send such a message as this if shown to F. Secy. in advance.
- Sw. No-one challenges x/. A P.M. has also duty not to commit Cab. w'out their approval. Ques is wtr a particular message virtually commits Cab. This may not have bn intended. What is its effect?
- P.M. Cab. decⁿ. wd. be needed before any action taken.
- Sal. Diff^y. is this. Sitⁿ. is not same as before message sent. Suppose Cab. decided or wished to decide it wd. be better not to go on. If exchange leaked, impⁿ. wd. be given tht. P.M. wished to do this & had bn deterred by colleagues. That sitⁿ. need not have arisen.
- J.S. R. will leak if it suits them. Hope tht. we will be kept in mind in drafting further messages.

- P.M. Have to live with risk of leakages – esp. in U.S.
- J.S. C^d. not our Amb. carry out some of these enquiries – in lieu of written communications – in case of Moscow?
- O.L. No one ques P.M.'s right of corr^{ce}.
But Cab. responsibility can't be engaged w'out their knowledge.
Have we become engaged? Much more diff. for us to dissent.
But it does remain open for us, tho' more difficult, to w'draw.
- R.A.B. P.M.'s priceless power in such mtgs. A.E.'s contacts.
Leave major ques of action to another Cabinet.
- P.M. Will bring it fwd. when E.'s reply is received.
I may myself be convinced it's better not to go forward. But if I found myself at variance with colleagues, I cd. resign. Hope we may arrive at agreed concluⁿ. No need to give M. detailed reasons for not going fwd. C^d. thank him, but say no further actⁿ. for moment.
- A.E. Berne is more than difference of place. It wd. put diff. complexion on whole thing. If they won't come, we have at least tried.
- [Exit Sw.
4. Parliament.
- H.C. i) Oppⁿ. want F.A. debate on Wed^y.
- A.E. I must go to Geneva on Mon., at latest.
- H.C. Oppⁿ. may then change their minds. I won't announce subject for Wed^y.
ii) Date for Crichel Down debate. Must give a firm date. Suggest week after next.
- P.M. If a F.A. debate, wd. sooner not make statement on Mon. W^d. make it as speech at opening of debate.
- H.C. iii) Food & Drugs Bill. Shall say we hope to get 2nd. Rdg. before recess.
- [Enter A.L.B
5. Re-organisation of Railways.
- H.C. No chance of a day – unless we sit into Aug.
Suggest W. Paper be published – to force Oppⁿ. to give a day if they want it discussed.
They have naturally refused to give a day for Crichel.
- B.H. They might, if pay goes well, be more accommodating.

A.L.B. Major Govt. policy. Don't like sitting on it thro' summer.
On balance therefore I wd. prefer to publish & take a chance on criticism.

Agreed : Present Wh. Paper.

6. Parliament : Members' Expenses.

R.A.B. Oppⁿ. accept our plan, tho' with gt. disappointment.
We shd therefore announce w'out delay.
Only change involved is retrospection. Revised draft handed in.
No resolⁿ. needed. Only Suppl. Estimate.

Agreed : P.M. to announce.
Do we make it retrospective to 24/5.

B.H. Party won't like that.

Sal. 1st June wd. be more sensible.

H.C. 15/6 after Whitsun recess.

R.A.B. Doesn't apply to Ministers. Will make that clear in reply to supplementaries.

7. Coal Imports.

R.A.B. Reserve policy. But must buy the imports. U.S. coal fr. Eur. for sterling.

1. Washington Talks. [Enter B.H.]

P.M. Further message from Eisenhower.
Have an answer in draft. Read it out.
Ask the Cab. to take note.

Sal. I am unalterably opposed to mtg. with R. without U.S.
I opposed Labour's recogⁿ. of China – has created breach wh. hasn't bn closed.
I told you last year why I was opposed to this.
This is a gt. step in f. policy. I couldn't commend it to H/L., as spokesman for F.O.
Other members of Cab. may think it is right to go fwd. But, if they so decided, I shd. have to resign.

P.M. I have said in H/C. 3 times I wdn't hesitate to go, if it seemed profitable.
But we must all keep in mind the view wh. L.P. has exp^d.
I do not ask for a decision to-day. We can take that final decision when Eisenhower's final views are known.

2. Indo-China.

A.E. Signs tht. U.S. Minister might not return to Geneva.
Dulles has explained to French why they aren't. They have told them, while they wd. contribute to united front, they must know on what that was based. Must know Fr. intentions. Think therefore it wd. be better to avoid any dramatic dissociation at Geneva. They will stand by ready to come at once if sitⁿ. warrants it.
Am urging them to come.
Looks serious – if they are unwilling to support modified Locarno.
Disc^{ns}. in W'ton : U.S. at first were ready to join in joint declaration :
cd. do no more than make separate declⁿ. Diff to avoid conclⁿ. tht.
U.S. don't want agreemt. reached. cf. statement in Eis' latest message :
we have always bn. in favour of internationalising the conflict.
C. 227. Map.

S.W. Para 5. Views of A. & N.Z. wd. also be important – not only Colombo Powers. A & N.Z. are loth to dissociate themselves fr. U.S.

A.E. Suppose a compromise betwn lines A & B. were acceptable to all save U.S. we shall be in v. gt. diff^y.
If no agreemt. at Geneva, or agreemt. with U.S. dissociated from it, that wd. affect project for Berne.

- P.M. If no solution found, surely all the more important to get good understandg with R. – to prevent them giving more support to China, & to re-assure world opinion.
- A.E. R. wd. be to blame if China wd. not settle. She cd. force a settlement.
- P.M. But don't help to unite them.
Tho' clear tht. upshot at Geneva is relevant to Berne.
No reason why A.E. shd. not discuss Berne project with M.
- A.E. Most consider how M. wd. re-act to pr. suggⁿ. re Austria. I think he wd. put fwd. his Eur. security system – fatal to E.D.C. Also he will discuss N.A.T.O. – suggesting R. & G. inclusion (fr. first). They will urge tht. broader mtg shd. be on 5 Power basis. I put these points because they will have to be considered while I am Geneva.
- P.M. You can tell M. tht. “Berne” can't be pursued while Geneva is uncertain. Try him out on mtg. places.
If Geneva fails, will be some relief to world opinion tht. another jaw is in view.
- A.E. Must say something in H/C next week re EDC. – viz., tht. we may be going on with Bonn agreements. C^d. be done in P.M.'s speech. Point is we may bring into force during recess, some part of agreements wh. Parlt. has ratified. Agreed.
U.S. are announcg. this to Congress on Wednesday.
- A.E. Repⁿ. of China in U.N. Submitted draft of messge to Doms. Revised to take a/c of all points made. Agreed.
- L.P. H/Lords. Question by Stansgate on Monday.
Best to repeat P.M.'s statement in H/C. & decline to answer supplementaries.
- P.M. Was intending to make it rather informally.
- L.P. Then I will tell him P.M. is speaking & invite him to study it.
3. Overseas Information Services.
- A.E. C^d.we not have decision?
- RAB. M.F. Ctt^{ee}. recommⁿ. were made w'out regard to Sw. Ctt^{ee}. recomm^{ns}. Diff. to justify to other Dpts. picking this out for earlier & more favourable treatment.
- A.E. £1.8 M expansion over 3 yrs – Drogheda. I proposed over 5 yrs. MF Ctt^{ee}. says 7 yrs. I wd. accept the least. But v. important.

- Sw. Agreemt. on exp^{re} in current year. My Ctt^{ee}. have recommended redⁿ. to £9½ M. next year. That report will be ready next week. This will yield economy of £¾M., as cpd. with this year.
- R.A.B. Unjust to others to give this to F.O. now.
- H.M. Cabinet will have to consider all recomm^{ns}. of Swinton Ctt^{ee}. They are all subject to Cabinet discussion.
- RAB. Have bn. sympathetic to F.O. therefore of their special difficulties.
- M.F. Our recommⁿ. was subject to para. 8 – annual review of expenditure.
- A.E. W^d. not have brght this up if I hadn't to be in Geneva when Swinton Rpt. came to Cabinet.

1. Parliament.

[Enter S.Ll., B.H.]

H.C. Business for next week.
Way is clear (qua Oppsⁿ.) for P.M.G. to go ahead.
Tuesday : Crichel Down.

W. R. Cotton Commⁿ. : cd. it start in H/L.

P.T. W^d. like to consider, in light of precedents. It is controversial in H/C.

H.C. Future of M/Materials.

W. Agreed tht. functions shd. be transferred to B/T. Abolition of M/M.
requires aff. resolⁿ. If we can't get that before recess, Ministry must
continue until Nov. – and we lose all credit.

P.M. W^d. like to make announcemt. next week.
Must ask H.C. to consider how to find time.

2. Meeting with Malenkov.

P.M. Message from A.E. Geneva. 898. Read.
Read further message from Eisenhower.
Decision must clearly await A.E.'s return. M. evidently is in no hurry.

3. Parliament : Expenses of Members.

RAB. The £100 tax-free automatic allowance must now be w'drawn.
Note to this effect shd. be included in W. Paper.
Retrospection. Suggest 24/5/54.

[Enter Att.G.]

4. Crichel Down.

a) Agricultural Land Commission.

T.D. Developed the case for continuing Agricultural Land Commission.
Tho' I propose to require them to dispense with quite a lot of land they
now administer.

M.F. Holding body is needed for purposes in para. 4.
Important also for advisory functions.

R.A.B. Need to go further into this. More drastic approach to review of policy
on land generally. Can't announce solution in debate, but cd. say it
was all under review. Expensive body. Prefer Scottish system. This

- hasn't bn. reviewed with enough vigour in light of scandals revealed in Rpt.
- H.M. Endorse that view – from political angle.
- Sw. Found statement on view tht. it's not business of State to own & manage land.
- T.D. Agree with RAB : but must proceed by stages.
- Sal. Paras 9-10. Means we shall spend large sums wh. we shan't retrieve in increased rent. Sh^d. we, as trustees, do this? Better sell it at lower price w'out sinking money in it.
- T.D. Will re-draft this section of my speech, in consultⁿ. with RAB & others.
- (b) Position of Officials.
- J.S. Opinion will turn v. Ministers unless he stiffens up what he has to say – on this as well as on policy.
- P.M. What is strength of feeling on this point?
- B.H. Considerable.
- H.M. Sh^d. make it clear that system, laying new burdens on machine, is largely to blame : and that we are going to change the system.
- T.D. Shall have to say somethg. re transfer.
- RAB. Ctt^{ee}. of 3 will report to-morrow. Cab. shd. consider wtr their report be published.
This will provide a bridge to get away from Minister's original statement (approved by Cabinet) that no further action will be taken.
- (c) Future Policy on Land Disposal.
- M.F. Revised statement now recommended : as in para. 5.
No additional enquiry on transfer to another Dpt. – para. 5 of Annex.
- R.A.B. Goes as far as we can.
Para 5 (a) gives discretion to Minister, which will have to be operated thro' officials. If we can't stand to that, we cd. only offer rule of automatic operation providing for sale by auction.
- Sw. Need it be restricted to previous owners "who establish special claim"?
- M.F. Those words qualify successor not owner.

- J.S. Add to statement : This will considerably narrow the area.
- M.F. Or, better, This will prevent another Crichel Down.
- P.M. Stress the argument that we are doing best to prevent recurrence. That will put in perspective the case for further punishment of officials.
- Sim. Repeat the view tht. State's duty is to dispose of land no longer required in best interests of State. "Special claim" is not judiciable – and opens door for all sorts of discretion wh. will invite criticism.
- Sal. "Special personal claim"?
- M.F. I wd. think that best of alternative suggested.
- Agreed. Followed by "his claim".
- W.M. "personal claim to special treatment"?
- Sal. Too special.
- Att.G. Para 5 of Annex needs more thght. Can't be assumed that 2nd. purpose is always justified. Don't accept para 7(b).
- M.F. Not by my words in statement. Stand by the words & make policy fit. Re-consider that, if need be.
- H.M. Sh^d. be a second enquiry. Purpose & circs. may be quite different.
- M.F. We cd. say we hope to substitute alternative procedure next Session on disappearance of D. Reg^{ns}.
Don't ask for approval of Annex report. That can be considered.
- H.M. We shall go at least as far as M.F.'s statement. We may go further : & that can be left an open ques.
- H.C. Content so long as door is not closed.

Agreed. M.F., RAB., Sal. & Att.G. to consider final form of statement on the policy ques.

(d) Future of Crichel Down.

- T.D. No retrospⁿ. But no legal bar to selling land to Martin subject to the tenancy, including obligⁿ. to equip the land.
- W. Not much of an offer.
- J.S. But offers the hope tht. one day he might get the land back. Believe this suggⁿ. shd. be made in debate.

T.D. It cd. only be sold to one of the previous owners.

(e) Continued Employment of Messrs. Sanctuary & Son.

T.D. Propose to ask Pres. of Chartered Surveyors to nominate someone to report wtr he acted properly. Report : no impropriety : but 3 grds for comment. For one Eastwood takes responsibility. Do the other two warrant dismissal? W^d. wish to consider, in consultⁿ. with M.F.

M.F. Effors of judgmt. probably warrant decision not to employ them further as agents.

(f) Form of Debate.

On motion for adjournment.

[Exit Att.G. H.M.]

5. Foreign Affairs.

- S.Ll.
- i) A.E. going to Paris to meet Dulles to-day.
 - ii) Egypt. No indication of E. attitudes to our latest offer.
 - iii) Germany. Bonn conventions ratified by Parlt. May have to separate the two. We have told French & they are not disturbed. Mention to H/C to-morrow.

[Exit Sim.]

6. High Commission Territories.

Sw. Cab. suggⁿ. incorporated in new draft.

P.M. Para. 13 Suggested amendment.

Sw. "Whatever view may be taken – and H.M. Govt. do not here express a view"

Malan is on holiday. Note can be handed to Forsyth, for onward transmission.

7. Industrial Disputes.

- W.M.
- i) 7/8.000 may be involved by unoff^d. strike at Margam. Another mtg. this p.m.
 - ii) National Newspapers. Mght be no newspp. on Monday.

[Enter B.H., Att.G. S.Ll.]

1. Geneva Conference – Indo-China.

P.M. Tel. 984 fr. Geneva. Seeking authority to conclude agreemt. despite some procedural differences with U.S., if the alternative is no agreemt.

Agreed – A.E. to be assured of Cabinet support on this.

2. Egypt.

S.Ll. Tho' E. are reasonable on both points, they are adamant on 7 years & 15 mos. respectively.

P.M. Don't mind short evacuation period, subject to view of military.
Prefer to insist on longer duration. {S.Ll. Pledged to give debate on
{heads of agreemt. But about 3
S.Ll. A.E. thght we shd. press for 12 yrs. {mos. betw. heads & conclⁿ. of
{agreemt. Therefore, cd. have
P.M. Hold firm on 20 yrs. until A.E. {debate on heads after recess –
returns. {unless these were concluded
{before 31/7.

3. Crichel Down.

P.M. Regret to inform Cab. tht. M/Ag. has offered resignation. I have agreed to submit it to Queen. This can be announced at end of his speech.

A becoming attitude, wh. will produce v. favourable re-action.

Will unite Govt. supporters. Your action will be applauded.

Regret this end to yr. successful adminⁿ. of M/Agric.

Express Cab.'s regret at losing you as colleague.

T.D. Only dignified way of ending this debate.

R.A.B. Will cause slump in confidence among farmers – and this will re-act at once on agricultural Members, who shd. have done more to restrain hot-heads in Party.

P.M. Ministers' original statement caused the trouble – and Cab. were all involved in that.

Att.G. On para. 36 of Minister's speech.
This point was considered by Cab., and sugg^d. tht. it was for considⁿ.
wtr public enquiry shd. not be held if owner had raised objⁿ.
M.F. said this was not excluded. Surely the point shd. be left open.
Sugg^d. add^l. words.

- M.F. Thght I wd. say this at end, if point were pressed.
No objⁿ. to its being said at outset. Don't commit ourselves to this –
we don't know wtr it is practicable.
- Sal. Para. 40-41. Suggest deletion.
- T.D. Have done so.
- P.M. Report of enquiry by J. H. Woods etc.,
Sh^d. this be presented to H/C.?
- M.F. Yes. Deals with particular cases. Propounds some salutary general
principles. Will help the Minister.
- P.M. On reflection, I agree tht. Cabinet is not suitable body to enquire into
such matters. This enquiry doesn't abrogate our responsibility.
- Agreed : (Report to be presented.
(Typed copy not to be given to first Opposⁿ.
(speaker.
(Copies in Vote Office when Minister sits down.
- [Exit Att.G. Enter O.P.
4. Old Age Pensions.
- O.P. Govt. amendment has bn. well-received this morning.
- P.M. How many realise tht. money will come from contributions?
- O.P. What shall I say on time-table?
On 26/5 said rpts. likely to be in by end/year. We now know
Phillips Rpt. will be subm^d. by end Nov. Sh^d. now like to promise
(hope) to announce our policy by end/year.
- H.C. Plans rather than policy.
- O.P. Actuary's Rpt. can be obt^d. at our discretion. W^d. aim to get both by
end/Nov.
- R.A.B. Confident we can include announcemt. in Queen's Speech. Detail wd.
come a little later. Motion goes a long way.
- H.M. Avoid disappointment on the amount.
- O.P. Ll.G. has said 1946 purchasing power = only 4/=. We can satisfy that.
- P.M. Emphasise increased contribution.

[Exit O.P. B.H.

5. Civil Expenditure. [Enter ALB., I.Mc., D.E.]

- Sw. Target of £100 M. was raised to £125 because of increase in forecast exp^{re}.
Our proposals wd. save £113 M.
Only 3 wd. need legⁿ.
Doesn't exhaust whole field – C.D., Strat. Reserves, M/S. civil & can, if necessary, return to those on basis of D.P. Cttee. report. Moreover, central/local Govt. finance – tho' not immediate, it wd. enable rate of Govt. grant e.g. on educⁿ. to be reduced.
- W.M. i) Most concerned about proposal v. bread.
W^d. it be wise to give this political cry to opponents before an Election?
In industry : will cause trouble on wage-claims. Not because .29 of a point in c/living is so grave, but because psychological effect of 1^d. on bread. Can soon lose £10 M. in wage increases.
W^d. also tend to worsen relations in industry. T.U.C. rpt. on econ. sitⁿ. is likely to stress import^{ce}. of avoiding increases in food prices.
ii) 10% cut in Dplt. Inf. staffs. Can't take that – in addⁿ. to general staff cuts. Sub. para. o.
iii) Sub para p. Have got about £900,000. Shall find it hard to go further.
- Sw. On ii) don't take 10% too seriously. Will be a ques of cutting the those staffs which make least contⁿ.
- I.Mc Accept cut in capital expenditure on hospitals.
Prescriptions. Diff^y. is solely political. Burden falls on those who are most ill.
Most concerned about m'tenance exp^{re}. on hospitals. Their claims will total much more than my estimate of £4 M. It can be cut below that. But not to £1 M. This includes pay and distinction awards wh. must be met. When figures come in Nov., I will examine with aim of getting it below £4 M. : but can't promise to go down to £1 M.
- J.S. Same is true in Scotland. Ask for it to be open until returns are in – Nov.
- Sw. Impressed with case tht. may be room for false economy here. Hope Ministers will do their best.
- J.S. Prescriptions. Pity we didn't do it when l/c charge was just imposed. W^d. cause political trouble.
- P.M. Increase in bread price – terrible result for Tory Party : wd. probably lead to Socialist victory and thus more expenditure.
- R.A.B. i) Bread and Flour.

Judge all this v. background of Budget. Drain of agriculture on it threatens stability of agricultural policy because taxpayer will revolt v. it. Only means are red^{ns}. in Annual Reviews or levies (wh. were Conservative instrument pre-war). I advocate levy & it has consequence of increase bread price. W'out levy you must depend on annual tussles with farmers. Answer to M/F is : we aren't shirking bread price increase.

Bread subsidy costs £40 M. A non-pol decⁿ. wd. be to abolish it altogether.

On M/L. objⁿ. I don't expect instability in c/living index. I wd. risk small rise, for sake of reducg. unsound bread subsidy.

Public don't need £85 M. subsidy on milk & bread. They are spending much more on tobacco & t.v. Concealing real price of food is not sound social policy. Working man won't notice this rise. Econ. price of bread wd. be 1/8 per 3½ lb. load.

My preference is to do both – for saving of £18 M.

ii) Health Services. Ready to seek agreement on figure for m'tenance with the 2 Ministers.

- Sal. Education. Technological educⁿ., wh. recently has had a little encouragemt. is now to be slowed down. Don't jerk it up & down. Let us at least have a steady rate. Otherwise Universities will go ahead & then be jerked back.
- RAB. This is only a cut on a fwd. estimate. Recurrent grants won't be touched. Shall save on some bldg., which is non-technology! Only means a little delay in starting bldg. projects. W^d. like to inform Cab. – circulate a note.
- W. Am satisfied with proposal.
- F.H. School meals (£4 M). Cdn't get it all in first year. From Party angle it will be difficult. The charge was 7^d. when we came in : if we make it 1/=, it will be hard to m'tain there is no increase in c/living.
- W.M. I cd. not be associated with an increase in price of bread. I cdn't remain in Cabinet.
- H.M. Thght this was an exercise carried out unusually early in year – to see what we wd. have to do to secure a given economy. We shan't decide until we have balanced all the risks etc.,
- R.A.B. M'while expenditure rises & commitments are accepted.
- P.T. Present level of taxⁿ. threatens our power to m'tain exports. Unless we can find some means of saving about £100 M. Budget can give no comfort to industry. Must face this soon.
- Sw. No good expecting us to find the money by easier means. There aren't any.

- W. Para 2 of L.I.G.'s memo. He gives £25 M. without the levy on flour.
- H.C. C^d. you put ½^d only on bread (vice 1^d.) and increase sugar by 1^d.
Defend it by undue consumption of sweets.
- Sw. Can you raise normal loaf by ¼^d?
- W. No., not now.
- P.M. Cdn't begin to clinch this discussion in absence of A.E.
Let us reflect on this, in light of discussion.
Must consider general background – which is one of prosperity, with
lush exp^{re} on tobacco & T.V. No feeling of alarm or threatened
bankruptcy. High empl., & prodⁿ.
- Sw. All of which provokes hope of reduced taxation. Which can't be
realised because Govt. expenditure continues to rise.
- R.A.B. All these economies cd. be realised with little disturbance,
save only bread/flour and prescript^{ns}.
x| I will identify those items on wh. dec^{ns}. must be taken before Recess &
put in a note w'in 2 or 3 days.
Will consider bread. But want also general blessing for approach in
report.
- P.M. Suspend decision until we have report on defence exp^{re} – when A.E.
will also be here.
M'while let us do x/. by all means.
- Sw. * Reserve A.E.'s posⁿ. on O. Informⁿ. Services and technical assist^{ce}.
- A.L.B. £1 M. on Tubes. Work has bn. going on for 2 yrs : contract let : will
complete next year. Can't stop it now.

[Exit D.E., I.McL.]

6. Gatwick Airport.

- ALB. Favour announcg. before Recess tht. we are going ahead.
- H.M. Difficult. de. L. has views & shd. be here. He thinks Horne wd. be
better.
- ALB. Cab. Ctt^{ee}. considered & rejected Horne.
- H.M. Supposing de L.'s view is again rejected, there are 2 views on ques wtr
we shd. announce a decⁿ. so rapidly. We rec^d. it only on 24/6.
W^d. local objectors think we had given it due attention. W^d. be thght
these enquiries are only a sham.

Chairman, Surrey Co. Council has written : apprehendg. tht. M/C.A. will announce as soon as House is up tht. he is going ahead.

A.L.B. I wd. have seen him anyway.

Sim. Cab. Ctt^{ee}. were clear tht. Gatwick was only practicable choice.

A.L.B. Urgency about Ldn Airport – dangerous congestion demands alternate long before developmt. of helicopters.
Agree prs. this is too hurried. Ready to wait about a month & announce in Recess.

H.M. Let it be taken at a Cabinet in September.

A.L.B. V. well – so long as it doesn't wait until October.

Agreed : Consider at a Cabinet in recess (end of August)
– de L. being present – and announce decision
before House meets again.

1. Parliament. [Enter B.H.]

H.C. Business for next week.
Recess. Re-assemble 19/10 : Prorogue 26/11 : New Session 30/11.

A.E. W^d. 26/10 do?

H.C. No : wd. throw new Session to 6/12 : & Address wd. prevent any legⁿ.
being started before Xmas.

P.M. Repn^{ns}. from 1922 Ctt^{ce}. tht. little legⁿ. be taken next Session.

Agreed : announcement may be made (Monday) of date
of re-assembly.

2. Egypt.

H.C. Pressure from Suez rebels for opportunity to debate heads of
agreement.
May be debated on adjournment for recess.

A.E. Have promised them chance of debate on heads. Must stand to that.
Means I can't conclude treaty before Oct. But I won't feel precluded
from re-deploying troops m'while.
I agree tht. I cdn't sign the Treaty before House – re-assembles.
I recognise tht. their chance wd. diminish if re-deployment had begun.
I wd. not think it right to re-call Parlt. to debate the heads.

P.M. Much to be said for re-deploying regardless of agreement.
Cdn't accept delay until Oct. on that. Function of executive Govt.

Agreed : take that line if it's raised on Thursday.

3. Parliament : Members' Expenses.

RAB. May I negotiate with Trustees of Members' Fund. – on pensions.
One mtg. before recess.

P.M. Yes – w'out commitment.

4. Washington Talks : Meeting with M. Malenkov.

P.M. Must settle reply to R. message of 5/7.
Discussed with A.E. following reply. Read draft. Suggesting early
September, and Berne, Stockholm & Vienna in that order.

- Sal. Realise gt. effort by P.M. & A.E. to meet diff^{es}. wh. some of us feel. But hope no message need be sent now leading up a firm proposal for bi-lateral talks.
At first discⁿ. I was mainly concerned with constitutional aspect – Cab not consulted. On reflⁿ. I find intern^l. repercuss^{ns}. even more disturbing. Some people think R. is now gtest threat to peace. I don't. I think main danger is fr. U.S. – tht. they may decide time has come to bring issue to head while they are vulnerable.
During this period, supreme object of policy shd. be to preserve unity of West. How expect U.S. to respect tht. if we approach R. w'out prior consultⁿ. What shd. we think of such an approach if made by other? Surely, free to take independent line. cf. A.E.'s reaction to F.D.'s proposal to convene mtg. on S.E.A.
This a.m. Moscow announcemt. on results of Geneva. It makes points i) no problem wh. can't be solved by conference. Good – but ii) constant attacks on U.S. aggressive policies.
No further message w'out consultⁿ. with Allies.
C^d. reply tht. Moscow announcemt. needs review by us – changes sitⁿ.
- P.M. Read again Eisenhower's message in reply to meaty message. In view of that can't be said there has bn. no consultⁿ. (“not a word to”) U.S.
- Sal. No word was said before the approach was made to Molotov.
- P.M. Much said informally (tho' with no time factor?) in W'ton.
To D. as well as Eisenhower. I mentioned bi-lateral recce as well as eventual 3 Power. They knew what was in my mind.
I consulted A.E. Gained impⁿ. tht. altho' he wd. not have initiated it, he didn't disapprove. He cd. have insisted on reference to Cab.
- A.E. I sugg^d. that time & again. It was my view tht. they shd. be.
- P.M. You cd. have insisted. Or insisted on incldg. that in message to RAB. But I thght it better tht. I shd. take responsibility alone for first approach. Didn't wish Cab. to be committed.
This was not a new idea. Draw attⁿ. to debate of 5/4/54. Words “immediate initiative” & our views publicly exp^d. on them are of special importance. The resolution was carried, with those words. Thought it in best interests of Cab. tht. I shd. explore the ground on personal basis. A rejection wd. have set my conscience at rest & not involved Cab. But we received a v. friendly response.
And I believe they will accept a formal proposal.
Don't admit tht. my action was improper. If Cab. thght so, I shd. have forfeited their confidence & shd. resign.
If they answered ‘come to Moscow’, I shd. decline – have made that clear to Eisenh. May be they cdn't bring several out. My para. 3 implied tht. they cd. bring more of them to a neutral mtg. place. They may need more than in Stalin's day.
Ask Cab. auth^y. to send this as personal and priv. message to M.

- Sal. Can a P.M. take action wh. may profoundly affect of future of country w'out prior consultⁿ. with Cab.
- P.M. Not prep^d. to answer that.
I was of the opinion tht. this concerned me alone. I have done nothg. unconstitutional.
What of Sal.'s readiness to go on with H. bomb prep^{ns}., w'out knowledge of full Cabinet.
- Sal. That was a provisional decⁿ. wh. was to be reported to Cabinet.
I have bn. bred in principle of prior consultⁿ. with Cab. on matters of importance wh. a P.M. was disposed to do.
- P.M. Must have decⁿ. – if not to-day, early next week.
- A.E. Serious passage in R. announcemt. Hostility to U.S.
My posⁿ. I don't believe anythg. of value can come of this mtg.
Topics won't yield results. On Eur. ques R. attitude is closed.
On G. they stand on Berlin Conf^{ce}. attitude. What they are ready to discuss is – abolition of H. bomb, China in U.N., their security plan for Europe. Tel. sent round (1781 Paris) this a.m. – giving a/c of M. France's talk with Molotov: all the same topics & same negative attitude. On Eur. they aren't ready to budge.
On other hand, P.M. wants to do this & thinks some result may be achieved. If P.M. persists, ready tht. attempt be made so long as mtg. is not on R. soil.
Nature of R. system. Looks like 3 or 5 men with divided responsibilities. This may make them reluctant to leave R.
I was not opposed to dispatch of message as drafted.
But wd. like to study new announcemt. over w/end. May be more diff. to make this approach at a time when R. are openly showing such hostility to U.S.
If we reply as planned & they offer to meet outside R. we mght have to say we can't meet while they continue to abuse our Ally, U.S.
- H.M. Hope we may defer decision until next week.
- O.L. Sitⁿ. being same, mtg. project must go fwd. (my view).
No interference with P.M.'s comm^{ns}. – or Cab. collective response.
But for future – we can't break Govt. up on basis tht. colleagues prevented P.M. fr. takg. this chance of preservg. peace.
Only a new factor can let us out of that dilemma.
- R.A.B. Don't anticipate Cab. crisis. Believe R. will answer with invitⁿ. to Moscow – & that wd. end it.
Feel tht. final pos^{ns}. shd. not be taken at this stage.
This isn't such an unusual manoeuvre. A.E. has had much contact with Mol. Contact by P.M. is not so much more.
Warning given in speech of 11/5.

My personal posⁿ. I made comment & despatched tel. w'out consultg. Cab. That must rule my future action. Have expl^d. to P.M. why I did what I did : but don't want now to go back over it. Ready to explain to any colleague who wants to discuss it.

Need to hold Party together at this time – v. diff. sitⁿ. at home & abroad.

- H.C. All placed in gt. diff^y. Cab. weren't consulted on speech of 11/5. Ques of timing. Message fr. P.M. bearing same date as R. announcemt. on Geneva wd. be gravely embarrassing if it leaked. Hope therefore there may be delay.
- P.M. Speeches are often made w'out consultⁿ. with Cab. cf. A.E.'s speech before W'ton – peaceful co-existence & Locarno. Hardly practicable to have all speeches vetted in advance.
- H.C. No – but novel & startling idea was put out in May 11 speech.
- H.M. Share Sal.'s view on procedure followed. But past is now less important than future. Let us concentrate on that. If R. accept, it will be because they see chances of driving wedge betw. us & U.S. still further.
- Sw. Agree with O.L. and H.M. Most important thing is Anglo-U.S. rel^{ns}. Nothing cd. harm them more than break up of this Govt. now on this issue.
- M.F. Hope A.E. can tell us effect of mtg. on feeling in Europe.
- A.E. Sh^d. have to tell Fr. & G. what we intend. They won't like it. Will be damaging. Shall need to "handle it". P.M.'s suggⁿ. of date was designed to give time for E.D.C. debate to be completed.
- W.M. If I had bn. consulted on message, I shd. have agreed. But – future. U.S. know tht. approach has bn. made. Eis. doesn't dispute your right, tho' he doubts the wisdom. If we don't proceed, do we give R. chance of embarrassg. us by disclosing tht. approach was made & w'drawn. Hope may be slender. But if decision had to be taken to-day I wd. say that, havg. gone so far, we shd. go on. Welcome delay until next week for R. announcemt. may at least indicate need to alter tone of our reply.
- H.M. If we think R. refusal wd. get us out, argument for makg. a formal approach now – so tht. we cd. publish reason for failure. We mght feel precluded from disclosing private messages.
- Ll.G. Defer until next week. If R. announcemt. is official, cd. hardly send message to-day – wd. suggest we didn't care what effect on U.S.

- P.T. Govt. mustn't disintegrate on this. That wd. do serious damage to Anglo-U.S. rel^{ns}. We may have to go fwd.
- F.H. P.M. said in debate "immediate" doesn't commit us to act at unsuitable time.
- W. W^d. P.M. think it right to ask Eis. to say wtr R. announcemt. (if official) has altered his latest message.
P.M. saying its purely personal doesn't help. The country wd. not believe tht. this was not Govt. responsibility. And, now we have bn. consulted, it can't be treated as private. Action has bn. taken & we shall have to follow it up. W^d. be ready to assent to this message if I was assured it wdn't damage Anglo-U.S. relations.
- H.C. Agree tht. no point in raking over past. So long as it's clear that he was not alone in his view tht. this message shd. not have bn. sent w'out prior consultⁿ. with Cab.
- H.M. Agreed.

Agreed : meet again on this at 11.30 a.m. Monday.

5. Indo-China.

- A.E. i) Difficulties of hand-over. Large Comm. controlled posⁿ. in S. to be transferred.
ii) Laos & C. Not much to be done for V. Nam.: elections will be won by Ho. Ch. M. The other countries are not in that posⁿ. If they have self-determⁿ. they won't be Comm. esp. Laos.

Comm. will w'draw their 5 batt^{ns}. fr. there.

Irregulars, not more than 4.000 will be w'drawn into 2 provinces in north. It is remote, mountain country. Best plan we cd. make. After elections next year, they will be absorbed.

Agreed tht. Laos shall have Army & tht. Fr. shall train it, with 1.500 offrs & n.c.o.'s Fr. also to have 3.500 troops in the 2 Fr. bases, one of which is to be moved.

Essential to this protective pad tht. U.S. shd. not attempt to come in at all into L. & C. – which they will be tempted to do.

Bill Donovan is now in Bangkok. B. Smith is alive to this danger.

6. Egypt.

- A.E. Doubt if our side of negot^{ns}. is being handled firmly enough.
W^d. be happier if a Minister went out. A.H. or S. Lloyd.
Largely a military problem : A.H. knows it well, suggest he shd. have C. 251 as a basis.

P.M. Prefer to send A.H. From propaganda angle, it wd. help to show tht. mil. not merely pol. cons^{ns}. rule our attitude.

Agreed : A.H. to go, if willing.

RAB. Talks with civil contractors. Will be v. expensive. Won't check pilfering.
Tel. 837 : E. equally ready to have mil. techn. in pl. clothes.
Cdn't we go back to that.

P.M. That wd. be worst of both worlds. Exposes troops w'out giving them protⁿ. of uniform.

H.M. Cd. we not form a co. of our own.

A.E. Will warn A.H. of that point.

[Enter BH.]

1. China : Attack on British Aircraft.

A.E. Ch. have apologised & offered to pay compⁿ. Say they mistook it for a Chiang aircraft. Prob^{ly}. true.

2. Washington : Visit to M. Malenkov.

P.M. Soviet note is a new event. Their proposal for 32 Power conference. Relevant because clear, fr. conclgd. paras, despatch was decided after end of Geneva Conf^{ce}.

A.E. has [preliminary] alternative draft answer to Sov. note of 5/7.

Note is designed to stop E.D.C.

Drafts prepared by AE & P.M. read to Cab.

Must be made clear tht. my proposal is in abeyance m'while.

Don't regret my approach – was consistent with what I have said in public.

Suggest Cab. approve in principle – AE & P.M. to settle drafting.

A.E. Will put us in strong posⁿ. vis-à-vis Russia.
Sov. note is intended to cause diff^{ies}. in G. & France – and prob. will.
If we don't get G. anchored to west, we shall lose them.

Sal. Happy to assent to the answer proposed.
This is new sitⁿ. If Soviet note fails, another new situation.

H.C. Why mention places.

A.E. To make it clear we won't go to Moscow.

3. Atomic Weapons Programme.

Sal. Outlined nature of p'mme, and implications (staff).
Extra materials - thorium, tritium, heavy water. Steps taken to get them : but we cd. sell to U.S. if decided not to go fwd.
Possession of up to date nuclear weapons is essential to position of a great Power.

H.M. Agree we shd. go ahead. Sh^d. consider what line to take in public.

L.P.S. V. reluctantly, I agree. I'm not wholly persuaded.

4. Egypt : Defence Negotiations.

- H.C. Two or three opport^{ies}. for the rebels to raise debate : e.g. Friday with spker's permⁿ. or Thurs. Pressure for earlier re-assembly is prs. most likely.
- B.H. Opposⁿ. may now ask for E Affairs on Thurs., vice Disarmament.
- A.E. Promise made at Xmas time. Opportunity to debate heads – but said I cdn't undertake not to go on m'while with prepⁿ. of Treaty.
It is w'in power of Executive normally to sign a Treaty : I am therefore makg. a concession in saying tht. I won't conclude Treaty before debate.
Only alternative is to offer to recall Parlt. to discuss "heads".
If by any chance A.H. concluded agreemt. on heads by Wed. p.m., it wd. be possible to debate them on Friday.
- A.E. Read Cairo tel. 864.
Support A.H.'s view. Improved Cl. 8 wd. be better than longer duration.
- P.M. 18 months fr. signature of Treaty mght look better than 20 fr. heads
- A.E. (Verified) period runs from Treaty.
- P.M. Make it clear to H/C. tht. offer of debate on heads in no way affects liberty of HMG. to move troops as in their judgmt. circs. require.
- A.E. We must retain freedom to move.
- R.A.B. Again whined about civil contractors. Is it too late to go back to military technicians.
- O.L. Depends on the man you get to run it.
- R.A.B. Can W.O. be required to keep cost down.

[Enter Birch.

5. Cyprus.

[Exit B.H.

- O.L. P. 6 ques. put to C.O.S., whose answer is tht. it is militarily necessary tht. Cyprus shd. remain w'in Br. sovereignty.
Memo. therefore starts fr. posⁿ. tht. we can't discuss sovereignty.
What then shd. we do? Limited constitutional advance (para. 14) in place of the much more liberal constitution offered in 1948.
They may refuse. Then we carry on with nominated members, but with advantage tht. we have made the offer.
- P.M. Sh^d. we consider wtr Gk. flag shd. fly with British.

- O.L. How wd. Turks re-act to that? Anyway, no historical basis. Hasn't bn Greek in 3,000 yrs.
- A.E. Serious situation qua Greece. This is 1st. time a Gk. Govt. has taken this up. V. ungrateful – as we got them Dodecanese.
Belive not much Press & radio for our pt. of view. Much we cd. say as cpd. with Gk. regime. When this comes out, a vigorous propaganda drive wd. be worth doing.
U.S. won't want to embarrass us – they will try to help.
- O.L. Statement. Annex 3. Para. 2. Shd. words in [] be kept in?
- A.E. Final sentence is open to doubt. Opens a flank. It's not our only reason. Main case is it's Br. property.
- Approved : O.L. & A.E. to settle text of announcement.
- Sw. Firm declⁿ. re sovereignty wd. be better qua carrying India in U.N.
Doms. to be informed in advance.
- [Exit Birch
[Enter P.M.G.]
6. Television Authority.
- P.M. Lord S. wd. not be good Chairman. No experience – has bn. abroad for years.
- P.M.G. Re-assuring because M/Edⁿ. experience. Tory appt^d. to Ceylon by Labour.
Tact rather than drive is needed.
- P.M. Hudson wdn't do it. Law wd. hardly do. Elliot wd. be effective & has advantage of friendship with Jacob. Believe he wd. like it. Has bn. in U.S. for some years. Prob^{ly}. acceptable to Labour.
- W. This body must attract commercial confidence. Will need to raise £3M. or so. Chairman must be known for competence, rather than politics. Also composⁿ. shd. be reviewed from this pt. of view.
- P.M.G. C^d. it be agreed tht. Soulbury be appt^d. if Elliot declines?
- Sw. Remainder of Bd. must be strengthened. Their problem will be to get people to go into this. This will turn on having business-like Board.
- PMG. Sir Charles Colston wd. be welcome, in place of Ch. Accountant.
- R.A.B. Want an accountant. Berry or Hutton.
- W. Suggest L^d. Derby.
- PMG. Better as chairman of one of the Companies.

Also he has bn. prominent in the controversy.

W. Why not have on this Bd. some people who believe in it. Who on this list is going to put the drive behind it?

F.H. Not Hardman – he wd. not enhance reputⁿ. of B^d.

W. Colston vice accountant.

RAB. Yes : if firm of accountants can be appt^d. as advisers to B^d.

Agreed : P.M.G. to ask Elliot.
List of members as amended in discⁿ.

1. European Defence Community. [Enter B.H.]

A.E. Discussed E.D.C. with Massigli last night. Not unpromising. M. France plan : either i) agree some amendmts. with EDC Powers & make them after ratification. Ratifⁿ. then prs. by end/Aug. If that fails ii) he will consult us in Aug. on alternatives.
Separation of Bonn Treaties. P.Q. y'day. Will be raised again Thursday.
Suggest we then say it doesn't involve G. re-armament and need not therefore involve recall of Parlt.

2. Egypt : Defence Negotiations.

A.E. Tel. from A.H. Cairo 870. They have accepted 20 months. Means 2 yrs. from now because dates fr. Treaty. Hopes for better Clause 8 – expects agreemt. on that. He may finish to-day or to-morrow.
Sh^d. therefore be poss. to make statement Thurs. & have it debated in first half of Friday.
Good thing to get it over before recess.

J.S. They may ask for it to be taken at once – after 7 p.m. on Thursday.

A.E. Friday wd. give them more time to consider.

B.H. C^d. be no vote on Thurs : there cd. be one on Fri. – and we shd. have poor majority.

H.C. W^d. wish to consult Oppⁿ. on choice of day.

[Exit B.H.]

3. Housing Subsidies.

H.M. This year 360,000 houses will be completed. Next year is more doubtful because uncertainty introduced by rapid growth of private enterprise bldg. 130,000 of these may be built next year.
I want to expand this, but be able at same time to say that l.a. houses are still being built in nos. as large as those reached by Labour Govt. Want to keep those above the 1951 figure.
Must therefore steady l.a. p'mme. Two methods – i) administrative on "allocation" ii) financial : differential subsidy rates. Saving to Exchequer is not v. large – prs. £1M. p.a. when scheme is running. Fr. pt. view of future ii) is better method.
But, even tho' Cab. agree with that view, timing shd. be considered. (i) wd. be less noticed by public. C^d. manage that way this year.
Bldg. industry is resilient. Always does more than seems possible on statistics.

- O.L. Timing. Governed by people's feeling on housing shortage. There are still some hard cases. They shd. soon be met. That will be time to introduce (ii). Doubt if public opinion is quite ripe for it.
- H.C. (ii) is right method : shd. apply it as soon as we can.
But Party view (as judged by M/H) is that this wd. be unpopular. Our people have enough to do now in explaining Rents Bill.
W^d. prefer therefore to use method (i) this autumn, and put (i) forward as policy at next Election. That wd. avoid legⁿ. next Session.
- R.A.B. Qua national economy (ii) is right – & shd. be done as soon as possible.
Housing is using too much of resources of bldg. industry. Industrial bldg shd. have bigger share. Favour earlier action, rather than later.
- A.E. Accept the principle. But in some areas shortage is as great as ever. e.g. in Midlands because of industrial expansion. Situation differs fr. one area to another.
- H.M. W^d. be content to have this policy (ii) approved, but to leave over until autumn a decⁿ. on timing.
- F.H. Method (i) enables geographical discrimination to be applied – more effective for that than method (ii).
- P.T. Content to accept p'ponemt. of decision until autumn. But want (ii) applied as soon as possible.
- J.S. In Scotland we cdn't apply (ii) yet. P'ponement wd. suit me.

4. Defence Expenditure. [Enter J.T., de L., Hutchⁿ., Birch., D.S., C.O.S.]

- Sal. Proposals in paras. 4-9. Services have made gt. efforts.
Draw special attention to para. 9.
The gap : £130 M. Towards this £80 M. might be found if we made no provision for G. costs. Unlikely tht. it wd. all be needed – & cd. be met by Suppl. Estimate.
M/Def. is convinced no further substantial cuts can be made (§.17). Integrⁿ. with Comm. is for Sw.
Refer to memo. by M/Supply. Para. 5. Ctt^{ee}. proceeded on basis that this had all bn. considered by M/D. & it was not for us to do his work all over again.
- D.S. Proposals are of enormous importance.
W'in t. of r. of Ctt^{ee}. to consider balance of effort. Think they still should do so. Either Cab. or Ctt^{ee}. shd. surely look at this issue. Shall be open to searchg. criticism : must be ready to defend proposals.

- de L. Time has bn. too short to allow discⁿ. of synthesis of proposals.
We shd. go into it – but quickly.
- R.A.B. Suggest Cab. shd. take definite decision on what is in Rpt.
Further examⁿ. cd. continue.
Services have done their best. But Ctt^{ee}. did not probe into M/D. or
Service Ministers.
Doubtful re size of Bomber Force.
£1640 this year : £1630 next – won't look like “substantial relief”.
Shall be doing little more than compensate for increased costs.
Ready to make no allowance at first for Germany. Gives £1550 – and
a contingency of £30-40 M. for G. A total of £1590 wd. deprive me of
chance of tax relief.
Accept this report pro tem. But consider what more mght. be done on
lines of M/S. memo.
- A.E. Public will be shocked – e.g. reduction in Fighter Command.
Will need v. careful presentⁿ.
Bombers. Have we not to rely mainly on U.S. for this?
Not convinced tht. 240 figure shd. stand w'out re-examinⁿ.
Believe we shd. discuss with U.S.
- C.A.S. U.S. total bomber force is 2.000.
- D.S. Redⁿ. wd. come at far end.
- A.E. Yes : but don't get committed now to 240.
Germany. If EDC came in by 1/9 (earliest) cost to us wd. not exceed
£60 M. If it came in on 1/1/55 cost wd. be £30 M.
Stress need for v. careful presentⁿ.
When will we have an effective new fighter? Or must we reconcile
ourselves to fact tht. deterrent is our only defence.
- Sw. Effect in Commonwealth. W^d. need v. careful presentⁿ. to Doms.
Para 19 of C.O.S. report. Doms. haven't faced that. We have
encouraged them to look to us for supplies.
Cdn't launch this policy here w'out full consultⁿ. with them.
Mght cause them to switch their reliance to U.S. – for equipment etc.,
Consider pol., as well as mil., consequences.
- M.F. Drew attention to para. 12. Contrast with cut proposed in para 13.
Para. 18. C.D. policy must be presented as part of a revised defence
policy as a whole.
Only a presentⁿ. of great weight & authority will get this across.
Must be sure of keeping morale & opinion steadily behind such a
policy.
- Sal. But, even with drastic proposals made, we still haven't closed gap.

- P.M. In principle, deterrent is right. But if, to achieve that, you have to strip away what defence you have – it becomes v. diff. to justify to public opinion.
- D.S. This plan doesn't involve disbanding air defence.
Deterrent is, not only our power to attack, but same power to thwart a surprise attack.
- P.M. Main deterrent is from U.S. – ten times the strength we plan.
- D.S. No magic in 240. But we can't leave to U.S. wholly the role of counter attack on R. airports fr. which attacks on us may be delivered. There is a minimum force which we must have.
- P.M. We shd. devote next 2 months to study of disputable elements.
M/S. memo. indicates need for this. Review of distribution of available resources.
Suggest small Ctte. – Sw., M/D., M/Supply shd. do this and submit recomm^{ns}. to Cab. by mid/September.
They shd. take full a/c. of fact tht. U.S. will be our Ally.
- R.A.B. This was worked out on basis of new strategy.
- H.C. Hope no W.Paper need be presented until Feb^y.
- de L. Ready that plans shd. go fwd. on basis of report, while detailed study continues.
- Birch. Consider impact on public when draft W. Paper is ready.
- RAB. I may just be able to do what I want on this basis.
- D.S. C^d. we not approve £1630 : but consider wtr any more can be found & be allowed to consider p'mme adjustments in process.
- R.A.B. M/D. & Serv. Ministers have agreed on this p'mme. Need we put it all into melting pot? Can't we accept what is proposed. Also, can we have a chance to consider yr. suggⁿ. of a new Cttee.
Need for early decisions if savings are to be secured on prodⁿ. p'mmes.
Suggested { Suggest this report be approved as basis for prepⁿ.
decision for { of Estimates & for prodⁿ. p'mmes.
today. { M'while let us examine M/S. points & any raised
{x| in discussion. Hope for some further savings.
{ Let us also see draft of W. Paper to see what it
{ looks like.
- No overt action w'out consultⁿ. with Cabinet.
- Sw. May we discuss with RAB., Sw., M/S. & Service Ministers procedure for x/.

1. Russia : Good Will Delegation. [Enter B.H.]

Sim. Speaker and I have rec^d. y[']day invitⁿ. to send Parl^y. delegation to Moscow.

H.C. I had tentative enquiry fr. Ambassador 2 wks. ago.

Sim. Will consult F.O. on terms of reply to be sent.

A.E. They asked for agricultural delegⁿ. to go : I assented, but dissented from suggⁿ. tht. a Minister shd. accompany it.

2. Egypt : Defence Negotiations.

P.M. Leader in D. Herald. Labour Party intend to oppose the agreement. They gave notice last night.

A.E. They were waspish : they didn't say they wd. vote v. it. My view is tht. they will abstain.

B.H. All steps taken to mobilise big Tory vote – to-morrow.

H.C. Labour offered to drop steel debate to-day to give us time to debate Egypt. Offer seemed suspect. We have therefore decided to table a Motion approving heads of agreement – for debate Thurs. in advance of Consol. Fund Bill ending at 7.30 p.m. or 8.0. p.m. They may devise amend^{mt}. which wd. cause some of ours to abstain – & we mght. then be in minority.
Can justify our refusal of their offer : House wd. be assembling to-day for announced business & wd. have cause to complain if they were plunged at once into debate on Egypt.

P.M. If Govt. were defeated, House wd. have to adjourn after division on 29/7.

H.C. C^d. try to get it thro' – after promising debate on Friday on vote of confidence. Mght even get Consol. Fund Bill on the nod.

R.A.B. W^d. prob^{ly}. go thro' on the nod if put from the Chair.

3. Germany : Bonn Conventions.

H.C. CRA has asked if Parlt. wd. be recalled if Bonn Conv^{ns}. are bight into force during recess. Propose to say Parlt. will have chance to debate before the separating agreemt. is ratified & comes into force.

- A.E. Hope time-table will work out in such a way tht. won't be necessary to recall Parlt. for that purpose.
- P.M. Don't like this growing practice of committing ourselves in advance to recall in certain circs. Sh^d. be left to discretion of Govt. & Speaker.
- J.S. Even if this is a safe bet, on time-table, it's bad precedent for future.
- A.E. This formula doesn't pledge us to recall. We cd. make the Germans wait until October.

4. Parliament.

- H.C. Business for first week after re-assembly. Subject, of course, to change.

[Enter I.McL., A.L.B.,
Att.G., D.E.]

5. Legislative Programme for 1954/55.

- H.C. Party expects legⁿ. to be as light as possible & Session to end in July. Means only 26-45 days for legⁿ. V. short.
Broad issue – do we go on with D.R. project : can we do it all next Session or shd. we omit the Land Bills. Or, do we leave this & select Bills from Class D.
First course means 7 Bills, all of which wd. be opposed by Labour.
- Sim. County Court Jurisdiction. This is urgently needed. Recommended by Evershed Ctt^{ce}. in '49 : drafted by Labour Govt: wd. be non controversial. W^d. be useful & popular.
- A.E. Must not overload p'mme. – esp. since new Bills will arise.
- M.F. W^d. be gt. thing if we cd. redeem our pledge, & dismantle whole structure. Must get rid of D.R. 55 before Election.
C^d. we not go on with Bills, reducg. them to minimum?
If we do only half, we shall have to leave some Regs. & all ancillaries. Much less attractive result to present.
Effect of Crichton Down – turn p. opinion in favour of freedom.
- J.S. Support full effort.
- W. So do I.
- R.A.B. V. heavy task. Land legⁿ. will be controversial. Temp^y. Bill offers many opportunities for debate. – review of whole economy. Won't be much time for anything else.
If we do only part, shd. we go for Economic group or Land?

- M.F. If forced to choose, I wd. end D.R. But then we shd. have Land Reg^{ns}. prominently in force – with v. awkward pol. results because of Crichton Down controversy. Land Bills have bn. heavily pruned by H.A. Ctt^{ee}∴ remaining powers are not v. controversial.
- H.M. Tories will like D.R. 55 Bill better than Land Bill.
- Sal. You cd. cover much of the land needs in temporary Bill. That wd. have advantage of extinguishing the general powers.
- A.E. Can you estimate Parl^y. time required?
- H.C. V. long – & wd. necessitate time tables.
I wd. favour doing 55 & leaving Land Bills over.
- R.A.B. If we did none of this, we cd. do Road Traffic Bill.
- ALB. Which wd. be popular, tho' long & controversial.
- M.F. Freedom.
- RAB. Support philosophy : concerned about time.
- A.E. We have done a lot : cd. say we wd. complete it after Election.
- H.M. Must have Requisitioned Houses Bill anyhow.
- J.S. Go on with prepⁿ. of D.R. 55 Bill & Requ. Houses – and see wtr we can get it through.
- W.M. Nat. Service Acts (Amendmt.) – for skulkers abroad.
Will be opposed only by pacifists.
- H.C. Put it in Class D. Was overlooked.
- W.M. Class E. Three Bills on Gowers Reports. They are unlikely to go fwd. Memo. on Occup^l. Health Service. If we don't do anything, we shall be criticised in T.U.C. circles. I shall have to do somethg tentative w'in my own field.
- I.McL. We can ride diff^{ies}. with T.U.C. – partly by M/L. admin^{ve}. action & partly by saying Gillebaud Rpt. will be relevant & we must await it.
- P.M. Unlikely to be good feeling in H/C. in last session before Election.
We shd. avoid detailed legⁿ. wh. can't be popularly presented.
- H.C. Will Cabt. endorse para. 14(iv).
- A.E. Transport. Is that suitable for a final session?

ALB. Promised in last Queen's Speech. Will be pressure for it.

A.E. Will there be time.

ALB. W^d. be useful to introduce & leave it in order to elicit comments fr. interested parties.

[Exit ALB., Att.G., B.H.]

6. Persia.

A.E. i) go for £30 M., but accept £25 M.
ii) assent to A.I.O.C.'s tax dodge. R.A.B. agrees, subject to consent of other Cos. & Persians.
A.I.O.C. aim to do 2, 3 and 4 in memo. by end of this week.
They will do v. well out of it, if they can get it.

Approved.

7. Legislation in H/Lords.

Sal. When we are in power, Dpts. tend to avoid amendmts in H/L.
Peers won't study the Bills.
More Bills shd. be started in H/L. If all is started in H/C., H/L must sit in July after H/C. has arisen. Sh^d. there not be greater bias in favour of starting more in H/L. E.g. Landlord & Tenant Bill. Under last Govt. Cos. Act was started in H/L.
Hope we shall bear this in mind – even at risk of irritating Labour Party in H/C.

H.C. Endorse this view. But i) in recent years H/C. have started filibustering on H/L. Amendmts.
ii) Bills passed by H/L. in Feb^y. can't be carried fwd. in H/C. until after Finance Bill.

8. Civil Expenditure.

R.A.B. Rural Water & Housing. Can this be authorised? Agreed.
Bread & levy on flour. C^d. I draft Bill on levy? Don't ask for immediate decision.

W.M. But levy wd. work only if price of bread were increased?

R.A.B. Yes.

Ll.G. V. complicated. $\frac{2}{3}$ rd. subsidy goes into bread. 1^d. increase saves £10M.

With levy on flour, you wd. have to restore equivalent to $\frac{2}{3}$ rds on bread. Subsidy wd. be same. W^d. provoke fiddling as between uses of flour. V. controversial legⁿ. in our last session – tax on food. V. costly to administer: hundreds of staff. Pre-war posⁿ. is not a precedent because then there was no subsidy.

Sw. Cdn't pass this legⁿ. in p'mme we have bn. considering.
Prefer to leave both until after Election. Sh^d. lose £18 M. economies.
But we mght do somethg. else. Increase sugar by 1^d. : wd. give us
£10 M. vice £3 M. Politically easier than bread.

Ll.G. Open to objⁿ. tht. we shd. be makg. a profit vice lowering a subsidy.

H.M. Levy – as tax – is worse than bread – redⁿ. of subsidy.

R.A.B. {Don't take decision never to reduce bread subsidy.
{ to introduce flour levy.

Agreed. {Consider method of increasing revenue on sugar – prs. by excise
{rather than profit on trading.

Education.

F.H. Deprecate general appeal. W^d. sooner identify specific things & press
them on l.e.a.'s starting in Autumn. Agreed.

Estimates.

Para 2 of Ty. memo. approved.

School Meals.

As before. Deprecated.

Sw. May fall – as result of adjustments in family allowances.

R.A.B. Can be left open.

Colonial Office Bldg.

Sw. Ctt^{ee}. debated various others but concluded it wd. be a waste of money
not to go fwd. with this.

R.A.B. Can arrange with M/W. what figure goes into 1955 Estimate.

D.E. Want to build at efficient rate once it starts.

RAB. Ready to agree a reasonable figure.

D.E. If I started now, it wd. mean £ $\frac{3}{4}$ M. in '55. Must work at an efficient
pace.

R.A.B. Will report an agreed figure to Cabinet to-morrow.

Sal. Agree v. wasteful to build by fits & starts.

1. Egypt. [Enter de L., B.H.

B.H. No amendment tabled. Will be easier w'out one.

Sal. Posⁿ. in H/L. Hankey asked me for chance to make his posⁿ. clear. I tabled amend^{mt}. to give him chance. He then protested against being offered it. : so I w'drew it. No ques. of my w'drawg. from a Govt. position : was only trying to help him.

[Exit B.H.

2. Malta.

O.L. No formal reply fr. Malta on H.O. offer. Deadlock must be broken. Alternatives : i) mtg. incldg. both pol. Parties in Malta. Of the two this is preferable : for a Minister cd. guide the conference.
ii) R. commⁿ. May be forced on us. But shd. not be promised w'out further reference to Cab. For it mght commit us to policies we disliked – or force us to repudiate its findings. Tho' not made clear in memo, I greatly prefer (i). Suggest auth^y. to explore that & m'while make no ref^{ce}. to R. Commⁿ. Not sure tht. long-term financial settlement is possible : but can see a provisional settlement w'in the total of what we shd. have to provide anyway.

Sw. Strongly opposed to R. Commⁿ. Must keep discⁿ. w'in control of Ministers.
In last resort it is not impossible to say “No.”
No truck with transfer to C.R.O.

[Enter Att.G.,

3. Tarrant Rushton.

de L. This was recognised as airfield in commercial use by County Dev. Plan – since 1952.

M.F. Ctt^{ee}. conclude tht. Cobham shd. remain, with suitable lease. Further enquiry. H.M. can't reopen Plan enquiry. Under s. 26 of T.C.P. Act, enquiry wd. involve Minister taking a view against this use. Under W. Paper procedure enquiry w^d. not be suitable. Proposed use was known when Co. Plan was adopted. There is an important defence purpose. Enquiry wd. show similar sitⁿ. at 3 other airfields. Defence purposes & Cobham's work are important enough to warrant us in giving lease, with restrictions, to Cobham.

Sal. Don't dissent from conclⁿ. reached.
But more to be said on Marten's side. Wages are higher than locally & labour will be w'drawn fr. farms. Nature of locality will be affected.

Proposed use was not realised when Co. Plan was approved.

de L. Cobham has bn. there since 1947. That was known when Plan made.
Labour : only 15 fr. agric. : rest from neighbouring towns.

P.T. Sh^d. be enquiry. Marten didn't know he cd. object at time of Plan.

H.M. There will be a row. Ques : how best to handle it.
New fact tht. some aircraft work must be done at airfields – involves industrial develop^{mt}. in country districts.
Weakness of our posⁿ. – i) marked on Co. Plan as “civilian airfield”.
In fact, only mil. types go there. ii) used for “commercial” purposes – wh. implies civil aviation traffic, but in fact is industrial.

de L. Work done = re-fuelling : modific^{ns}. to proto-types : repairs to Meteors : engine overhauls (by road).
Defence purposes : v. good airfield certainly needed in war.

H.M. Other weakness iii) some of his work cd. be done in a town.
After enquiry, v. likely a M/Housing wd. record decision recommended by Ctt^{ee}.
Sh^d. be criticised prs. on basis tht. enquiry was a waste – as on Gatwick.
Also may be awkward evidence re C.'s tenure under requisitioning.
My conclⁿ. : on whole, we shall have less trouble without enquiry.
Co. Planning Ctt^{ee}. wd. prob^{ly}. be content if some of C.'s activities were discontinued and a tight lease were granted.

de L. Farmers' Union have asked for enquiry under W. Paper. [Enter A.E.
But I think I can satisfy them w'out enquiry.

P.M. Let attempt be first made to secure agreemt. with local authorities.
Don't pursue idea of enquiry until that possibility is exhausted.

H.M. Aim at agreemt. with all interests save Marten.
Report back to Cab. on extent of agreemt. wh. can be reached.

4. Capital Punishment.

M.F. R. Commⁿ. made 3 major recomm^{ns}. (age : discretion to jury to recommend reprieve : M'Naghten rules) with all of which I disagree.
Some minor recomm^{ns}. cd. be effected administratively. Those that need legⁿ. must be left over.
Give it a run in a day's debate next Session.
But real issue is : do we retain cap. punishment or abolish it. I favour retention.

Sim. I agree on all points.

W.M. So do I.

Att.G. Para 14. I wd. put it more strongly.

M.F. Quite ready to give my views at outset of debate – wh. wd. be equivalent to rejecting the recomm^{ns}.

P.M. Then let us announce tht. we reject the report.

[Exit Att.G.
[Enter J.T., Birch.

5. Antarctica.

A.E. Not keen on this. Best way to demonstrate our control over these areas. Commonw. wd. probably like it.

O.L. Aerial survey is prs. most important – tho' expensive.
x| Tho' sceptical about minerals because of cost of winning them, we ought to know what there is before we relinquish our claims.
Choice is betwn. giving up our claim or re-asserting it.

R.A.B. E.P.C. mtgs. on b/payments. Overseas exp^{'re} has risen by 45% in last 12 mos. or more. Will circulate a memo. Egypt decⁿ. will help : but posⁿ. is worrying.
W^d. accept at once new supply-ship. But not keen on air survey.

O.L. Case for latter is x/. Can see by this where mineralisation [has taken place] is possible. I agree we shdn't spend this money on mapping.
Sh^d. be sure tht. informⁿ. will be obt^d. on minerals : ready to verify this.

Sw. Journey. A, N.Z. & S.Afr. are all interested & mght put up some cash. RGS might also raise some.

J.T. Balance will fall on Adm^y. and Air Min^y. : shd. like to see what cost will be.

O.L. This shd. be subject to working out the cost in detail.

Sal. Th. nuclear tests. This might be only area available to us.

Sw. Intern. Court. We shd. need to consult Doms. on this first.
(para. 14(3).) Agreed : consult them at once.

[Exit Birch.

6. Gibraltar : Pay of Industrial Workers.

W.M. Recalled earlier discⁿ. Met Ministers. All agreed no further enquiry necessary. Materials for decision are available.
Decision needed : shd Spaniards in Gib. be paid same rate for same job. C/l. allowance has become part of wage – it is more than 50% for Gibraltarians.

Discrimination will be based on nationality as well as domicile.
But proposals in Ty. memo. wd. reduce that discrimination.

P.M. Has declined to lower level of importance now it isn't viewed in light of Queen's visit.
No need for Spaniards to come in to Gib. to work if they don't wish.
Sh^d. we pay them higher rates than they wd. get in Spain.
Can't we now leave this alone – at least for some months.
Quite a lot of other things in the world wh. aren't fair.

O.L. Ty. always prefer to wait until there is a row & then spend more.

J.T. My informⁿ. is tht. there's no gt. demand for this.
If the Span. pay is raised, Gib. will want more – to preserve the differential.

A.E. Differential gives Franco a propaganda point.

R.A.B. Spanish behaviour is not above reproach.
Why not reduce differential by 10/=?

W.M. Move in right direction.

A.E. Don't accept final sentence of C. 259.

W. Wiser to move wages up by stages.

Agreed : Ask Govr. wtr 10/= will do., pro. tem.

[Exit de L., J.T.]

7. Germany : Abolition of Visas.

M.F. Drew attention to Security Service review. Tantamount to abolishing visas for E. Germans. Thought Cab. shd. be aware if this.
But accept importance of f. policy cons^{ns}. Ready to accept A.E.'s view.
Ready therefore to abolish visas coming for less than 3 months.

A.E. We & Portugal are alone in m'taining this discrimination.

M.F. There is a risk, but I admit tht. pol. cons^{ns}. outweigh it.

P.M. C^d. ask W. Germans to tighten up their control betw. E & W. Germany.

Agreed – subject to informing Cab. of nos who are now coming, as visitors.

8. Persia : Loan.

A.E. Sh^d. we give short-term loan, after oil agreemt. is settled.
It wd. be credit fr. E.C.G.D. – about £5M. : to be fitted in with U.S.
plans. Comparable to Yugoslav loan. W^d. have to be spent on Br.
goods – a way of getting back into that market.

Timing – shd. be left to me & R.A.B.
Reserve right to offer it, even tho' U.S. don't come along.

R.A.B. Agree.

Approved.

[Absent on sick leave – 30th. July – 12th. October 1954]

1. Germany.

A.E. Fr.Parlt. likely to support M. France's submission.
Next week we meet in Paris to conclude. Must resist Fr. pressure for
add^l. cond^{ns}.
All other countries will ratify.

2. Formosa.

A.E. Alternatives : attack on Quemoy – wh., if U.S. supported Chiang. wd.
mean Sino-Am. war.
Read text of draft telegram to Peking.
Similar tel. to be sent to Moscow, urging them to persuade Chinese to
come to discⁿ. in U.N. (U.S. have come a long way in agreeing to
accept them in discussion).
Dangerous operation, but no option but to try it.

P.M. U.S. are justified in protecting Formosa fr. Comm. attack; but then
they must control Chiang (i.e. prevent him attacking Chinese
mainland).

A.E. Risk is that U.S. may be swept by their China lobby into a less
reasonable attitude.

R.A.B. Doubt wtr Chinese will come to U.N., w'out being accepted as a
Member.

Memo. approved.

[Enter J. B-C.

3. Industrial Disputes.

a) Newspapers.

H.M. Demarcation dispute betwn. 2 Unions. All pp. affected because N.P.A.
rule that all stop if one does.
Dispute grumbling on for 12 mos. Ct. of enquiry : conciliation but
M/L : T.U.C. made a ruling for sharing the work.
D'lock arose over w'end because of failure to settle minor diff^{ce}. over
duties of 3 men during short absence. I tried conciliation on Sunday
pm. but they wdn't consider any solution. Told T.U.C. they must get
Unions together. After a day, they agreed to carry on. Not permanent
cure – may break out again.

b) London Buses.

97 depots operating ban on over-time. Unions ready to negotiate if this unofficial ban is lifted. Men won't lift it. Discomfort to public – may mobilise public opinion.

Emergency schedules on 9 routes from Wed^y. Dalston won't accept these : but doubt if stoppage wd. spread.

c) Ship-repairing.

Conference decided to recommend strike be made official, as A.E.U. have already done. Argument is over redundancy rules (order of dismissal). Unions are discussing with strikers. Employers stick to absolute discretion.

Nothg. to be gained by my intervention. Not v. serious.

d) Docks.

Saw Deakin this a.m. Lightermen likely to come out to-night. If so, will be in diff^{ies}. over fuel for power stations. May have to use troops & divert ships to other ports. Govt. cd. not then hold aloof. D. said action before mtg. of strikers to-morrow wd. be disastrous. He will try to re-assert auth^y. of his Union.

I promised to wait until Thurs. a.m., when he will see me again. Excuse for stoppage was meat-sorting dispute. But real crux is wtr over-time shd. be voluntary or not. I can't conciliate on that; for it's clear that stevedores won't accept anything but purely voluntary over-time. This wd. give them a whip-hand, & create black market in overtime. Moreover, 2 Unions won't meet because one is poaching on other (T&GW.).

Alternative = ct. of enquiry. D. reluctantly agreed this mght be necessary. Wanted distinguished membership – also reluctant to let it go into working of Ldn. Dock Scheme.

D.'s anxiety was to make it clear this was attempt by Left wing to capture his Union. "If you try to buy time, you'll buy a short amount for a large sum." Williamson agreed we shd. fight this.

I advise waiting until Thurs., but not to put out of a/c possibility of ct. of enquiry.

P.M. Right to be patient : but M/L. will have to say somethg. when Parlt. meets.

W.M. Can't do nothing (for conciliation) & then use troops.

P.M. Don't use troops to preserve order, until Police can't handle it.

W.M. Only meant using them to m'tain supplies.

J.B.C. About one week & then diff^{ies}. will begin – over power stations & removal of refuse.

Alex. Want 72 hrs' notice for use of troops.

A.E. Buses. V. unpopular. Some criticism of Govt. inaction.

J.B.C. Yes.

*A.E. Some explanation cd. with advantage be given. M/L. & M/T to
consider jointly. * Agreed.

P.M. Prepare (but don't announce) plans to use troops to m'tain services.

Industrial Disputes.a) Buses.

W.M. T. Executive are putting out clear statement of actual issue.
 Hope that after a time they will go back to work.
 Some of those fomenting the strikes are themselves working!

[Enter J.B-C.]

b) Docks.

W.M. Deakin was advised not to go – by his own people. Left it to Ldn. officials.
 His main fear is tht., if troops are used, other Unions will come out.
 He advised me to do nothg. until Mon. & then appoint ct. of enquiry.
 But I have seen employers. They advise leavg. it to run for a week.
 But it's an official strike qua. Stevedores. I can't therefore ignore it.
 Yet can't send for Stev. alone – implying they alone are to blame.
 Complete inaction, in present mood, won't do. Propose to send for all
 3 parties, separately to-morrow : sending invit^{ns}. tonight.
 Nothing to negotiate upon – on “voluntary” overtime. But cd. appeal
 to men to go back, with promise tht. everythg. can be discussed
 thereafter. I cd. also indicate my intⁿ. to appoint ct. of enquiry – urging
 them to go back while it's sitting and suspend overtime ban. They
 mght do first, not second. Can't promise ct. wd. produce results : but it
 wd. show we had done all we can. Neither side wants it, but neither
 wd. boycott it.
 W^d. announce appt^{mt}. of court to-morrow – or Sunday at latest – acc. to
 atmosphere of talks to-morrow.

A.E. Doubt if it cd. wait beyond Fri. or Sat^y. It's a minimum step.

Supplies.

Ll.G. Qua food, no immediate shortage – before Thurs. next.

P.T. Exports delayed at rate of £3 M. a day. Orders will be switched if it
 becomes clear we can't ship.

Sal. C^d. Press be told this.

P.T. They have the informⁿ.

Sal. Plug it – also bacon deteriorating.

B-C. Ships are being diverted to continental ports.

*Informⁿ. to be fwd^d. to M/L., who will release it. *

M.F. Troops : Dpts. are framing requiremts. Min. Ctt^{ee}. to meet Fri. p.m. to approve plans.

Al. Army can produce 9.980 men w'out interrupting N.S. training – another 30,000 if we do. 8.000 fr. R.A.F. 9.000 fr. Navy.
Thus we cd. do 10,000 easily – and rise to 50,000 if need be.
Want 72 hrs! notice to do it smoothly.

Fife Clark to keep in touch with M/L. and M-F.

1. Cyprus.

A.E. B.B.C. have arranged b'cast interview with Archbishop of Cyprus after 9 p.m. news to-night. Awkward also that C.O. shd. have asked Govr. to come to U.K. at this time. Archb. is en route for U.N. Pollitt and M^{rs}. Jager (fr. Br. Guiana) are in Cyprus. Indications of Comm^t. activity there.

2. Formosa.

A.E. W. Robertson, who went to see Chiang, is China lobby man. Also (para 2 of W'ton. tel. 2200) said tht. Dulles has had this in mind for some time. Para 2(c) is v. awkward. U.K. press Peking & Moscow to co-operate but are expected to conceal intent^{ns}. re Treaty. Surely I can't do that. Treaty is unnecessary – in view of declⁿ. already made by U.S. re neutralisation of Formosa. Some danger of appearing to enable Chiang, via Treaty, to remain in the islands nearer the coast – in addⁿ. to Formosa. F.O. tel. 5165. Am disposed to say that this alters posⁿ. & before going fwd. with the operation wd. wish to know exactly what the Treaty is. Much to be said for saying to U.S. – if you are going to make a treaty with Formosa, make it first : and get it out of the way before we do this operation.

Agreed : Inform U.S. as at x/.
Add : imposs. for us to approach Peking & Moscow as planned w'out telling them about the Treaty : & that wd. prob. not produce desired results re Oracle.

[Enter Watkinson

3. Industrial Disputes.

H.W. Met employers this a.m. – they will talk, but won't compromise their posⁿ. on freedom to work ports by overtime as needed. Met Deakin : little hope of getting his 15,000 unofficials back. Seeing Stevedores now. They are only hope. Just conceivable they mght agree, on ct. of enquiry, to go back but continue their overtime ban. But not much hope because lightermen have now decided to come out. When troops are used efforts will be made by Communists to spread it to other ports & Unions.

M.F. Troops. 5.000 for food & 2.000 for refuse.
W.O. can produce 4.000 on Thursd. and then 1200 a day.

No decision until mid-day Mon. – to give chance of conciliation.

A.E. What of exports. Cd. troops be used for that?

M.F. D.R. wd. cover any national interest. They cd. assist, if decided in policy to do so.

H.M. W^d. lose more if it had effect of spreading strike to other ports.

P.M. Need for general statement – dangerous situation : loss of exports : diversion of ships etc.,

H.W. These things are being said at mtgs at M/L. & can be included in statement to be issued this evening.

J.S. That to-night.

Announcement tomorrow of ct. of enquiry.

If these don't get the men back, decⁿ. on Monday to introduce troops.

That wd. be the moment for a Govt. declaration.

Industrial Disputes. Docks.

[Enter B-C., Maudling

- W.M. All agree that a port can't be worked w'out overtime. Moreover, no diff^{ty}. in securing flexibility so as to avoid individual hardship. Barrett is Communist and R.C. Rest of his Union leaders are Communists.
- Discussion of y'day. Expl^d. tht. we had tried conciliation on this issue, particularly in Feb^y. : gravity of consequences incldg., long-term, unemplt in other industries. Analysed issues : they agreed vol. overtime was issue : they admitted tht. some overtime is necessary : employers ready to discuss all grievances, incldg. way overtime is worked, once ban on overtime is lifted. But Stevedores were adamant. I then said "there is no basis for conference or conciliation". I must therefore consider ct. of enquiry – for infⁿ. of Parlt. & public – investigate causes & circs. of dispute. I did not offer this as bargain with Stevedores to go back to work : I asked if they wd. attend the court : and I asked wtr they wdn't return to work on pre-strike cond^{ns}., as an appeal. One issue is overtime : you won't be working it : therefore won't prejudice yr. position. They declined appeal & said they wd. advise their men to reject it. Won't go back until employers admit tht. overtime is voluntary.
- Spoken to Deakin (B'ham). Press have not put Stevedores posⁿ. clearly viz., tht. they have chance to return to work w'out prejudicing their posⁿ. Deakin will make this point in a speech to-night : and I am putting it to Sunday Press.
- Spoken also to Tewson, warning him tht. this is threat to Unions' authority – by Communists working on Left opinion amount Union members. He agrees. Will take chances of rallying on this when Court begins. Tewson is on Bd. of D. Herald.

- P.M. Gravity of posⁿ. is now reflected in Press.

- W.M. Yes : & I don't want to say more at this stage. Prefer that Press shd. say any more about Communist influence.

Bus Strike.

- W.M. Same Union. Improvemt. might therefore help with docks. Delegate mtg. on Monday fr. depots. Union will do utmost to get them back. May get agreemt. thro' w'drawing emergency schedules & relying on local arrangements.
- B.C. 12 garages voted to stay in y'day. About 50% of buses are running.

Docks (resumed).

- W.M. Composⁿ. of ct. of enquiry will be announced to-day.
Spread. Efforts are being made to spread it, to other ports.
- P.M. What evidence of Comm. inspiration?
- W.M. M.I.5 reports.
- B.C. Open C.P. support (pamphlets) for bus strike.
- H.M. Troops : used first for essentials of life? – not for exports etc. }
- A.E. Yes : tho' preserve liberty later to extend their use. } *

1. Industrial Disputes. [Enter J.B-C., Noble., Reading.,
P.B-H.

P.M. Have advised Queen not to go into dock area during visit to L'pool.

Ll.G. So'ton. Dockers are out : tugmen are still at work. But they are likely to be out to-morrow a.m. Sh^d. a naval tug be used to work Q.E. out?

W.M. Do not oppose their use.

A.N. One at P'smouth : one can come from Falmouth.

Agreed : Naval tugs be used, if need be.
No announcemt. re L'pl. visit. tho' if point is raised it may be said arrangemts. were altered on advice.

[Exit Noble.

W.M. So'ton at 9.30 a.m. decided to come out. Outlook there is gloomy. This is prob. peak : shall know in 2 days or so which way it will go. Ct. of Enquiry is sitting. Want to avoid mil. labour until after week-end. Fri. pay-packets will be short, & there may be disposⁿ. over week-end to go back to work.
Risk of spread if troops used – Smithfield, tankers – even rlways (Dover). W^d. begin to look more like 1926 – but gt. diff^{ce}. is tht. T.U.C. are with Govt.

P.M. Don't shrink from using troops, when required.

W.M. Am collectg. all ev^{ce}. available to show Comm. influence. W^d. like to publish Wh. Paper, after strike, on model of that publ^d. when Canadians provoked dock strike.

2. Parliament.

H.C. Business for next week.
Will announce prorogation during wk. beginning 22/11. ; and New Session of 30/11.

3. Remuneration of Ministers.

R.A.B. Have said (13/5) it is clear tht. Junior Ministers' salaries need early attention. Later (June) said, not before recess. But impⁿ. given that we shall do it in autumn.
When does Cabinet think it wd. be opportune to do it?

Scheme : payment of Parl^y. salary to all wd. avoid situation in which M/State got more than senior Ministers.

- P.M. C^d. not first £1.200 or so of Ministers' salaries be counted as Parl^y. salary, so that expenses cd. be charged against it.
- H.C. Diff^{ce}. betwn. Ministers in Lords and Commons.
- RAB H/C Ministers have expenses as M.P.'s.
- P.M. Let the salary revert to £5.000 after the 3 years., automatically.
Tho' it will need to be announced. 6/11/54. Agreed.
- R.A.B. If you approve Parl^y. salaries for Juniors, you must add it up the scale otherwise relativities will be upset.
W^d. wish A.E. to be consulted before we decide.
Suggest Opposⁿ. Leaders be consulted after Cab. decision.
Then we mght. announce it wd. be done in next Parlt.
- P.M. Need we delay so long?
- W. O.a.p. – they won't become effective until next summer.
- O.P. Will be criticism if this is done before o.a.p. decⁿ. is at any rate announced – December.
- Pensioners are accustomed to 6 months' delay betwn. announcemt. & effect. N. Assist^{ce}. is more generous than at any time during Labour Govt : no hardship save among those who won't go to N.A.
- R.A.B. 1) Draft announcemt. re £5.000.
2) Let me consult A.E. on this scheme.
3) Consider timing of action.
- H.C. W^d. it be wise to get 2 outside people to recommend proper level of salaries? V. awkward for Ministers to decide own salaries.
W^d. like to reflect on this.
- P.M. C^d. bring Opposⁿ. in.
- A.L.B. Better to treat first £1000 of salary for H/C. Ministers as Parl^y. salary. rather than add Parl^y. salary to the Ministerial salary. This avoids diff^{ce}. betwn. Ministers in H/L. and H/C.

4. Expenses of Peers.

- Sal. No Peer in any Party wants a salary. But some expense allow^{ce}. must be introduced if Peers are to continue to attend. They get rlway fares, but other cost of attendance may be £10-12 p. week.

Therefore, they can't come ; & Labour Oppⁿ. grows weaker and weaker.

This applies to Peers belonging to other Parties too.

How much? Discussed with Tory Peers, & obtained Labour views.

There is genl. feeling tht. allowance shd. be £3 a day, wtr or not they live in Ldn. H/L. sits about 100 days, & about 60 now attend. Even if you had 100% attendance of 100 Peers it wd. cost only £30,000 p.a.

Timing wd. need thought. Not before Dec. announcemt. re o.a.p.

W^d. be valuable to synchronise with increase of Ministers' salaries.

P.M. Pl. circulate memo. on this ques – wh. we can no longer ignore.

R.A.B. No objⁿ. on grounds of cost to Exchequer.

Diff^y. is only i) political ii) wtr it shd. be attendance or subsistence.

I prefer the first. Expenses (of 50% average) wd. be chargeable, but rest wd. be liable to tax.

Will discuss with Sal^y.

P.M. Cabinet to consider in 2/3 weeks' time.

5. Legislative Programme. [Enter Att.G., Maclean.

H.C. Ready to discuss with a few colleagues, if you prefer.

Concerned about i) pol. diff^y. of some of these Bills.

ii) need for more leisure for Members.

Some diff. ques e.g. Teachers' Superannuation. Does RAB, or new M/ED., still think this must pass before end of fin. year.

P.M. Aim at minimum of legⁿ. Cut Dpl. Bills. Give Members leisure.

Tho' we cd. defer the Election until '56.

H.M. Minister can fix date on wh. new valuation comes into force. I fixed (March) a date in 1955. There were reasons warranting that p'ponement.

In March next an Order cd. be made deferring it to '56. But you wd. need to justify that. Before the date, legⁿ. will have it passed re some nat^d. industries & machinery for appeals.

The Bill wd. come in later in Session : & you cd. justify p'ponement on ground that Bill had not yet passed.

P.M. Gt. advantage to AE, as P.M., to have an option open for a later Election.

Teachers' Superannuation. New M/Ed. shd. submit memo. on this.

P.T. Copyright Bill. P.M.G. wants it for B.B.C. The I.T.A.

Emergency Powers.

K. Our supporters in H/C. won't like this plan of not legislating to suppress D.R. 55. We can meet that risk. We can't do less, as P.T. (un-heard) has sugg^d.
A no. of Bills (para. 8) aimed at other Reg^{ns}. Pol. diff^y. in both Houses if we lose momentum on this. Hope therefore prepⁿ. of these Bills may go fwd. so that they cd. go in if time becomes available.
V. disappointed at failure of project to dismantle whole apparatus of emergency powers.

H.C. I wd. like to give it a good priority.

P.M. Let this be reviewed by a Ctt^{ee}. H.C. (Chair), Sal., K., R.A.B., J.S., H.M., and Ch. Whip. If A.E. cd. spare the time, he cd. preside but I doubt if he cd.

Agreed.

6. Parliament. Queen's Speeches.

P.M. Suggest appointment of Ctt^{ee}. Agreed.

[Exit B.H.]

7. Civil Defence.

L.I.G. Criticism in H/L. that RAF. reservist plan was not enough. The prop^d. W. Paper will make it seem even more inadequate. May I be authorised to say a little more? Have prep^d. a draft – saying powers will be available & that we are considering plans for extended use of them.

M.F. I consulted Alex. He agreed in principle. I agree tht. we shd. say RAF is first step and we are considering makg. further use of the powers. All recent apprec^{ns}. assume tht. T.A. will be used in support of C.D. This will be raised by Wh. Paper, due to follow v. soon.

P.M. This wd. be a v. isolated step, against a v. gt. danger.

H.M. Bill arose because RAF reservists were available, & it was found that no powers were available. Sh^d. it not be defended on latter ground, & little be said re R.A.F. Keep it at low level.
May I discuss terms of statement with L.I.G.?

R.A.B. Agree with H.M. Don't go further than necessary. Want to know cost of training further men.

Agreed : wording to be settled by M/D. H.O. and Ty.

8. Japan and G.A.T.T.

[Exit Maclean

- P.T. We have industrial & Party support for G.A.T.T. But that wd. soon be undermined if Japan became full member. I agree with F.O. we shd. not contract out re Japan altogether. If not, we must have safeguards i) power to take em. action v. flood of J. imports ii) provⁿ. re other Comm. countries wh. have higher tariff v. Japan. W^d. like to put these proposals to Japan, as only alternative to contracting out. Also press them on U.S. Govt. If these fail, we must fall back on Art. 35.
- A.L.B. Support P.T. The pol. storm cd. not be ridden w'out this provⁿ. for a bilateral agreement.
- R. Internat^l. issue also at stake – whole future of Japan. Content with course proposed by P.T. But don't want to confront J. with ultimatum. Want to get Japan into international bodies. Can agree on terms of aide-memoire with B/T., omitting ref^{ce}. to Art. 35.
- R.A.B. Agree with P.T. But needn't confront Yoshida at outset with Art. 35. Effect on payments, shipping etc.,
- P.T. They will never accept our proposals unless they know Art 35 is only alternative. No other alternative wd. suffice for us. Want it on record here tht. Art.35 is only alternative.
- RAB. Don't dissent. But don't play that card too soon.
- P.T. Can't negotiate at Geneva w'out Japs knowing that this is our only alternative. Do Cab. agree tht. Art. 35 is only alternative.
- P.M. Don't play this card too soon. Press our positive proposals.

1. Industrial Disputes. [Reading

- W.M. Some improvemt. in atmosphere. Strikers imp^d. by conduct of Ct. of Enquiry.
 Might go back after Sunday's demonstration.
 Deakin anxious to defer use of troops until Wed., hoping for Ct.'s report.
 Use of mil. labour for wider than essential purposes wd. create problems.
 L'pl. want none. Ldn. port employers don't favour it for loading exports – lack of skill – also fear tht. it mght extend troubles.
 No significant change in nos.
- A.L.B. Bulbs are rotting in Ldn. docks. May lead to unemplt. as well as loss.
- P.T. Exports piling up at £5M. a day. Increasg. diff^{ies}. thro' delay in imports – threat of short-time working because of lack of raw materials. By end of next week newspp. will have to reduce to ¼ size because of lack of newsprint.
 But agree tht. troops wd. in first instance make sitⁿ. worse.
- O.P. Assist^{ce}. B^d. say increasg. nos. of dockers are applying for help for wives etc.,
 Economic pressure is evidently increasing.

2. Formosa.

- R. A.E.'s tel. No. 5 fr. Paris.
 Better if they wd. include in statement on Treaty their intentⁿ. to bring ques of Islands to U.N. But doubtful if they wd. And statement re Treaty alone may put Ch. in such a fret tht. they will be unwilling to consider 2nd. propⁿ. re Islands.
 Statement wd. however mean abandonmt. of suggⁿ. tht. F. is a privileged sanctuary.
 Suggest we agree to D.'s plan & then, in light of re-action, consider wtr atmosphere is fit for going on with Islands plan.
- Sal. Support this. All wd. depend on tone of U.S. statement. Buts gets us out of diff^y. of approaching R. & Ch. w'out mentiong. the Treaty intentⁿ.
- K. Agree.
- P.T. Is it clear (para 3) tht. remains open wtr we go on with plan thereafter.
- R. Think so. We aren't committed to going on w'in 3 days.

A.E. to have discretion to agree.

[Enter H. Amory.

3. Cyprus.

Broadcasts.

P.M. No mortal injury done by Archbishop – but don't like B.B.C. attitude.

A.L.B. B.B.C. told C.O. when Archb. already invited. Dangerous then to seek to get invitⁿ. w'drawn.

P.M. Will send a lr. of protest to B.B.C. Read out.

A.L.B. Am bringing Press Law of Cyprus into conformity with our own while leaving law of sedition untouched. This will avoid that criticism.

H.C. Will there be criticism for allowg. Govr. to b'cast in U.K. on political issue?

A.L.B. Precedents for b'casts by Govrs.

H.C. When there is pol. trouble in U.K. about his territory? When S of S. is available and cd. speak. Govr. shd. not usurp function of Minister responsible for Parlt. Sh^d. not explain Govt.'s policy.

A.L.B. * Will advise him to change content of his b'cast – to avoid pol. issues. Pray in aid the 14 day rule.

Parliamentary Statement.

Sal. Favour proposal in para. 8 of C. 319.

ALB. Turks sent delegⁿ. to N. York & lobbied – made their views clear.

D.S. The proper time will be when statement is made on Press Law.

ALB. Can add some robust sentences on sovereignty.

R. This wd. meet AE because Archb. won't arrive in N. Yk. for 3 wks.

[Enter Att.G.

4. Uganda : The Kabaka.

A.L.B. Trouble wd. have bn. avoided if K. had bn. lectured here & sent back. But Govr. advised to contrary. Having once deposed him, we are now in diff't. posⁿ. During my visit I became satisfied tht. weight of evidence of those (includg. district officers) on whose judgmt. I wd. most rely is against allowg. him to return now he has bn. deposed. Govr., m'while has turned round to opposite view : but his subtleties won't be appreciated.

If we were free agents, therefore I wd. m'tain his exile.
But now there is the legal action. Decision shd. now turn on result of that action. If we win, his deposition shd. stand. If we lose, we wd. have new reason for allowing him to return.

P.M. Adverse decⁿ. wd. give us worst of both worlds. Shown to have acted wrongly. and get an unfriendly ruler back.

Att.G. Mustn't announce our course before the judgmt.
If we win, we have a free hand. If we lose, we can settle policy in new situation.
Two grounds for action : deposed for disloyalty : deported because his presence in Uganda was contrary to p. interest. Adverse decⁿ. on 1st. point doesn't necessarily dispose of decision of policy on second.

A.L.B. Need for quick decⁿ., on announcemt. of judgmt – because K. wd. be free to return at once. If we lose, w^d. wish to make immed^{te}. statement, to stop that (or do my best to do so); and send for him at once.
If we win, I want to say at once it confirms our policy.

D.S. On (b), why say anything while appeal is pending?

A.L.B. Certain to be asked a P.Q.

P.M. No need to make any statement while it is sub iudice.

P.M. No decision can be taken until we know what judgment is.

[Exit Att.G.]

5. Canada : Hurricane Damage.

R. A.E. wants Cab. to consider a contⁿ. Dutch are giving one.

H.C. Wait for Sw. who was there. Returns Sunday.

Sal. Ask Sw. views.

Agreed.

1. Pakistan.

[Enter J.B.C.]

Sw. Coup d'état by Govr. Genl. No constⁿ. now for 6, or even 12, months.
Increasing corruption and inefficiency are the main cause.
The 2 mil. figures in Cabinet are v. friendly to U.K.

2. Dock Strike.

W.M. London : 800 more of permanent men are working. Week-end has not
produced any genl. disposⁿ. to return to work.
Ct. of Enquiry : interim report to-night. Will show there was no cause
to strike. On publⁿ. I can send for the parties & ask them what they
now mean to do.
Am exploring this p.m. means of getting settlement on meat sorting.
No use of troops until we see re-action to Interim Rpt.
And, when they are used, introduce them for "essential services" & use
them thereafter quietly for unloading specified cargoes. Not for
loading, which wd. prob. bring seamen out.

L.I.G. No shortage of supplies (food or oil) before beginning of next week.
Diff^{ies}. over refuse are being overcome.
Mails – congestion will mean tht. acceptances will have to be curtailed.

H.A. Much food is coming in thro' ports which are working.

[Exit J.B.C.]

3. Canada : Hurricane Damage.

Sw. No need for us to contribute.
Damage v. localised. \$10 m. in compensation and \$10 m. to rebuild
bridges etc., will cover the lot.
Dutch Govt. are not making any official contⁿ.

[Enter Att.G.]

4. Cyprus.

A.L.B. Statement – Thursday. No change in law of sedⁿ., but shall change law
relatg. to Press to bring it into line with U.K. law.
Will add balancing sentences re sovereignty.

P.M. Trouble arose from bringing in Press.

A.L.B. Govr's b'cast. After consultⁿ. with me, Govr. decided not to b'cast.
Story on T.V. on Cyprus to-night : planned months since – includes
some words recorded by Govr. in Nicosia.
B.B.C., tho' surprised, accepted it.

5. Uganda : Buganda Protectorate. [Enter J.S.

Sw. Glad Cab. are disposed to follow Court's finding, rather than reverse earlier decision on pol. grounds alone. Latter course wd. make my posⁿ. re Seretse untenable.

P.M. N.B. to investigate. *

[Exit Att.G.]

R.A.B. Failed to persuade U.S. to revise Agreemt. so as to enable us to get
waiver when we need it. {They agree it's bad, but cdn't get
Shall keep this in mind. {Congress to consider amendment.
Seek auth^y to pay interest etc., at usual time viz., December.
Shall then point out again need for revision of Agreement.

[Enter S.L., G. Lloyd.]

D.S. Details agreed with Monnet on Sat^y. Few changes cpd. with documents prev. subm^d. to Cabinet. Dpts. concerned, accept the texts. Industries consulted. Diplomatic immunity. Not part of my agreemt. W^d. have arisen in any case. Our delegⁿ. in L'burg have enjoyed immunity for 2 yrs' past. diff. therefore to deny reciprocity – tho' H/C. are sensitive.

P.M. Fact tht. we accepted it makes it exceptional. This is no ordinary extension.

H.C. V. discouraging qua Leg^{ve}. P'mme. because this will be resented by our side of H/C. Need we do it?

- D.S. It wd. be brkg. point on the main agreemt. They are a new body sensitive of their status. C^d. hardly make it our first act after concldg. this Assocⁿ. to w'draw dipl. status of our Delegⁿ. to Comm^y.
- Sal. We go on joining internat^l. agencies and each time have to concede this.
- R.A.B. Balance v. this D.S. success in makg. Monnet accept what we want – & none of what he asked for. We have gained v. many advantages.
- R. No more in sight, when we have got thro' Order now in H/L.
- D.S. C^d. try to get it separated fr. this agreemt.
- P.M. That wd. rob it of advantage of standing with the agreemt.

Agreed : on balance better concede the privilege point
now rather than later. Try to get the legⁿ.

1. Parliament.

[Enter B.H.

H.C. F. affairs debate. Oppⁿ. leaders don't want to discuss S.E.A. because of their differences with Left. They want it limited to M/E. (Persia and Middle East).
Debate on Germany in 3rd. week from now – beginning 14th. On affirmative resolⁿ. Opposⁿ. want time to get their people together.

A.E. Don't want to lose momentum.

Sal. Must leave time for debate thereafter in H/L.

B.H. There wd. be one more week.

Agreed : H/C. 17th. H/L. 24th.

2. Overseas Information Services.

RAB. & A.E. to discuss à deux.

3. Economic Controls.

H.C. Instead of legⁿ., wh. wd. be complex & controversial, now proposed to make Order cutting down D.R. 55.
Only alternative wd. be no action : & then we shd. not avoid controversial debate, for it wd. arise on renewal of D.R. 55.

K. I agree. So does Ll.G.

P.T. I exp^d. doubts. There will be controversy. Can't claim tht. Order removes chance of Labour reviving full 55. Order draws attentⁿ. to its current use – more than renewal of full 55. And at awkward moment. e.g. when U.S. are discussing strategic controls with us here.

A.E. On balance, Ctt^{ee}. thght it better to go forward.

D.S. Might we not wish to revive some? If not, cd. we not legislate.

Memo. approved.

[Enter J.B.C., W. Digby.

4. East-West Trade.

P.T. Seek auth^y. to dissent from proposed U.S. plan.

H.M. Can't accept i) concession to Danes ii) low tonnage from Br. s'bldg.

P.M. No harm in selling ships to R.

H.M. We can't afford to agree to sale of faster ships.

W.D. supported this.

P.M. Prefer R. to increase naval rather than air strength.

P.T. Para. 15 alternative. Can we defend exmptⁿ. for Danes?

A.E. Choice : disappoint our industry & hamper our exports
be alone in an ugly row with U.S. – prs. imperilling chance
of getting revision of Chinese embargo.
C^d. we accept it for one year & then look at it afresh.

J.B.C. Shipping cos. interest.

A.E. C^d. we try again to persuade U.S.?

P.T. C^d. try §15 on U.S.A. Doubt if we can get out of promise to Danes.

W.D. Adm^y. would support that.

Agreed : F.O., B/T., & M/D. to concert fresh approach to
U.S. on basis of para. 15.

Sw. Might get some Canadian support.

[Exit W. Digby.]

5. Scottish Affairs.

J.S. Findings of R. Commⁿ. Not v. startling. Better accept them.
Hope P.M. will make the announcement.

R.A.B. Snap it up quick.

[Enter L.I.G.]

Agreed. P.M. to announce.

6. Dock Strike.

W.M. Some signs of improvement. Moderate line by D.Worker. M.P.'s for
docks tell me tht. but for pickets men wd. return.
Stevedores & employers have bn. at M/L. Agreed on formula.
Men will go back Monday : negotiations at once on overtime :
employers won't "report" men m'while. If Barrett gets this thro' his
Executive, it's a win. If he doesn't, employers will publish it & that
may crack the strike.
Don't want to use troops before Monday in those circs.

L.I.G.	W ^d . be mistake to bring troops up now.	
H.A.	No need <u>qua</u> food before at least middle of next week.	
W.M.	A little short time is being worked, & there may be more.	
H.A.	Long-term consequences will be felt in Jan/Mar., when we shall be short of meat anyhow. Reason : lack of voyages of ships.	
A.E.	Say this clearly, as soon as strike is over. }	<u>Agreed.</u>
		} M/L. to concert. }
P.T.	Together with industrial damage. }	}
		} }
		Some cd. issue over week-end }
A.E.	Also P.Q. Monday.	

[Exit J.B.C.]

7. British Guiana.

A.L.B. Shall publish Tues. report of constitutional enquiry. It fully endorses action taken by Govt. Says direct rule must continue for time being. Shall say we accept report.

8. Canada : Hurricane.

Sw. Criticism in Toronto Press of lack of message fr. Queen. Was for Can. Govt. to advise.
Aid. Damage is small & v. localised – M/F. said \$20 m. wd. cover all compⁿ. personal & material. Will it fall on local or central Govt. – unknown.

We mght. involve ourselves in complexity betwn. State & Fed. Govts.
Dutch Govt. are, however, now offering \$50.000.

On financial grounds, no case. But think we shd. offer if Fed. Govt. wd. welcome it. Suggest £20,000, as token of our sympathy.

W. Prefer £25,000 – to get clearly above Dutch.

RAB. 1919-50 we only twice gave these sums. Since then, a landslide.
This is pure sentiment.

Sw. Canada gave \$1 m for all floods of '53. U.K., Holland and Belgium.

D.S. Wdn't aid in kind look better.

A.E. It is Dutch offer that changes our posⁿ.

Sw. We cd. offer in cash or kind.

Agreed : Offer, if agreeable to Fed. Govt.

9. Persia.

A.E. Senate have app^d. agreement. Shah will sign tomorrow.

1. Dock Strike.

[Enter J.B-C.

- W.M. Agreement rejected because employers wdn't agree to make it nat^l. settlement.
Diffy : employers wd. be comm^d. to negot^{ns}. outside normal machinery. Striking Unions had no members outside Ldn., tho' during strike have secured minority of members in Hull & ? Manchr. But there are diff^{ies}. w'in strikers' Ctt^{ee}. Some are in touch with Deakin.
I therefore advise waiting until Mon. Intervene then (troops) if men aren't coming back. Premature action will spread strike.
- P.M. Don't dissent – tho' considered tht. Cab. shd. review position. W^d. play into Barrett's hands if, by premature action, we now precipitated a general strike.
- W.M. No ques. of giving way on the "national" issue. Action Monday means announcemt on Monday that troops will be used & they wd. then come in on Wed^y.
- A.E. Fear tht. this will be setback for Deakin & moderate element in T.U. movement. Victory for Barrett wd. be victory for Bevanites.
Cabinet to meet 12.30 p.m. Monday to take decision re troops, if the strike still continues.
- W.M. If there we a nat^l. negotⁿ. on overtime, it wd. be betwn. Deakin & Nat^l. Employers. Stevedores, Union are not rep^d. on Nat^l. negotiating machinery.
- A.E. W^d. look as tho' Barrett had succeeded in his aim, even if he were not in the negot^{ns}.
- H.M. Begin to move troops on Monday, but don't announce until they can arrive hard on heels of announcemt.

2. Canada : Hurricane.

- Sw. Can. Govt. have welcomed offer of £25.000, to be presented by Qn. Elizabeth.
H.M. is on tour : will have to be put to her.
- P.M. Not v. desirable. Looks as tho' Queen had faltered & Q.E. was puttg. it straight.
- Sal. I agree.

A.E. Announce at once. Keep Q. Eliz. out of it.
 Agreed : Offer £25,000 : Govt. to Govt.

1. Defence Policy. [Enter 3 Serv. Ministers, C.O.S., S.Ll.

P.M. Main issue outstanding – Naval Air. Aircraft complement for heavy carriers which are to be used in escort role.

C.N.S. For war at sea many small craft lightly armed. To protect them from enemy heavy forces, there must be a covering force – as Home Fleet did in '39/45. Modern equivalent = heavy carriers capable of strike v. enemy surface ships. Our contⁿ. is 2 heavy carriers with proper complement of aircraft. (U.S. asked us for 3.)

A.N. Its capacity to strike at land targets is purely incidental.

Sw. Monty in recent address said that what N.A.T.O. wanted of Navy was light escort carriers.

A.E. He's not the authority qua N.A. Alliance.

H.M. Saclant is auth^y. for this.

A.E. Must preserve our posⁿ. as Naval power and our NATO Commands.

C.N.S. Norway's concern with early days of war, when U.S. Fleet will not be available.

A.N. 60 aircraft with 6 strike as cpd. 30 with 4 strike.
But heavy carrier is self-contained.

P.M. Why haven't R.N. made any contⁿ. by reducg. aircraft reserves. Then they mght have retained more discretion as to use – I wdn't press that.

A.N. We offered £25 M cut at outset, with large red^{ns}. in Naval Air – before Ctt^{ee}. started. Since then, we have accepted further cuts in Naval Air. Only reserve is 50 aircraft, to enable carriers to work overseas.

H.M. Hope Cab. will accept report as a whole, leaving over these few issues for further discⁿ. – esp. in absence of First Lord.
Alex. accepted some, but not all, of these recomm^{ns}.
Agreed there shd. be 4 carriers in commⁿ. Don't make arbitrary decisions now on their role.
May I have opportunity to discuss these disputed items?
And make a further report to Cabinet?

P.M. R.N. have 900 odd aircraft and only 300 odd are operational.

H.M. We are going to try to work towards £1525 m. figure. I will do my best, with Service Ministers, to keep w'in that.

- May I do it, w'out binding decⁿ on role of carriers?
- D.S. If general basis of Rpt is accepted, & figure taken as aim, we needn't be dogmatic about strategic role.
- Sw. Endorse all remaining recomm^{ns}, which are agreed.
Equipment of heavy carriers. Involves £2 M. this coming year.
Future is even more important. Don't be committed to v. large expanding exp^{'re} on develop^{mt}, and prodⁿ of new types of strike aircraft.
- H.M. Shall keep that in view.
- P.M. In light of increasg. range of shore-based aircraft.
- S.H. Effect on emplt. of proposed cancellⁿ of Seamews. £1.2 m. next year.
20 half-completed. Cancellⁿ of contract will cost £1½ m.
- P.M. Met by last sentence of para. 12.
- H.M. We must consider and make separate report on this.
- RAB. Stress x/ in para. 8. We haven't resolved this yet. Seamews ordered & then found to be not what is now wanted.,
On Naval Air we look like losing £3 M. or so. And I still am lookg. for £10 – will now be £13 M.
Hope we may aim at £1525 as maximum.
- Sal. Role of "covering force". Are we sure tht. this cdn't be done in future by shore-based aircraft. We need time to be sure on this.
- A.E. Not clear tht. U.K. duties are prescribed sufficiently by N.A.T.O. E.g. if we give Norway assurance they need, we cd. ask for relief elsewhere. Secondly, cd. assurance be given equally to Norway by shore-based vice carrier-borne aircraft.
- de L. Money limit enforces on us an observance of priorities.
We are falling behind in developmt. of modern aircraft.
Strategy must be considered w'in limits of what we can afford.
But Norway is w'in range of our medium bomber force.
- A.E. y/ in para. 33. We ought to be able to rely on U.S. - thro' N.A.T.O. NATO assigns shares of Forces but, not enough, strategic duties.
- H.M. U.S. Strategic Air Force is outside N.A.T.O. It wd. be for us to agree with U.S. bi-laterally.
- de L. And they won't make any deal with us until we have some bombers.
And even then they won't look after us.

A.L.B. Para. 19. Slow on H-Kong because of Quemoy.

A.H. We are double-bunked in H-Kong. Must have decⁿ. in 3/4 months.

A.E. Yes. And sooner out of Korea the better.

A.H. Colonial Forces. Best means of long-term saving on Army. Also will enable more disorders to be prevented. Sh^d. be major aim of policy, w^d. like Min. Ctt^{ee}. on it.

A.L.B. W^d. welcome that.

P.M. C^d. Templer be used on this? (Approved.
(H.M. to arrange.

H.M. Minesweepers. 24 over 4 years.

C.N.S. Threat of mines to big ports is less. But greater at small ports. For this we wanted 40 over 4 years.

P.M. 24 over 4 years & consider it later.

A.N. Accept that but warning re effect on N.Ireland.

A.E. Canal Zone w'drawal. We have given time-table to contractors : unwise to upset them. They don't want to do it at all.

[Exit A.N., C.N.S., de L. C.A.S.]

2. Austria.

A.E. U.S. annoyed tht. we didn't tell them of our decⁿ. to reduce troops in Austria. Now they suggest, in view of Trieste, we add 1 Battⁿ. and they add 2 Batt^{ns}. to show increased protⁿ. Grunther favours it : thinks they shd. be w'in NATO : we don't. Politically, undesirable. Militarily, probably useless.

P.M. If we don't want it politically, that ends it.

R.A.B. W^d. sooner move one fr. Germany, if at all.

A.H. Plan is tht. they shd. w'draw into Italy in war because they have no tail.

C.I.G.S. It wd. be mil. nonsense to re-inforce as proposed. And fr. our U.K. pt. of view wrong to put another battⁿ. there w'out logistic support.

H.M. [Unheard.] 4 Div^{ns}. in Eur. can't do more : Grunther can suggest transfer.

A.E. W^d. be expensive – wd. have to recover barracks surrendered to Austrians.

A.E. & M/D. to concert terms of negative answer.

3. Formosa.

A.E. Treaty seems parallel to Phillipines Treaty – with no clause re privileged sanctuary. That wd. increase the tension.
U.S. fear early attack on islands. Seekg. confirmⁿ. of that.
But begins to look as tho' Oracle has little prospect of success.
N.Z. are as unhappy as we.

[Exit A.H., C.I.G.S.]

4. Uganda.

A.L.B. C^d. we wait until we have full judgement. Summary may be misleading. May be that what it means is : we did the right thing in the wrong way.

P.M. V. well. But don't miss this chance of getting Kabaka back.

Att.G. Found tht. K. was disloyal : but tht. we weren't justified in w'drawing recognition under agreemt. – tho' they cd. as an act of State.
But prefer to read full judgement.

[Exit Att.G.]

5. Industrial Disputes : Docks.

W.M. i) More worried that at any time since '51. So are T.U.C. Tally-clerks cd. stop whole docks again. Issues i) pay ii) non-union clerks. Hope T & G. W. Union will compose this. Also dockers' demand for 100% Union membership for all who come into docks. Dust hasn't settled.
ii) Municipal 'buses. Again because of opposⁿ. to T & G W. leadership.
iii) Rlways. Footplate workers.
iv) Engineering wages claim. Talk of strike to bring it to a head.
v) Steel erectors on Ldn. sites. Strike, already in progress.
Most of this is due to attempt of Left-wing in T.U. movement to unseat Right-wing leaders.
W.F.T.U. had a plan to stir all this up, in order to disrupt our prosperity.

1. Parliament.

[Enter Reading, P.B.H.]

H.C.

Business for next week,.

O.A.P. – Vote of Censure. 16/11. : 2 days' before W. Derby By-Election.

Speakers : O.P. (opus) : Cab. Min. to reply – to be settled 11/11 with P.M.

Debate on Germany : 17-18/11. A.E. open : A.N. reply. 2nd Day H.M. to open : A.E. reply.

Business (provisional) for following week.

2. Rabbits : Myxamatosis.

H.A.

Pests Bill. Ctt^{ee}. stage : to-day.

Motion suggestg. it be made offence to spread myxamatosis – by equal nos. of Tory & Labour M.P.'s.

Our policy has bn. to prevent its being spread. But, on recommⁿ. of Adv. Ctt^{ee}., have opposed making it offence. It won't stop the spread : it's already all over U.K. : we cdn't enforce a statutory prohibⁿ.

We cd. now take any of 3 courses.

i) Opposⁿ. to motion wd. risk defeat.

ii) We cd. be conciliatory – indicatg. readiness to legislate later if positive ev^{ce}. of spreading it.

iii) Accept amendmt. W^d. be volte face : contrary to Adv. Ctt^{ee}. : wd. irritate farmers.

P.M.

Spreading this is a vile and odious action.

Leave it to free Vote.

Sal.

Can't be retrospective. Most of harm is done. Invidious. If we were going to do this, we shd. have done it at start.

P.M.

Opinion takes some time to form.

H.A.

W^d. sooner accept amendmt. than have free Vote.

B.H.

Think we may be defeated if we don't.

J.S.

Bad legⁿ. – but won't make any difference.

Agreed : Govt. to accept the amendment.

3. Agriculture : Administrative Tribunals.

H.A. Appeal decision on constitⁿ. of tribunals.
We have, by winning this, establ^d. principle.
Am considering, however, what to do on particular case.

W. Be quick about it. There will be pol. ferment otherwise.

[Enter B-C., Ward, A.N.]

4. Royal Flights.

P.M. Must be based, not on inconvenience to R.N. training, but on fact that it is not effective.

Sal. Need it be announced?

P.M. No.

[Exit B.C.]

5. Army & Air Force Acts.

[Enter A.H.]

A.H. Prelim^y. debate Friday. Shd. indicate our intent^{ns}. W^d. like to welcome report & promise legⁿ. in spring. 3 Bills – 1 Army 1 RAF. 1 Transitional.
Thereafter annual renewals by O-in-C. for periods of 5 years : viz., no amendment save at 5-year intervals.

H.C. Hope we can be vague about this at present. Pretty revolutionary.
Don't want to be committed to it (Sel. Ctt^{ee}. plan) yet.
Doubt if future Parliaments can be bound like this.

Att.G Mutiny definition i) will extend to go-slow action on repairs. Good.
ii) scope : 2 or more B. soldiers combining to resist auth^y. of Portuguese sergeant. Cab. shd. be aware of this.

P.M. Content : a Br. court wd. be the judge of the merits.

H.M. Relief at unanimity of Select Ctt^{ee}. Wise therefore to indicate broad accept^{ce}. of recomm^{ns}. Then we can hope to get Bills passed w'out controversy.

P.M. In transitional period prov^{ns}. affectg. human life will need to be administered in light of changes to be made (death penalty).

Memo. approved.

[Exit AN., AH., Ward.]

6. Uganda Protectorate.

- A.L.B. As in memo.
Politically, we shall have diff^{ies}. with supporters of ours, who have comm^d. themselves to final exclusion of Mutesa.
- Sw. Will help with this, & with Seretse, if this is represented as flowing fr. the judgemt. – not as a change of policy.
W^d. like chance to discuss details of statement.
- A.L.B. W^d. like that – Sw., K. and Att.G.
Suggest we announce this not as cond^l. on appeal : leaving me free to discourage appeal.
- P.M. Let A.L.B. discuss at once with Kabaka.
- Agreed. Course in memo. approved.
Statement to be settled by ALB., K., Sw., &
Att.G.
A.L.B. to discuss with Mutesa.
- H.C. V. long statement for oral. Cd. full version be circulated in Wh. Paper?
- A.L.B. Very well. Statement on 16/11 not 17/11 as stated in memo.
- [Exit Att.G.
[Enter Low.
7. Persia.
- R. Object of earlier loan was to support P. economy. It was not taken up, mainly because U.S. money made it unnecessary.
We now suggest £10 M. at 3½% – not to prop Persian economy but to facilitate Br. exports, & get our share of the market.
Political advantages are now subsidiary to economic.
Want 3½% (vice 4%) to avoid spoiling its effect.
- R.A.B. Have agreed to double the amount. Suggest 3% for 1st. year and 4% thereafter. Otherwise I shall be accused of subsidising exports.
- R. May we try this on Persians – coming back to R.A.B. if they make a lot of fuss.
- R.A.B. Rely on argument of Pakistan loan 4%. Don't want better terms for P. than for Doms.
- Low. We attach equal import^{ce}. to exports, but support Ty. view on interest.

[Exit Low
Reading

8. Pensions.

[Re-enter B.H.]

O.P. Figures. – specially secret.

War Pensions. 100% rate to be increased to 67/6. 50% above 1951

War Widows. 52/6^d. 50% above '51.

N.I. Benefits. Basic pension : from 32/6 to 40/=. Married 54/= to 65/=.

Sickness: similar increases.

Unemployment

Increased contributions : based on Actuary's Rpt : only 11^d. each plus 1^d. for Ind. Injuries. Concession to self-employed : only increase payable by employed.

Time-table.

Can't improve on this w'out serious risk of b'down.

There was a serious muddle when Socialists tried to do similar thing in 2 months.

Nat. Assist^{ce}. Bd. is independent & Govt. Cannot bring any pressure on them. Bd = 2 Tories 1 Lib and 3 Labour. Chairman is unwilling to seem to be yielding to public clamour. Present scales are adequate : & in 1 case out of 3 discretionary add^{ns}. are being made. He wd. like to increase by 2/6 and 4/=. But in ordinary course, w'out emergency mtg. This means 24/11 before B^d. makes this recommⁿ. 1³/₄ m. order books will then have to be changed. Working fr. 24/11, this means tht. end/Jan. is earliest date for coming into operation of increased scales. Seek approval for i) time-table ii) rates iii) priority to be given, in payment, to war pensions. iv) no special Xmas box.

H.C. 1) 2nd. Rdg. 21/12 is latest day. Diff. if Rpt. not available until 15/12. Can't be a moment later. 2) What of Phillips Rpt?

R.A.B. These plans (on figures) are based on Actuary's Rpt. This shows tht. existg. basis for cont^{ns}. is too high. Phillips Ctt^{ce}. hope to finish this week. We have waited on them because ques wtr we shd. raise age of retirement (because of eventual burden of pensions). Now seems they won't be agreed on that. But we may get from them support for increase cont^{ns}. Hope O.P. will press Ass^{ce}. B^d. to aim at earlier date than end/Jan. Cost to Exchequer. Because of loss of tax, may cost £27-30 M. Can carry that burden. Details e.g. tobacco) can await another Cabinet.

O.P. (In reply to P.M.) The numbers who are too proud to go for Assist^{ce}. are not large. Can't risk whole plan by attempting, for their sake, to do it all quicker.

H.M. Three things are linked – i) Assist^{ce}. ii) War Pensions, by Order. iii) N.I. wh. requires a Bill. On (iii) we must be able to show we legislated as soon as Rpts were available. We cdn't do it more quickly. Must

say all admin^{ve}. prep^{ns}. are started as soon as 2nd. Rdg taken – w'out losing time of Xmas Recess. On (ii) we have a good case on earlier date now proposed.

Discussion adjourned.

1. Wireless Licences.

[Enter P.M.G., Gammans,
Att.G., P.B.H.

Att.G. Posⁿ. was righted by Act of '49, which came into force this year; but it did not validate charges made earlier.

Sal. Considered by H.A. Cttee. Clear tht. $\log^n$ is best course open to us.

[Exit PMG., Gamm., Att.G]

2. Pensions.

P.M. Why shd. we not pay larger sum on old warrant?

O.P. Twice in 4 yrs. this has been done – by Labour Govt. and by this.
On first occasion there was a b'down in admⁿ. because attempt to do it too fast.

This is insurance scheme. Wd. cost £8 M. a month to pay benefits before increased cont^{ns}. Can't collect those until June. Ty. willing to bring benefits in earlier (April) at cost of £12 M. But can't stretch that too far.

Y'day Soc. Services Ctt^{ee}. (Tory) in H/C. met. At end there was no support for Xmas box. Also convinced tht. emerg. scheme wd. involve risk of confⁿ. & breach of insurance principle. They asked for no more than passage of Bill (all stages) before Xmas. Viz., they concentrate now on speed of legⁿ. I wd. be ready for that, if we cd. persuade Oppⁿ.

H.M. Diffy. therefore to bothe prep^{ns}. for paying in and paying out.
Must be able to prove maximum expedition.
When, in course of Bill, do you order the new stamps?

O.P. I shall start it, before amendmnts. discussed in Ctt^{ee}. stage : but I can't say so.

W.M. W^d. it not be better to tell Parlt. you can't order until Bill is passed and use that as lever to get Bill passed before Xmas.

R.A.B. I have offered to stand cost of beginning to pay as soon as books are ready, even tho' stamps are not ready.

O.P. The limit then is capacity of my offices to issue new books. And Feb/Mar. is our heavy period for sickness.

H.A. Pass legⁿ. by Xmas : increase ass^{ce}. rates in Jan : then we cd. hold pension posⁿ. until end/April.

Then we can claim we have not delayed a day.

Ford. Stat^s. show exp^{re}. by o.a.p. is rising beyond rise in its cost.

E.g. milk : same as nat^l. average : and butter more : meat & eggs less than nat. average : tea is down absolutely but still about nat^l. average. Position of o.a.p. generally is surprisingly good. But it includes those on assist^{ce}. and those who aren't.

- R.A.B. Ready to consider further cost on cont^{ns}. if O.P. cd. advance his date.
- W. No ev^{ce}. tht. there is much hardship. Fact tht. o.a.p. are buying butter vice margarine proves it.
Politically, v. desirable to pass Bill before Xmas.
Useful also if dates for assistance & w. pensions cd. be advanced.
- P.M. My only fear is that we may lose pol. advantage of increase.
- D.E. Poorest will benefit only by increased Ass^{ce}. Easier to hold posⁿ. if theirs comes in earlier. Any chance of expediting that?
- O.P. Can't put pressure on Bd. They don't want to yield to clamour & don't wish to consider it before next normal mtg.
When their decⁿ. is taken, I can press them for earliest possible introdⁿ. of new rates.
- H.C. Caveat on Phillips Rpt. To get this thro' before Xmas, will have to do it in 3 days in each House. Can we go on saying : "wait for P. Rpt" – if that is not going to be available until early December.
- O.P. Will be signed : we cd. say we have considered it.
- RAB. We shall get it before announcemt. Have told St. Office it must then have 1st. priority. Mght get it printed before 2nd. Rdg.
- H.C. Can't be sure this Bill will go thro' w'out Oppⁿ. obstruction.
- P.M. That wd. let us out, on the political argument.
- P.M. Record Cab. desire tht. Bill be passed before Xmas.
* Let Leaders of Houses report next week wtr that wd. be possible & what wd. be involved.
- Sal. Avoid impⁿ. of hysterical hurry, wh. wd. imply tht. Govt. were unduly influenced by political motives.
* Agreed : M/N.I. authorised to proceed with prepⁿ. of Bill.
- K. On time-table : operation shd. be at earliest moment administ^{ly}. possible. Discard argument tht. later operⁿ. wd. be better because nearest. G. Election.
- O.P. My earliest safe date is 27/4.

Time-table approved, subject to earlier passage of Bill. Adm^{ve}. measures to proceed at greatest speed consistent with avoiding admin^{ve}. breakdown.

3. Defence Programme.

H.M. As Def. Wh. Paper won't be publ^d. until Feb^y., must have earlier announcemt. on AA Command, infantry batt^{ns}., R.A.A.F. Sooner done, more money saved. But if we announce may invite demands for debate, on adjournment or otherwise. L.P.S. therefore suggests tht., instead, a phrase be inserted in Queen's Speech, & announce it in Debate on Address. W^d. only involve 10 days' delay, from R.A.B.'s point of view.

1. Parliament.

[Enter P.B.H.]

H.C. Business for next week.

2. Legislative Programme.

P.M. Regret no reduction. See para.6.

A.E. Seems inevitable.

H.C. Some cd. start in H/L. – and, if Opposⁿ. in H/C. were difficult – they cd. lapse.

RAB. Contentious legⁿ. has bn. discarded e.g. Teachers' Superannⁿ. & the nat^l. element of Sugar Industry Bill.
New plan for Teachers. Consistent with honour. But negot^{ns}. will be tough.

A.E. What do we say in D/Address?

R.A.B. Good case for re-negotiating new basis for future.

D.E. Will try : tho' diff, on basis sugg^d. by RAB – reduced rate of interest must mean increase contrib^{ns}.

H.C. Add Indemnity Bill for G.P.O. – as in memo.

A.E. May need a Bonn Conventions Bill.

R.A.B. Numbers are deceptive : many are v. small. Can't cut any more.

Sal. Cocos Islands, Oil Pollution, Lancs. Cts., [Co. Ct. Jurisdⁿ.] cd. all start in H/L.

Memo. approved.

3. Opening Speech.

A.E. Para. 11. CRA will ask what is meaning of last sentence.

H.M. Original plan : all announcements to be against b'ground of W. Paper. Now preferred to p'pone W. Paper until Feb^y. Some announcemt. must be made if economies are to be secured. Suggest this sentence. Then short speech of explⁿ. by Att. You may, however, get drawn into larger issues.

P.M. Don't think this can be delayed. The theme of 'deterrent' shd. be explained – certainty of retaliation.
[Exit A.E.]

A.E. Raises whole ques of our use of atomic weapons. Are we ready for that?

Sal. Sugg^d. amend^{mt}.

H.M. Yes : Then reserve main picture unless Opposⁿ. open that up. They may not. Can reserve decision on that for a time.
[Exit H.M.]

de L. "Strength" in para. 11.

P.M. Can mean effectiveness, not numbers.

P.M. Think general statement will be needed.

Ll.G. W^d. invite debate on C. Defence. [Exit Serv. Ministers]

RAB. Para. 20. Language is ok. – but discⁿ. of p'mme will be needed.

H.A. Para. 33. Bill will have to extend to England. Omit para.
[Exit J.B.C.]

4. Pensions.

H.C. If Phillips Rpt signed 26/11 & submitted 29/11, we cd. publish 3/12. Present Bill 1/12. With 5 days on D/A., 2nd. Rdg. 7/12. Ctt^{ee}. 9/12 & prs. 10/12 & 13/12. Rpt. & 3rd. Rdg. 14/12. H/L. 2nd. Rdg 16/12 : Ctt^{ee}. 21/12 : R. Assent 22/12.
All turns on signature by 26/11.
If it is a week later, publⁿ. wd. not be until 10/12. Then H/C. 2nd. Rdg. 14/12 ; and cd. pass H/C. before Xmas, but not H/L. Is that enough?
W^d. it be said H/L. was cause of delay.

P.M. M.P.'s cd. say to constituents tht. they have done their utmost. [Re-enter A.E.]

Sal. C^d. offer Oppⁿ. chance to return after Xmas. If they won't, cd. ask them to deal with it in 2 days incldg. Xmas Eve. Cdn't try this on until nearer the time.

P.M. Aim at 1st. time-table.
Work to 2nd. if we have to.

5. Boundary Commission's Report.

P.M. CRA wishes to see me.

W. Report will be unfavourable to Labour Party.

P.M. If we are to put this thro', I must see CRA to-morrow.
Group of Ministers to meet & advise me what to say to him.

Ll.G. No need – we have no option but to put it into opⁿ.

Agreed. P.M. to see CRA Wed^y.
Report & O's-in-C. to be presented Thurs.

1. Boundary Commission Reports. [Enter Reading,
P.B.H.]

P.M. Will suffice if I see C.R.A. Thurs. a.m. – accompanied by Ll.G. & L.P.S. – if notice of presentⁿ. is given on Thursday p.m.
But if we are trying to get Pensions Bill thro' before Xmas, are we offering opportunities of obstruction by presentg. over 40 O-in-C.

Ll.G. Am waiting to hear wtr Speaker will rule tht. they may be debated en bloc.
There is no precedent : this is first occasion.

P.M. If it is ruled that all can be debated separately, we shd. consider wtr it be p'poned until after Xmas.

Ll.G. Will consult with L.P.S. on receipt of Spkr's ruling.

2. Uganda.

A.L.B. Good reception here, but bad in Uganda. Tho' noise was not inside Lukiko, which took it quietly. Situation now is calm.
Pity it went ill, initially. Hope we shall recover & get credit. Kabaka's statement is helpful.

3. Prorogation Speech.

Approved, with amendments.

4. Opening Speech.

Approved. with Amendments.

1. Parliament. [Enter P.B.H.]

H.C. Course of D/Address. Hope to complete on Mon. 6/12 : cd. run on until 7/12.
Pensions will be blocked by notice of introdⁿ. F. Affairs have bn. recently discussed. C^d. offer later day for general ques of gerontics as contrasted with Bill.

A.E. CRA will almost certainly ask for explⁿ. of phrase in Speech re Defence. I must be able to indicate wtr it will be expl^d. later in debate. I wd. prefer to devote 6/12 to general exposⁿ of Defence – and to speak on it myself. Deterrent vice defence must be explained.

H.C. There wd. be Oppⁿ. amend^{mt}., probably, wh. wd. have to be taken on 6/12.

Sw. We shall finish in H/L. on Wed. or Thurs. Tactical use of a weapon is sure to be raised in H/L. We can't remain silent on it.

A.E. I agree : and H/L. can't be given answer before H/C. Gaitskell's point in recent debate isn't easy to answer.

H.M. From Election pt. of view, you cdn't open a more delicate series of questions.
These ques are going to be raised in N.A.T.O. Actually, unreal : because if attacked, you must defend yourself with what you have. But politically v. awkward : for suits fellow-travellers to urge that a. weapons shd. not be used so tht. R. man-power superiority can be at advantage.
Election charge – we have become an a. armed country w'out public knowledge or discussion.
C^d. we have small debate now to take edge off it, and then have it at greater lengths in February.

P.M. Must make some mention. If so, better have some design.

Sal. Can we do it before N.A.T.O. discussion on 16/Dec?

H.M. That cd. be argument for not having wide debate in D/Address.

Sal. If there is to be general debate in H/C., we cd. avoid having it earlier in H/L.

[Exit Sal.]

At higher benefits it shd. be 4/=. I cd. then say no one wd. lose by deferring retirement. This is only point on wh. I am not in agreemt. with R.A.B., who wants to leave it over until we have exam^d. Phillips. This is largely political. There is enough jam in our plan w'out it. Might need it to sweeten some Phillips powder later. Will announce on Wed. next.

- Sw. Hope Phillips & Act. can issue together.
- O.P. Was to have bn. 2 days' delay. I cd. defer Actuary's Rpt. I will do so – if R.A.B. agrees.
- R.A.B. I agree.
- P.M. Defer Tobacco token ques until later?
- R.A.B. Imposs. to administer. W^d. like to deprive new entrants of it.
- O.P. Creates anomaly betwn. old people of diff^t. ages. Money saving will be negligible. W^d. take 15-20 years to die out. Shall get political odium w'out financial advantage. W^d. have preferred to reduce rates.
- J.S. Or abolish it altogether.
- O.P. Trouble then wd. be N. Ass. smokers, who wd. be up 2/6 and down 2/4.
- P.M. Approve main scheme & leave this over?
- R.A.B. V. expensive scheme for future : a matter of £300 M. Was right not to be precipitate.
We shall be only country in world giving subsist^{ce}. pension w'out means test.
Big rise (7/6) – which shd. hold posⁿ. for some time.
Defer alteration in increments until later. Agreed.
When is decision needed on tobacco?

Agreed : Don't do tobacco at this time.

[Exit P.B.H.]

4. Coloured Workers.

- LI.G. Ctt^{ee}. – to give support for action. We need to reduce opposⁿ. to our plan.
Hope P.M. will see C.R.A. before this is announced.
Fear it may take 4-6 months.
- A.L.B. Support plan for Ctt^{ee}. Need “independent” backing.
- Sw. Might get bi-partisan support thro' a Ctt^{ee}.

- A.L.B. Have a Ctt^{ee}. soon & hurry it up.
- Sw. Agree to all going to Ctt^{ee}. (inclgd. deportⁿ.) because no room in p'mme for next Session even for Bill restricted to that.
- P.M. Take final decision when names are available.
5. Sale of Aircraft to Middle East.
- P.M. This is only ques of timing.
- H.M. V. complicated. Issue about tanks too. Also ships for Syria.
We need a full picture of what we are doing in arms racket.
Then we cd. take a more balanced decision.
- R.A.B. If we don't sell, others will. E.g. Sweden is ready to sell Vampires to Arabs.
- H.M. On telegram. Don't ask for recomm^{ns}. Sh^d. we not ask them merely for informⁿ. on Mystères.
Then get full picture. And consider again in Def. Ctt^{ee}.
- A.E. H.M., S.Ll., and I (with de L.) can meet this p.m. & bring up again at 10 p.m. mtg.