



# **CAB 195/9/1**

**C A B I N E T**

**M I N U T E S**

C.M.(51)23rd Meeting – C.M.(51)60th

Meeting

1. Korea.

[Enter H., B. & Att.G.]

H.M. MacArthur: another statement at v. awkward moment.  
We shd. ask Acheson wtr. Truman shdn't give him directive –  
acting for U.N., while we can't indicate publicly to Ch. what  
we intend militarily, he shd. not do the opposite by threats  
etc., in public.  
Propose to send to U.S. a draft of a new directive.

Agreed – in principle, F.O. to have discretion to draft.

2. Overseas Information Expenditure.

H.M. Ctt<sup>ee</sup> on Inf<sup>n</sup> Services accepted cut, overseas Dpts. dissentg.  
I & other two Dpts. agreed not to pursue the dissent, after I went  
to F.O.  
Mention this because Press campaign wh. has broken out.  
I will consult 2 Dpts. on best means of spending reduced sum.

G.W. I.E.C. Jacob is responsible – he shd. be sacked.

E.Sh. Thght. this was coming to Cabinet.

H.M. We must not surrender to Press campaign of this kind.  
I have arranged for Jacob to be seen. \*But I don't want to lose  
wavelengths.

3. Dollar Aid.

H.G. U.S. Govt. proposing to ask for no aid to U.K. save for end items.  
Ousts aid for dollar components. Prejudges Nitze.  
Am sending 2 Ty. offls. over at once for talks.  
They approached us before deciding.  
We shd. keep door open – even tho' amount is small, Nitze shd. not  
be put in those terms.

H.G. Nitze may provide it.

A.B. Want to escape this dependence on U.S. Congress.  
Thought there was firm Cab. decision on this – no more dollar aid.

E.Sh. It was left open – for consid<sup>n</sup> later after Nitze.

H.G. Not “aid” – pooling, or re-arrangement of burden among the 12.

4. Hong Kong: Detention of Chinese Tanker.

- J.G. As in memo. No power to detain. The aircraft recently were held because doubt re ownership. To detain the ship wd. be act of war – risk of repercussions on our own shipping in Chinese waters. Cd. be reprisals v. H. Kong, wh. depends on supply of food & water fr. mainland.  
I'm not prepared to instruct Govr. to detain this ship.
- H. Share these apprehensions – esp. as in para. 6.  
If U.S. views known earlier, we cd. have prolonged the repairs.  
Ch. Nationalists cd. sink her, if they wished, after she left H. Kong.
- B. Ch. can inflict much more damage on us than we cd. on them.  
260.000 t. of Br. shipping centred on H. Kong. 25% of tonnage in & out of Ch. ports are Br. 15.000 Ch. sailors on B. ships in F/East.  
U.S. don't understand our shipping pos<sup>n</sup> & are indiff. to our needs.  
A policy of sanctions v. Ch. shipping wd. boomerang on us – from many Powers other than China.
- H.M. Have discussed with Ministers concerned.  
This is exceptionally worth-while tanker. While we have avoided provokg. Peking, we mustn't be too weak on mil. matters. This ship wd. prob. be used for conveying to Korea oil wh. Ch. sadly need there. Apart fr. U.S. re-actions, we have troops in Korea – & this wd. help Ch. to fight them. Awkward situation.  
Peking unlikely to challenge det<sup>n</sup> in H.K. courts - & if they did mightn't succeed.  
Other reprisals. Maybe: but Ch. have done this sort of thing already. Their record is bad. B. ships shelled in approaches: detained e.g. Flintshire. Requisitiong. of B. property in Shanghai.  
U.S. re-action. Emotional outburst inevitable – might get us into diff<sup>ies</sup>.  
Tel. 937 fr. W'ton. Strong request from Acheson tht. we hold it as a military vessel on a/c of its size & speed.  
Chinese wd. detain this ship if it were ours.
- A.V.A. What oil wd. it carry? R.? Or are we supplying Br., Dutch or Venezuelan.
- Att.G. Oil has bn. embargoed. We are not supplying.
- A.V.A. Then v. limited use for the tanker. Only fr. Vladivostock – or prs. Dutch.
- H.G. Will ply from Black Sea or Vladivostock. R. oil.
- J. What of requisitiong. it, & paying, for our own use.

- B. Repairs paid for – private contract.
- Att.G. Believe we cd. seize this ship – either because Ch. are King’s enemies or because police op<sup>ns</sup> in K. involve China & U.N. resol<sup>n</sup> gives cover, because it requires us to refrain from aiding Chinese. We have the legal power. Ques. therefore one of policy.
- A. We are v. vulnerable in H. Kong.  
If we start this immoral game, our potential loss is much greater than our gain.  
If Ch. run it into Korea with oil, they are risking the ship.  
We aren’t entitled, on any principle of fair dealing, to pinch this ship.
- E.Sh. Tel. 660 fr. Tedder. Sherman’s anxiety over this ship.  
Suppose we had more serious trouble in F/E., we shd. rely on U.S. help.  
Better tie up U.S. with us, by detaining this ship, than by alienating them.
- T.W. Para. 4(c). What may happen to these ships?
- B. Ch. cd. seize them. Or if Ch. sailors walked off, we wd. be immobilised.  
M/F. planning to draw more food from China.  
Let U.S. seize the ship at sea, if they are concerned about it.
- H.M<sup>c</sup>N. Complain of short notice – by Govr. Ship has bn. in port for 2 years.  
Repairs cd. have bn. delayed if Govr. had taken the point earlier.  
Similar short notice re aircraft & pre-empting of oil.  
Surely we must detain this ship. The U.N. resolution imposes this oblig<sup>n</sup> on us. We have power to do it. Fantastic to w’hold B. oil (to our commercial disadvantage) & let this ship go.  
Risk to H. Kong. A matter of judgment. Govr. has bn. wrong before in forecastg. trouble.
- H.G. Is this a “new departure in policy”.  
We don’t want to break off trading rel<sup>ns</sup> with China, or to develop sanctions.  
If we were bldg. this tanker, we shd. decline to deliver. This has bn. so substantially repaired tht. it’s almost new bldg. Detention of a ship putting in for small repairs wd. be another story.  
Attracted by requisitioning for our own use.
- J. Legal position is w’out precedent. Semi-war: but cont<sup>d</sup> trade.
- H.D. Balance of argument is in favour of requisitioning – tho’ it involves risks.
- C.E. Weight of argument is against C.O. view.

Agreed: Don't release this ship to China.  
F.O. & other Dpts. to consider how to detain it,  
wtr. by requisition or otherwise.

- A. A wrong view. Contrary to our general policy (in Korea) twds. China.  
Interference with a commercial transaction:
- J.G. This is economic sanctions v. China.
- G.T. Repercussions haven't bn. measures: they may be v. grave.  
What effect on our relations with China, with whom we seek a  
settlement. Will it make that easier?
- G.W. Explain policy to Doms.
- E.B. This means applying sanctions v. China?
- H.M. No: a particular case only. No precedent: no general implication.
- E.B. You may regret this decision: cf. Grey & Page decisions of  
1914/18 war.  
Square it up with oil & aircraft decisions.

[Exit B. & H. Enter Wheatley.

5. Status of N.A.T. Forces.

- H.M. Main points in Art. 8 or 9. Exclusive jurisdiction in last war.  
This is less extreme.
- J. Favour this plan. Now U.S. have exclusive jurisdiction. Only if they  
waive it can our courts come in. This plan is an improvemt. on  
that.  
Incidentally, I believe this breaches Human Rights Conv<sup>n</sup>.  
Some small points of detail cd. be improved – I & Att.G. will go into  
these with F.O. legal advisers.
- C.E. Agree with J.
- J.G. i) W. Indies. Won't upset existg. arrangement?  
ii) I shd. consult Col. Govts. if constitutionally advanced.
- H.M. F.O. & C.O. shd. consult on this.
- E.Sh. Reciprocal?
- H.M. Yes.  
U.S. may seek to extend it to troops operatg. otherwise than under  
N.A.T. We shall have to watch this.

- J. Att. Genl. and I shd. be consulted.
- Wh. And me.  
Art. XIX. 2. Why not to Chairman?
- H.M. Because ratific<sup>ns</sup> deposited in W'ton.  
[Enter C.O.S. & R.R.S. Stevenson.  
[Exit Wh.
6. Anglo-Egyptian Treaty.
- H.M. Important. And politically awkward. Hence submit Def. Ctt<sup>ee</sup>  
recomm<sup>ns</sup>.  
Every pol. Party in E. promises to get us out. Individual E. politicians  
will take accommodatg. lines – in private only.  
Vital for B. forces to stay in E. until they can go somewhere else.  
Choice: i) flatly say we'll stay: with big risks.  
ii) take line in memo: tho' it may be represented as retreat.  
iii) spin out the talks & don't hurry movemt. of troops.  
Suez Canal: we have spoken firmly here and in Cairo.  
My personal inclination is twds. (iii). M'while E. may see her own  
danger.  
Sudan. E. want to stiffen up their part in Condominium. But we  
can't make any concession on that.
- E.B. Phases of occupation – i) security for financial advances.  
ii) Suez Canal. (World War I).  
iii) Base for fighting world war.  
It is iii) which is now of interest to C.O.S. And this was not  
contemplated when Treaty made.  
Army has had worst part to play in E. Haven't always bn. v. helpful.  
Attitude to R.N. easier. Perhaps we shd. play up R.A.F. in  
future vice Army.  
World opinion has turned v. occupying Armies. Feel we shan't get  
consent for mil. occup<sup>n</sup>. Hence my preference for (ii).  
Fear delay will make matters worse. Must be done before  
E. elections.  
ii) wd. get over Canal Zone diffy. W<sup>d</sup> transfer issue to defence of  
Egypt. E. For. Minister ready to concede facilities of E. as whole  
on such a basis. Tried to get it on same basis as we have secured  
with U.S. in W. Indies. E. want to be treated as equals.  
I'm willing for that: wanted similarly to get Israel treated as an  
equal. Wanted to get E. settled first.  
If we cd. w'draw our troops, by phases, & put base on civilian basis.  
End talks at end/51. Then so many troops wd. be w'drawn each  
year. And m'while pick lively Egyptians and train them. We  
have never done so properly: never produced an E. Army:  
& treated them as Gyppo's. Many bitter memories in Egypt.  
"Orderly transfer of authority" was a phrase wh. brght. them along.  
E. is the key to M/E. communications.

- E.Sh. Needs much thght. - & more time for disc<sup>n</sup>.  
May be we shd. make a new approach. But can't ignore recent new developmts. e.g. re Persian oil. Bases are important: safeguardg. of oil is even more urgently important.
- H.M. E. Govt. wants to begin negotiations – as soon as possible.
- E.Sh. In Def. Ctt<sup>ee</sup> genl. support for C.O.S. report.
- H.G. Must have more time.
- H.D. Tankers – cause for our delay.

Discussion adjourned.

[Exit C.O.S., Att.G., Stevenson.

## 7. Japanese Peace Treaty.

- H.M. Cab. wanted to delay. We can't now. U.S. have disclosed their hand.  
We shd. claim credit for our leading part in this over 4 yrs.  
We have U.S. draft Treaty. We shd. cut in & make our views known.  
Japs. are saying we are delaying it.  
Feel now tht. we must go ahead.
- A.V.A. Dulles is leaking our confl. views.
- H.M. An add<sup>l</sup> reason for getting on.
- H.M<sup>c</sup>N. Politically, a v. difficult problem.  
Don't hurry to decide now to make a Parl<sup>y</sup> statement tht. we are discussing this with U.S. Govt.
- E.B. Why shdn't we ask R. for her views. Don't want to get a 3:1 pos<sup>n</sup> in F/E., even tho' it's inevitable in the west.

C.M. 24(51).

5th April, 1951.

1. Parliament.

[Enter W.W., Att.G.]

C.E.

Business for next week.

Debate on N.A.T. Commands. Oppos<sup>n</sup> want debate on 19/4. Don't want incomplete W. Paper. M/D. will try to get Med. Command settled by then if he can.

E.Sh.

Standg. Group are being diff. But discussg. with Mil. Rep<sup>ves</sup> Ctt<sup>ee</sup>.

2. Detention of Chinese Tanker.

[Enter B., H., C.O.S.]

J.G.

i) Possible resign<sup>n</sup> of unoffl. Members of Leg. Council.

ii) Risk of internal disorder in H. Kong.

We can requisition. Ch. Crew wd. have to be taken off. Ship shd. be cleared out of F/East altogether.

H.M.

Nothing new save (ii).

A.

This action wd. cut across general policy - & wd. be unnecessarily provocative.

C.N.S.

So long as she is in H. Kong, may be trouble. She shd. not go into Chinese hands: she shd. go fr. H. Kong as soon as possible. Diff. to justify to Br. Troops handing over tanker to Ch. V. whom they are fighting.

A.B.

Cd. we not start disc<sup>ns</sup> with Ch. Re their confisc<sup>n</sup> of B. property: and keep the talks going? I have had ev<sup>ce</sup> tht. its requisition will cause real trouble, locally.

B.

Disproportionate repercussions on B. interests.

E.Sh.

What about the row (from U.S. etc.) if we do let this tanker go. W<sup>d</sup> rather have trouble with Ch. than with U.S.

H.M.

Trouble with A.B.'s sugg<sup>n</sup> is tht. m'while tanker wd. remain in H. Kong.

Apart from U.S. criticisms, there will be Parl<sup>y</sup> criticism here.

H.G.

Interception at sea?

H.M.

Only after leaving Canton does she get outside territorial waters.

E.Sh.

Nearly a row in Parlt. y'day re destroyer for Egypt. And we aren't at war with Egypt.

Latest Tokyo repts. Suggest large Ch. Counter-offensive. V. awkward if the two co-incided.

Att.G. Govr's re-action is "standard".  
Reactions here wd. be much more serious.

G.W. x/ Requisition & sail it away. But then start talks with Chinese about  
cross-requisitioning. of property.

G.T. I still doubt wtr. This mayn't extend war v. China.

Agreed: as at x/.

[Exit Att.G. & B. & H.  
[Enter R.R.S. & Stevenson.

3. Anglo-Egyptian Treaty.

E.Sh. Def. Ctt<sup>ee</sup> approved C.O.S. proposals in (c). Think we must proceed  
on that basis. Phased w'drawal: some this year, more  
(prs. 4.000) next year. Combatants.  
Base technicians etc. C.O.S. want about 3.000. E. prob. wd.  
say 2/300.  
May have to compromise on that.  
10.000 R.A.F. wanted. E. prob. won't accept that. But w'out a good  
no. we can't meet our commitments in M/E.  
Store at Tel-Akabir. Troops needed to guard it.  
Must negotiate on all these points. Believe M/E. think we're weak  
now. Must try to disabuse them. But no point in starting  
v. tough.  
Events of next 18/24 months unknown. If emergency occurred, sit<sup>n</sup>  
wd. be diff. S. & E. wd. have to recognise that. W<sup>d</sup> improve  
our bargaining pos<sup>n</sup>. Per contra, if peace recurs, easier to w'draw  
grip on E.

H.G. Fin. Implic<sup>ns</sup> have still not bn. examined. Figures in C.O.S. memo.  
\* may be too low. W<sup>d</sup> like this examined before talks with  
E. resumed.  
Pol. Re-actions here – if we appear to be yielding to E. when nothg.  
secured re Canal & Haifa.  
Diff. pos<sup>n</sup> in M/E. as whole. Not enough forces to cope. Diff<sup>ies</sup> in  
Persia & Iraq. Most vulnerable area in anti-Comm. Cause:  
loss of M/E. oil. Why handle this as Br. Affair w'out relation  
to N.A.T. & world strategy. E. dislike us & our troops: haven't  
sided with R. Cdn't we handle on a wider basis? If too diff. to  
get U.S. in, what of others? But what wd. U.S. C.O.S. say?

R.R.S. They are pro-Egyptian rather than anti-British.  
This is face-saving. If we offered to go, they'd ask us to stay.  
No Party represents the people. Lasting agreemt. Wd. have to be  
negotiated with all Parties. And somethg. Will have to be done  
re Sudan: tht. will be essential part of agreemt.  
Mil. agreement. They will accept large nos. in Canal Zone for base.  
They want a large Army (1. million) with Br. Mission to train  
them.

Combatants: free entry in emergency. But will have to have before '56. Anglo-E. air defence organ<sup>n</sup>: won't be accepted save under cloak of U.N.

- H.M<sup>c</sup>N. If you pay the price on Sudan you can get E. agreement. That's what R.R.S. means. That wd. bring Govt. down. Also morally unacceptable.  
But we cd. have a decl<sup>n</sup> of policy re Sudan – early self-government as our aim. If we are going to lose on E., let's win on S.  
If we believe agreemt. Only at price of concessions on Sudan, useless to resume on basis of C.O.S. proposals. I wd. prefer to stand on Treaty: tell them we will consider any proposals of theirs: but make no offer ourselves.
- G.W. We have more to lose than they by such delay. Where shd. we be in '56. We can only stay in E. by force. Must therefore ensure tht. we have another base in M/E. by 1956.  
Politics: w'drawal of base isn't all in E.'s favour. Putting it in Israel, e.g., wd. alter balance of political forces.
- A.B. Can we trust Canal Zone custody to E. Internat<sup>l</sup> control of such channels? Incl'dg. Panama, Gib., D'elles & Skagerrak. Need we be afraid of that. Tangle it all up – to avoid going along on a Br./E. basis.  
We can't make any concession on Sudan.  
Our strategic necessities shd. be raised under more respectable auspices.
- E.Sh. Fr. obj<sup>ns</sup> to Malta Conference. Why didn't we include them? – security.  
Widening this out wd. mean in practice widening N.A.T.O. If E. were covered, other Arab States & Israel wd. have to come in. How wd. U.S. re-act? Once U.S. intervene actively in M/E., R. wd. regard it as provocative.  
These are all v. interestg. sugg<sup>ns</sup>. But we shall have to negotiate.  
We can't hang on until '56.  
Alternative bases: C.O.S. have bn. considering for 2½ years.
- A.V.A. If we don't resume, E. will denounce Treaty & take ques. again to U.N.  
Then no prospect of firm U.S. support for action on H.M<sup>c</sup>N. basis – staying put in E.
- H.D. Talks shd. be resumed. F.O. shd. have discretion, as it goes. Not too much restricted to C.O.S. plan. Haifa must come in. Militarily unsound to move out now, in worsening world.
- H.M. i) Canal is with Security Council.  
ii) M<sup>c</sup>Ghee: I have seen him: he's light-hearted about M/E: I told him to be careful. Am telling W'ton.

- iii) Genl. I shd. like to stay. But can't act like that in 1950's. Think we must resume. Doubt if we shall settle. I shd. like to spin out talks in Cairo, and leave troops there. Tho' nos. are in breach of Treaty.
- A.B. We must find somethg. that worries E. Raise internat. waterways somewhere else – to frighten them. They mght. prefer Br. on Canal rather than internat<sup>l</sup> body.
- H.M<sup>c</sup>N. If internat<sup>l</sup> control is only price at wh. we can keep these waterways open, we mght. pay that price.
- Stev. Unless we try for agreemt., there will be show-down. Denunciation of Treaty: direct action: we'd be in trouble. We wd. lose E. co-op<sup>n</sup>. W'out it, can't have efficient base.  
No U.S. support for force.  
I wd. like to work twds. getting E. to accept C.O.S. terms. Not treatg. them as ultimatum. Wdn't despair of that.  
Sudan. No ques. of U.K. imposing settlement on Sudanese. Put E. into pos<sup>n</sup> of havg. to refuse reasonable statement re Sudan.  
Our moral pos<sup>n</sup> is strong – tho' our legal pos<sup>n</sup> is weak.  
Internationalisation (H.G.) Wdn't affect E. attitude twds. Presence of foreign troops in E. in peace.  
We can't stand on Treaty – “wait till 1956” – For we aren't carrying it out.
- H.D. Can't justify memo. proposals w'out relief on Suez.
- Stev. Diff. to make one cond<sup>n</sup> of another.
- J. Play for time. Spin it out.  
Why not make Canal point cond<sup>n</sup> precedent to resuming. Treaty talks.
- St. They wd. say that was extraneous. Part of their quarrel with Israel.
- E.Sh. I'm v. introducing it at outset. Let it emerge if it will.  
Be practical. I must know where we are.  
Start talking. Consider seriously alternative bases.
- C.E. Amb. shd. realise tht., whatever issue comes to H/C. on Egypt, vote will be taken on basis that tankers are being stopped in Canal.
- A.B. Cd. we have a memo. on pros & cons. of raising international waterways.
- H.M. That prob. wdn't solve Parl<sup>y</sup> diff<sup>y</sup>. Negotiatg. while E. are damaging B. interests.
- E.Sh. Surely E.B. was negotiating on these lines for months, with knowledge of Cabinet?

- H.G. Let H.M. draft instruct<sup>ns</sup> to Ambassador in light of Cabinet's discussion.
- H.D. Canal point shd. be put to E. at outset of disc<sup>ns</sup>, tho' not as cond<sup>n</sup> precedent.
- H.M.<sup>c</sup>N. Serious trouble in H/C. if you appear to be negotiatg. to meet E. wishes while Canal is blocked.
- [Exit C.O.S., R.R.S., Stevenson.]

#### 4. Additional Measures Against China.

- H.M. Explained memo.  
List A. Let us stop goods going to H. Kong, so as to spare H.K. Govt. task of stopping them from there.  
Para. 12(iii). The M/D. memo. at E.P.C. is relevant to that.
- E.B. Discussion at "low-desk level", won't do. It shd. be moved higher. Call Franks' attention to that.
- E.Sh. Asked to consider extending embargo. W. Party recommended extended list of items. Not much diff<sup>es</sup> betwn. my memo & H.M.'s. Second part of 12(ii): embodies principle: ques. remains only one of extent. And, under 12(iii), ques. Of timing.  
I am therefore in broad agreemt. with H.M.  
Korea: diff<sup>es</sup> are developing. Latest reports: Ch. seem to be bldg. up large forces (with vehicles) n. of 38<sup>th</sup>. Also putting in fresh troops. Reported tht. they may have support of R. aircraft. 2-engined bombers massing over M'churian frontier.  
We may be forced by such a developmt. to accelerate extended embargo.  
M'while I endorse para. 12 of H.M.'s memo.
- H.M. I also accept M/D. proposals in principle.
- H.W. Large B/T. interest. But decision is political entirely. Strong feeling here as well as in U.S. if goods pass wh. may help Ch. Troops. But we agreed i) no blockade ii) no driving of Ch. in R. arms. This goes well beyond earlier controls: greater than any applied to R.
- J.G. Our policy has bn. to seek settlement.  
We shd. stand on 38<sup>th</sup>. Will a Ch. counter attack be made pretext for going beyond it. Advances made n. of 38<sup>th</sup>: shd. it not be made clear tht. these are for limited purposes only.
- E.Sh. We have made that policy clear.
- G.W. The memoranda are in conflict. Para. 7 of H.M. memo. puts a

v. limited p'mme. Can't do less than that – all war-like goods. But be careful not to slip into sanctions. The list in M/D. is much more extensive: & involves real econ. sanctions. Acceptance of H.M. memo. means not acceptg. M/D. memo in principle now. If we did, I shd. have to consult Doms.

A. Endorse that view.

H.D. Ditto. Also real econ. sanctions wd. not have support of Eur. & Comm. countries.

H.G. Para. 7(a) – first 4 done. Ques: do we accept 5 also. Adopt it & apply it to list in M/D. memo. Machinery is the big item: Dpts. shd. apply criterion suggested.

H.W. Diff. for us to do alone. But I wd. accept H.M.'s memo.

Agreed: approve H.M.'s memo.

5. Yugoslavia: Economic Assistance.

G.W. Does this enable Y. to compete for our scarce goods?

H.M. Let B/T. go into that.

Memo. approved.

[Enter G.A.I.]

6. Balance of Civil Pay.

H.G. Ques. of expediency. Must soon make up our minds.

A.B. Everyone shd. have it or no-one.  
How deny it to nat<sup>d</sup> industries?

H.G. You couldn't. It wd. have to go to all public service.

A.B. Cd. we require everyone to make up pay in all cases.  
Make everyone's pay up & take it away by taxation.

E.Sh. When arguments are evenly balanced, best to preserve status quo.  
You can't apply it to all. A.B.'s plan must mean: no one shall get it.  
If none, must have W. Service Grants. They are ineffective for cases of worst hardship. Means test. Mght. cost more.

C.E. Support status quo.

H.M. Favour War Grants scheme.

C.E. Worked v. inequitably in practice.  
Man in ranks: worse off than in civil life: sees other men getting more in civil empl't. than pre-war: serious cause of discontent in Forces.  
Examine idea of making everyone's pay up. [Exit T.W.]

G.T. Injustice of existg. system in rel<sup>n</sup> to call-up of Z. reservists.  
Anomalies are arising already.

H.D. No-one will legislate on this ques. in present session. Why not therefore carry on as now?

G.A.I. We shd. stand as now. i) employers who do it wd. } Govt wd. then  
carry on. } be less than  
ii) Bds. mght. make up pay. } good employer.  
Politically difficult to do otherwise.

A.B. Ques. will come up on Reserve Forces Bill.

H.G. Paras. 7 & 13 need consid<sup>n</sup> in any event.

C.M. 25(51).

9<sup>th</sup> April, 1951.

1. Meat: Argentine Negotiations. [Enter M.W.]

H.G. 200.000 t. in next 12 months, of wh. 35.000 t. wd. be chilled.  
Side-payment: possible & preferable, but we mayn't get it.  
Average price above the £120. Tho' they now deny that was an average.  
They began at average of £146.  
Tough: tho' not so tough as failing to get the meat.  
Recommend acceptance.  
Other matters going reasonably well, tho' A. makg. diff<sup>ies</sup>.

M.W. Support this. Worse to face diff<sup>ies</sup> of no meat, than those of high price. Corned only 2 wks. above zero reserve mark.  
Home supplies coming in well. Can go to 10<sup>d</sup> for a few weeks. And can hold status quo until May. June will be dangerous. After that can look to 1/7 or 1/8. But next winter wd. be v. diff. w'out A. supplies.  
Immediate supplies will depend on shipping. If it moves quickly, we might get up to 10<sup>d</sup> in June. But losing N.Z. meat m'while.  
Bound to mean higher price for A. & N.Z. meat.

H.G. But a 3<sup>d</sup> per lb. on retail prices wd. cover all this extra cost (excl'dg. still more for A. & N.Z. meat).

H.M. Increases in retail prices of meat will come up to Cabinet again.

Agreed: authorise acceptance of A. offer.

2. The Budget.

Note not taken of details.

C.M. 26(51).

The Budget.

Note not taken.

9<sup>th</sup> April, 1951.

[Enter W.W.]

C.M. 27(51).

12<sup>th</sup> April, 1951.

1. Korea.

[Enter W.W., H.H.M.]

H.M. Statement in H/C. didn't cover statement of aims. Desirable to get revised version out quick. Promised early announcement. We have approached U.S. in pursuance Cab. dec<sup>n</sup>. U.S. Govt. seemed friendly: but now favour more limited p'mme because they expect Ch. offensive. Also because re-actions to M<sup>c</sup>A.'s dismissal.

I have urged it further on U.S. G. because I believe this is psych. moment. Asked Fr. & Comm. Govts. to support.

Failing multi-lateral decl<sup>n</sup>, may have to consider separate decl<sup>ns</sup>.  
Will report further on developmts.

A. Don't appear to be taking it out of U.N.

H.M. Very well.

E.Sh. Doubts now wtr. Ch. will start offensive. May be merely replacg. tired troops, not adding any.  
Don't press U.S. too hard when they are sore over MacA.

H.M. Yes: leave it to my discretion.

H.W. Will new U.N. Commr. go on with fleet operation.

H.M. Don't know. W<sup>d</sup> be unwise to put the point to U.S., probably.

H.D. Franks mght. have it in mind – if he gets a chance to put it.

J.G. MacA. may appear before Congress. W<sup>d</sup> be convenient if decl<sup>n</sup> were made first.

A.B. Let it all rest: mil. op<sup>ns</sup> die away: don't provoke situation in wh. U.S. can't join in decl<sup>n</sup> & Ch. see us divided.

H.M. Will guide my conduct in light of Cab.'s discussion.

2. Parliament.

C.E. Business for next week.

Tuesday: Schools. Scotland shd. be rep<sup>d</sup> on bench.

Thursday: N.A.T. command organ<sup>n</sup> until 7 p.m.

Oppos<sup>n</sup> now say interim W. Paper wd. be useful.

Can be available Tuesday.

M/D. thinks that Oppos<sup>n</sup> shd. then open – his case is in W. Paper.

E.Sh. On Med. command we now have disagreemt. among our C.O.S.

But we can give full a/c of N.A.T. set-up & justify U.S. Supr. Comm.  
for Atlantic. Also somethg. re diff<sup>es</sup> of Med.  
Fairly long Wh. Paper.  
Believe pol. tension has relaxed.  
Will put draft to Def. Ctt<sup>ee</sup> Monday. Present Tuesd. 5 p.m.  
Outlined situat<sup>n</sup> on Med. I cdn't agree to U.S. Commr. controllg.  
Br. bases in Med. [Enter E.S.]

C.E. Propose to introduce Health & N.I. insurance Bills on Tuesday.  
Leg<sup>n</sup> Ctt<sup>ee</sup> Monday p.m..  
Second Rdg. followg. week.  
Finance Bill week after that.

A.B. I can't vote for Health Bill.

H.W. Strong diff. of opinion on this ques. We shd. take no open act until  
P.M. is back. Introd<sup>n</sup> of leg<sup>n</sup> shd. therefore be p'poned.

H.M. Much disc<sup>n</sup> & worry over this. Related to Budget. Best Parl<sup>y</sup> tactics  
wd. be to get on with it. If it's clear we are still arguing Parl<sup>y</sup>  
diff<sup>ies</sup> will be increased. H.G. shd. not be left in doubt about  
dec<sup>n</sup> wh. he has announced.  
H.W.'s sugg<sup>n</sup> implies diff. dec<sup>n</sup> mght. be reached on substance after  
P.M. returns.  
Govt. credit pledged now H.G.'s statement made.  
Dec<sup>n</sup> acceptable to substantial majority in Party mtg.

H.W. Timing not substance. Much feeling in Party. Deferment wd. help.  
Don't agree tht. substantial majority accept this. Of those who spoke  
more were hostile than in favour.

E.Sh. We were relieved to hear y'day no resign<sup>ns</sup>. Party were happy over  
that & over recept<sup>n</sup> of Budget. If we revive controversy, v.  
serious sit<sup>n</sup>. Cab. reached decision: held to it: announced it  
in H/C. Leg<sup>n</sup> embodies no more than those decisions.  
Suppose, as result of delay, there arises in Party due to  
propaganda, a division of opinion: we can't survive that.  
If Cab. decided now to revise earlier decision, some of us mght.  
decline to support that view. This is not one-way traffic.  
If Cab. decided now to revise earlier decision, some of us mght.  
decline to support that view. This is not one-way traffic.  
If this goes on, we shall divide Cab. and Party. Some of us  
mght. resign because Cab. wanted to go back on a decision.  
Can't we forget the past and go fwd. with decision announced.  
It's for Cab. to decide and tell Party meeting.

C.E.'s proposal approved ..... after 15 min. disc<sup>n</sup> not heard.

[Exit H.H.M. & E.S.]  
[Enter Wheatley]

3. U.N. Covenant on Human Rights.

- H.M. I don't know anything about this – except that we are in a mess.  
Started as anti-S. propaganda. As it goes on, it looks as tho' it will  
put us on the spot – esp. re Colonies.
- J. No use takg. narrow legal point of view. Ques: is it really important  
qua f. policy?  
Work of cranks. Vague language – formulae by compromise.  
Hence obscurity of language out of place in a code.  
But, for f. policy reasons, we signed the C/Europe Convention.  
We decided we cdn't put in reservations. Thereafter, 3 Protocols.  
Elections not bad: property (will put us in diff<sup>ies</sup> over £300 m.  
c. & betterment): education very awkward here & in  
Colonies.  
If we signed this one, we cdn't keep Tsekedi out of Bamangwato  
Reserve. Nor deport stowaways – under fresh legislation.  
Art. 3: effect on sentries.  
We have never before thus limited sovereignty of our Parliament.  
Tho' I give way at once on all these points if F.O. say this is essential  
for f. policy.  
But if we go on, let's look v. narrowly at every Article.
- H.D. On C/Europe Convention, have we not excluded jurisd<sup>n</sup> of court.
- J. Yes: but we may be pressed to accept it later.
- H.D. In doing so, we made it clear we were satisfied with our law.
- J. On U.N. Covenant: we have proposed some judicial power to  
pronounce wtr. our leg<sup>n</sup> is satisfactory. This therefore is much  
more dangerous than the C/Europe.
- H.M. I am sceptical of f. policy value. Totalitarian states will ignore it  
anyway. I wd. have preferred manifesto, vice covenant. I wd.  
wish to play it slow: get it so muddled tht. nothg. will happen.
- H.D. At least, take no fresh initiative.
- J.G. Col. appl<sup>n</sup> clause is out now, by U.N. vote. We couldn't apply this  
Covenant in Colonies.  
Tho' politically dangerous for us to w'draw.  
If we stay in, we mght. guide disc<sup>n</sup> usefully.
- J. Stay in & make difficulties.  
V. difficult for us to walk out.
- A.B. Existg. specialised agencies shd. handle those aspects of matter with  
wh. they are equipped to deal – if only “examine and report.”  
W<sup>d</sup> delay: and wd. inject an element of common sense.

- G.W. As it stands, w'out Col. appl<sup>n</sup> clause, it is unacceptable to us.  
We shd. realise that.
- J. The 3 Protocols under C/E. Convention shd. come to Cabinet.
- [Exit Wheatley]
4. Bamangwato Tribe.
- G.W. I had hoped T. wd. regain his influence over tribe. In fact, he is increasingly suspected. If he returned, all progress twds. self-govt. wd. be wrecked.  
From public interest of B., he shd. be kept out.  
If he wd. play, I wd. protect his interests & give him a job under ground nuts scheme.  
I want to exclude him – either with his agreemt. or w'out it.
- J. Needn't put it to him as life sentence.
- G.W. Only for W. Paper period. Re-affirm that.  
Some chance of amicable settlement. And I wd. then be generous.  
But must know tht. we will go on with it by compulsion.
- H.G. Money mght. come elsewhere than fr. Exchequer.  
C.R.O., C.O. & Ty. shd. consult on that. C. Dev. & W. Fund mght. be used.
- A. Support G.W.'s plan.
- H.M. Awkward to spend public money on private man's interests, to keep him quiet.
- G.W. Think we can do it with little U.K. money. And we ought to open up this territory anyhow.
- H.M. Difference between policy on Basutoland & Bechuanaland. Is this right? Will rep<sup>ve</sup> govt. suit Bechuanaland.
- A. Want local headmen to do more.
- G.W. Wdn't have taken that line if it hadn't bn. for Seretse.
- H.M. Go easy on rep<sup>ve</sup> councils.
- G.W. They wd. sooner have a chief.  
No statement unless he cuts up rough & will go to Press himself.

5. Film of Berlin Youth Rally.

H.M. Diff. to decide w'out seeing film. Can arrange for Cab. to see it.  
Someone wanted to show it as indicatg. dragooning of youth.  
But I think impression will be opposite: they look so happy.  
Powers of import licence are with B/trade. I wd. like to see it kept  
out if we could. Alternatively, we mght. "edit" it and use it.  
Drop the idea of using Prerogative.

H.W. Edited version wd. help us. But we can't do that while it's owned  
by others.  
Import licensing: never used for pol. censorship. Shdn't start that  
now. Nor cd. we use reg<sup>n</sup> powers.  
B.B.F.C. cd. decline certificate.

H.M. Ordinary cinemas wdn't show this.

H.W. Econ. controls shdn't be used for censorship. Trouble if we did.  
x/ One of our film cos. mght. buy the rights & edit it.

C.E. Have seen film. It is good: it is dangerous.  
Hope B/T. mght. arrange x/.  
No existg. powers shd. be used to prevent entry.

Agreed: Cabinet to see the film. }  
Prob. in H/C. in evening. }

6. Stone of Scone.

C.E. It is the Stone. There was to have bn. big demonstration on its  
removal from Forfar. I defeated that, by surreptitious  
removal – eventually to Ldn.

7. Procedure.

T.W. May 7 is day after May Day. Need we have Cab. on May 7.

1. M<sup>r</sup> Bevin.

H.M. Spoke of his death.  
Cabinet stood – in respect for his memory.

2. Germany: Control of Heavy Industry.

H. As in memo.  
Add i) No Dpt. wants to retain these authorities.  
ii) C.P.(51) 89 – on level of steel prod<sup>n</sup> – said U.S. wd. seek early review of existg. agreemt. & removal of all rest<sup>ns</sup> on the industry. Thought Fr. wd. agree when Schuman Plan approved.  
Scrap: Diff. to get it out anyway, apart fr. this proposal. Doubt if we shall get much in near future. And by 1952 we shall have to think in terms of importg. finished steel products instead.  
High Commr. endorses memo.

H.M. Seems odd tht. Fr. shd. now favour removal of rest<sup>ns</sup>. But consequence of Schuman Plan: they can't have it both ways. And fr. our angle their change of view is welcome.  
Early announcemt. inevitable.  
I.A.R. is administratively costly.

G.S. 1.8 m. tons of scrap last year. This year ½ m. prospect. Failg. that, steel semis wd. be almost as good.

H.D. V. unsatisf. German potential. Pos<sup>n</sup> under E.P.U. – can we force out the exports.

H.M<sup>c</sup>N. Why easier to get scrap agreemt. thro' E.P.U. or O.E.E.C. Why not veto this unless we get scrap?

H.W. V. tough line in Paris. No further credits. Refused to agree their import licensg. for more than 3/4 wks. (end/Apl.). Will then be cond<sup>l</sup> on their internal policy & exports. Said we wd. need to be satisfied on scrap. Told them limits on their imports - & have cut down. Battle to be resumed end/Apl. in Paris.  
Also our bi-lateral trade disc<sup>ns</sup> with them. H'to we have bn. helpful.  
Will be made cond<sup>l</sup> on increased scrap etc.  
My genl. approach & H.G.'s is same as H.D.'s.

N.B. Support memo. If rest<sup>ns</sup> m'tained too long, defeat objects.  
Sugg<sup>d</sup> Sch. auth<sup>y</sup> will allocate exports. Hope it will be in E.C.E. and O.E.E.C.  
Para. 13. Hope decl<sup>n</sup> will be simult. with Fr. & U.S. Also seek improvemt. rel<sup>ns</sup> betw. Fr. & G. – don't lose sight of that.

- A.V.A. Don't like argument in para. 11. Said now we shall get less scrap under this system.  
If we have to import steel, with whom do we negotiate? Shall we be subject to price pressure thro' Schuman auth<sup>y</sup>.
- A.B. i) Break up Ruhr. ii) Schuman. iii) Relax intern<sup>l</sup> controls. Controls are now being transferred to ii). Shd we not know more? G. are at old game – pretendg. to be hurt & makg. disadv. terms for us m'while.  
Shd. we not be satisf<sup>d</sup> tht. Schuman Plan will protect our interests.
- H.M. Awkward for us to delay Schuman Plan.  
I.A.R. is not working.  
They will sign to-morrow & Fr. will make their decl<sup>n</sup> to G.
- H. In reply to A.B., this doesn't affect Law 27 under wh. R. industry is being broken up. That power remains.
- J.G. Memories of '30's. G. will boss this – and same Germans. This will be formidable thing. But suppose we must now make best bargain H.W. can make.
- G.W. We can't stop that alone, w'out Fr. & U.S.A. We shd. only alienate Germany still more.
- H.W. We shd. now have study of implic<sup>ns</sup> for us of Sch. Plan. Must know where we stand. In theory we cd. still join it.
- A.V.A. Para. 2. Ratification will be at least delayed.
- H.M. But para. 15 – the announcemt. is only contingent.
- H.M<sup>c</sup>N. But we promise in advance to dismantle these controls if Plan is ratified.
- H.M. Are we to use control over G. to protect our industry?  
We have always argued tht. it's only for mil. security.
- H.G. Share misgivings – effect of Sch. Plan & loss of bargaining power to get scrap.  
But all that's proposed here is disc<sup>ns</sup> re conflict betw. controls & Sch. Plan. We cdn't refuse to discuss. We cd. use the disc<sup>ns</sup> to safeguard our pos<sup>n</sup> on both points.  
{ But can we prevent Fr. fr. makg. their view publicly known in  
{ advance of the disc<sup>ns</sup>.  
x{
- G.S. { Offer disc<sup>ns</sup> w'out committg. ourselves to the principle.
- H. O.K. if we mention the 3 points we shall be willing to discuss.

Agreed as at x/.

Rpt. to be made on implic<sup>ns</sup> of Plan.

[Exit G.S., H.

3. Persia.

H.M. 15/4 Tel. Sit<sup>n</sup> in Abadan improv<sup>g</sup>. Crowds dispersed by P. soldiery.  
H.M. Amb. has provided tear-gas bombs.

[Exit N.B.

4. Balance of Civil Pay.

H.G. We are makg. it up those in Korea. [Enter H.M. & G.A.I.  
No doubt re 3 mos. & 18 mos.  
Only ques: 15 days' men. Report is reasonable compromise.  
Recommend it as ½ way house betwn. N.S. men & T.A.

A.B. Must decide the main issue:

E.Sh. I support. Means leg<sup>n</sup> for other Services (Health & Fire).

Memo. approved.

[Exit H.M. & G.A.I.

5. Stone of Scone.

H.M. Read lr. from Att. G. Decided not to prosecute.

C.E. Disagree. If they had bn. working class, no mercy wd. have bn. shown  
to them. Univ. rag shd. not be condoned in this way.

T.W. Sunday Express – article: how it was done.  
Won't it be awkward if there is no prosecution.

A.B. Why does Att. G. prosecute dockers? And not these people?

J. If there is clear evidence of breakg. in, there's a clear case on  
sacrilege.  
Prosecute & bind over wd. have bn. best solution.

H.M<sup>c</sup>N. Don't let Att. G. say on Tuesday tht. he won't prosecute.

H.M. Att. G. to defer answering.  
{ J. and a group of Ministers to talk to him.  
{ Cab. on Thursday.

6. N.A.T. Command.

- E.Sh. U.S. won't agree to announcemt. re Fechteler until seen W. Paper & results of H.C. debate. Also Med. unsettled.  
Suggest H.M. and I shd. see W.S.C. – explain diff<sup>ies</sup>, get him to agree to p'ponement of debate.  
I shd. have to explain whole pos<sup>n</sup> in H/C. - & cause trouble with U.S.
- H.M. C.E. shd. be in the disc<sup>ns</sup>, wh. wd. have to be with A.E. because W.S.C. is away.  
Favour trying to p'pone debate.
- C.E. H.M., E.Sh. and I shd. see A.E. this p.m.

1. Parliament.

- C.E. Business for next week.  
23/4: Prayers on Transport Charges. Barnes & Callaghan.  
Justified in giving long & early (in day) debate on substantial Prayers.  
Note: N. Health and N. Insurance Bills are both to be taken in this week.  
Shd. Parly. Secy. M/N.I. be 2<sup>nd</sup> spokesman on N.I. Bill? Ty. Minister mght. intervene on Fund & financial aspects (Fin. Secy.).
- A.B. I shall not vote in favour of N. Health Bill, if there is a vote. I shall resign after Third Rdg. I want this recorded.
- E.Sh. O-in-C. procedure – cd. be represented as temporary measure.
- H.G. Repeated his pos<sup>n</sup>.
- H.M<sup>c</sup>N. C<sup>d</sup> say there was nothg. necessarily permanent in this leg<sup>n</sup>.  
But must say w'in Cabinet there's no prospect that hosp. cost will decrease.
- A.B. "These are of temp. nature & no further charges contemplated" – that wd. help because feeling in Party tht. this is thin end of wedge.
- H.G. No gt. anxiety among Labour candidates.
- E.Sh. x| Suggest H.G. meets M/Labour Health Ministers & C.E. & consider  
| what formula can be devised, and report on Monday.
- H.G. Must be consistent with what I said in Budget speech.  
Interpreting "ceiling for the time being."  
  
Agreed: follow sugg<sup>n</sup> at x/.  
Govt. spokesmen: shd. M/H. open? If Cab. pronouncemt., better made by member of Cab. C.E. to consider.

U.N. Command Structure.

- E.Sh. Most unlikely F. will be cleared until after debate.  
Bradley: after all it was W.S.C. who got us into this mess.

Durham County Council.

- G.T. P.Q. by Hollis to-day. Won't be reached. Have written to Durham promising to talk if they are willing to obey dir<sup>ns</sup>. Shall disclose by letter in reply to P.Q. Don't want to give oral answer.

H.M. You needn't.

H.D. Durham are yielding.

3. Council of Europe.

H.M. Assembly did in fact debate Defence, incldg. Europ. Army project, and cdn't be stopped. Indeed, Ctt<sup>ee</sup>/Ministers in effect condoned such disc<sup>n</sup>. Hence proposal in memo. – discuss but not decide pol. aspects of defence ques. Submit this with regret. But if it's all talk but no action perhaps little harm.

A.V.A. Tel. 246. Para. 6(5). Do you propose to go beyond that: “general aspects of peace & security”.

H.M. Not in substance – only drafting.

E.Sh. V. reluctant to agree. Awkward ques. cd. be raised under these words – esp. by people who don't know all that's going on e.g. in N.A.T.O.  
How preclude Ctt<sup>ee</sup>/Ministers fr. passing opinion on matters wh. Assembly can discuss.

H.M. Discuss but not conclude.  
Fact is they've done it: can't stop them: this mght. limit them in future.

H.M<sup>c</sup>N. It won't. If we can't stop disc<sup>n</sup>, we can now refrain fr. particip<sup>n</sup>.  
Why not resist this: not their business: competg. organ<sup>n</sup>: won't have it.

A. Either that or whole hog. What are “political” aspects of defence?

A.B. Earlier, we took a v. strong line against. I opposed this fr. outset.  
C/Europe is play-ground for prof. international delegates – who barge in on business of all specialised agencies. Take a stand against.

H.D. Glad Ministers aren't going there again.  
Reluctant to make this concession.  
But no danger in letting them talk. Many people there who are politically distinguished in own countries. It is there. Much f. policy directed to raise Eur. morale. This helps: but not if disc<sup>n</sup> of current realities is excluded.  
Safeguard is tht. this is consultative, not executive, body. We can ensure tht. it remains so.  
Strasbourg is a safety-valve.  
No one wd. support us in trying to exclude all disc<sup>n</sup> on defence.

Others think we are pedantic about this.  
Strongly support H.M.'s memo.

A.V.A. W<sup>d</sup> prefer not to have statute amended. Is it necessary? Tel. 246.  
C<sup>d</sup> it be done by resol<sup>n</sup> vice amendmt. of statute.

H.M. By resol<sup>n</sup> you wd. have less chance of curbing disc<sup>n</sup> in future.  
Amend<sup>mt</sup> of statute wd. keep Ministers Ctt<sup>ee</sup> to formula &  
help Chairman to keep Assembly w'in these limits.  
On Ctt<sup>ee</sup>/Ministers unanimity practice (tho' not rule); & we shall  
lose that if we are too awkward when in minority.  
Thought long before putting this proposal fwd. Doesn't worsen  
pos<sup>n</sup>: gives some prot<sup>n</sup>.

Agreed: H.M. to have discretion up to limits of proposals  
in memo., on basis that he is reluctant to make  
any more concession than he needs.

[Exit W.W.]

[Enter Wheatley.]

4. Stone of Scone.

Att.G. Memo. is for inform<sup>n</sup>.  
On Parl<sup>y</sup> statement –  
i) shall I mention the damage – to Stone & Chair.

J. Yes, both.

Att.G. ii) shall I castigate the students, more or less.

J. Unsatisf. state of the law.  
Shd. then be amendment, to cover "borrowing" e.g. fr. Museums.  
On this occasion: it was the vandalism tht. excites public anxiety.

Att.G. Don't favour amendmt. of law. No reason to expect any w'spread  
"borrowing".

C.E. Disappointed by Att.G.'s attitude. If they had bn. caught at time,  
surely there wd. have been a prosecution. Class distinction.  
Dispute with Eire over Lane pictures. Suppose an Irishman pinched  
them.  
On A.G.'s argument, they cdn't be prosecuted.  
In view of lapse of time, I agree it wd. be wrong to prosecute now.  
Favour, however, review of the law.

H.M<sup>c</sup>N. Dec<sup>n</sup> of Att.G. wd. meet my views on pol. aspects.  
Seek advice on means of considering future of the Stone. Much  
responsible opinion in Scotland will be concerned about that.

A. Favour considerg. latter point at some time.

- Wh. Tone down answer to P.Q. Don't want to give scope for further propaganda. Condemn them in restrained language. Sacrilege, disrespect for sanctity of Abbey: but don't overstress the damage.
- A.B. Support those comments.
1. Note Att.G.'s decision.
  2. Wording – take a/c of Cab.'s view, & sugg<sup>ns</sup> offered.
  3. H.O. to consider amendmt. of law & report to L.P. Ctt<sup>ee</sup>.
  4. S/S. Scotland to consider ultimate fate of Stone.
- [Exit L.O.'s  
[Enter N.B.]
5. Coal Board: Borrowing Powers.
- N.B. As in memo.
- E.Sh. Powers in Bill provided £150 m. Now, acc. to memo, only borrowed £41 m. Why take further powers now? Why have any controversy?
- N.B. Because of time-limit.
- E.Sh. Then confine yrself. to extending time – if (which I doubt) more investment in mines is possible.
- C.E. Leg<sup>n</sup> Ctt<sup>ee</sup>: thght. pol. effect wd. be bad if leg<sup>n</sup> introduced for £300 m. figure. I favour Bill merely extendg. time limit.
- A.B. Leg<sup>n</sup> Ctt<sup>ee</sup> has gone beyond its functions – in commentg. on policy decisions of S.I.M. On S.I.M. we discussed pol. expediency as well as merits. W<sup>d</sup> be good thing to show tht. N.C.B. has firm & long-term plan.
- J.G. Support N.B.'s proposals.
- E.Sh. Romantic to suppose this investment can be put thro' in 5 years.
- H.D. Proposed that it be w'out time limit.
- J. Spoke in favour of leg<sup>n</sup> doing no more than remove time-limit. This was view of Leg<sup>n</sup> Ctt<sup>ee</sup>.
- H.G. Rate of investmt. will be determined by Inv. P'mme.  
Removg. time-limit alone wd. prob. suffice for 5 years.  
Shd. be easy to convince miners tht. this doesn't involve going back on Reid Plan.  
In genl. Parl<sup>y</sup> sit<sup>n</sup> I shd. have thght. this wd. suffice. – tho' I don't feel v. strongly.

- J.G. & A.B. Psychol. importance of selling this big in order to secure miners' acceptance of the Plan. £300 m. "looks better".
- A. Support that view, on reflection since Leg<sup>n</sup> Ctt<sup>ee</sup>.
- H.M. No disagreement on developmt. plan. That can be made clear on introd<sup>n</sup> of Bill. But Parly responsibility must be made effective. Parlt. normally puts time-limit on borrowg. powers – to secure periodical disc<sup>n</sup> & preserve Parl<sup>y</sup> control. Control thro' Investment P'mme is not control by Parlt.  
Compromise { extend time-limit by another 5 years.  
                  { add around £100 m. to the un-spent balance.
- T.W. Depends wtr. you want to play this up or down.
- N.B. Parl<sup>y</sup> control can be asserted if Govt's borrowg. policy is disliked. The Plan must be a 15 year one. Time-limits are not approp<sup>te</sup> here – & were not imposed on gas & electricity. Criticism is & will be under-investment by N.C.B. I do want to play this up, qua miners. Favour £300 m. w'out time-limit.
- H.G. After discussion, I support N.B.'s proposal on this.
- E.Sh. I still don't agree.  
We haven't seen or approved the Plan.  
Maybe Severn Barrage, or hydro-electric schemes may come along – or atomic energy. Better go by stages – esp. with public monopoly.  
Parl<sup>y</sup> sit<sup>n</sup>: coal is dynamite. Astronomical proposals wh. can't be implemented for years – a gt. mistake.  
This may attract miners: will repel a lot of others.
- Memo. approved. [Exit N.B.]
6. Japanese Peace Treaty.
- H.M. Covering memo. brings out all new modific<sup>ns</sup> of earlier line approved by Cab.  
General bias throughout is to make easier terms for Japan.  
Ministers objected to short notice.
- Agreed: Adjourn discussion until Monday.
- G.T. Can't give agreed answer on compens<sup>n</sup> for ex p.o.w. etc., in light of current attitude of Austr. & U.S. towards Japan.
- H.G. No. U.S. & Aust. has paid out of J. assets. We haven't got any. They won't therefore be pressing J. for any more – U.S. won't anyway.

H.M. has sugg<sup>d</sup> we hand over the £1¼ m. to charitable organ<sup>ns</sup> lookg.  
after these ex p.o.w.'s.

E.Sh. Be careful. Repercussions on ex p.o.w. in German hands.

A.B. Make it available for all p.o.w.'s.

H.M. Not so sure. 271 signatures to Parl<sup>y</sup> petition (favouring extortion  
of somethg. from Japan). Must include many Govt. supporters.  
Why don't Whips do more to check this.

C.E. Oppos<sup>n</sup> have agreed to give one of their Supply Days for disc<sup>n</sup> of this  
Motion. Be careful re its terms.  
Will be a diff. Parl<sup>y</sup> sit<sup>n</sup>. No decision to-day.

J.G. £1000 m. claims v. J. from Colonies. V. intense feeling.

#### 7. United Nations Legion.

H.M. Let it be discussed: let us try to bury it.

G.W. Continuing to oppose it.

1. Historic Houses.

- A. This plan is more in accord with Labour principles.  
No need to elaborate.
- T.W. Where land associated & Ty. money made available for purchase, land  
shd. be administered by Ag. Comm<sup>n</sup>.
- To be considered.
- H.McN. Special Scottish aspect.

2. Persia.

[Enter N.B.]

- H.M. Tudeh Party seem to favour nat<sup>n</sup> in south but not north.  
We must have the oil. B. trains & money have developed it. Can't be  
pushed around in M/E.  
But must have regard to nationalist feeling. Can we recognise principle  
of nat<sup>n</sup> while securg. our ends.  
Para 4 (i) is best of the alternatives.  
Conflictg. reports re Persian determin<sup>n</sup> to go on with this.  
Talks with State Dept. Have seen McGhee & spoken strongly to him.  
But U.S., tho' not favourg. nat<sup>n</sup> in U.S., urge us to agree to it in  
Persia. They need to be watched. Primarily our concern.  
Furlonge has reported against sendg. a Minister to head Mission.  
U.S. think H.M. Amb. shd. negotiate. I'm not so sure. U.S. fear  
tht. we may run into stiff oppos<sup>n</sup> if we don't make a gesture twds.  
nat<sup>n</sup>.  
P.M. doesn't want a junior Minister to head mission because there may  
be initial failure. Wd. seem to stake our credit on success.  
My reason for suggesting a Minister - Majlis might get committed  
before we talk.  
Either leave it to Ambassador or think of another non-Minister.
- H.D. Amb. supported by co. & others.
- H.G. Agree with P.M. Co. must be represented: can't be alone. Prestige  
obj<sup>n</sup> to Minister. Someone like Radcliffe.
- N.B. Must ensure the oil supplies. Control over refinery essential.  
Govt. must take charge of negot<sup>ns</sup>. Minister at right moment: for  
stakes are high.  
Co. have shown no imagination. Shd. have settled small labour  
troubles much earlier. Recent visitor tells me Co. in Ldn. were  
warned by their men on the spot. Then proposals wh. Co. wd.  
accept now wd. have settled it. All last year Co. stalled &  
refused all further concessions.

Amb. has under estimated strength of nationalist feelings.  
Persians are not getting anything like as much out of this as we.  
Wasting asset: world's resources of oil will run out in 70 years.  
U.S. apprec<sup>n</sup> has bn. more realistic than ours.  
U.S. wd. be neutral on para. 4(i). They wd. support 4 (iv). If therefore  
(i) is put fwd. door shd. not be closed to makg. a better offer  
later.

H.M. Danger of (iv) to tht. Persia controls the oil. V. risky.

A.V.A. Lesson of Mexico.

H.M. Series of retreats – effect on B. prestige. I won't be pushed around.

J. Send mission to explore the ground. May find 4(i) isn't on.  
Can't commit ourselves now to either solution.

H.M. We start fr. existg. agreemt. If we had enough force, I wd. stand on  
that.  
If necessary let Amb. do it: if we can't find a distinguished & able  
outsider to head the Mission. No Minister.  
The revenue fr. the oil: shd. like to get it made a cond<sup>n</sup> tht. money  
benefits the lower classes.

H.McN. No Minister. Don't leave it to Ambassador – he has to live with the  
Persians hereafter. Put an outsider at head if you can.

G.W. Try to line up Comm. Govts. Want to tell old Doms. now & new ones  
when negot<sup>ns</sup> start.

[Exit N.B.]

### 3. Japanese Peace Treaty

#### a) Individual Claims

H.M. As in memo.

J.G. Strong Col. feeling. Statement will have to be conveyed to Col.  
Govts.: for they have some Jap. assets totallg. approx £5<sup>1</sup>/<sub>2</sub> m.  
Assigned h'to to war damage costs. Must consult Govts. &  
confer with Ty. For if we do this here, we can't easily stop them  
doing the same.

J. Physical assets of individual Japanese?

J.G. No: in hands of Custodian/Enemy Property.

H.M. Wd. propose to consult Doms. & Col. Govts. before statement made.  
Must get quick answer – less than 3 wks.

- H.D. Shd. have preferred no statement. If one is inevitable, it shd. be much shorter.  
C.O. statement is new inform<sup>n</sup>.
- H.McN. But Col. money has bn. set against war damage costs.
- A. Why make a statement at all in advance of Treaty disc<sup>ns</sup>. Bad politics to get this out in isolation.
- C.E. Parly. pressure for it. 283 signatures to Motion.
- H.M. And early statement has bn. promised.
- H.D. Can say it will be considered: but diff<sup>ies</sup>: will see what we can do.
- E.Sh. Claims by ex p.o.w. Diff. to confine any benefit to Jap. p.o.w.  
Demand on Ty. wd. follow from German p.o.w. Can't discriminate.  
Must therefore make it clear you can't provide by Peace Treaty for ex p.o.w.  
That is the duty of the Govt. – from their own resources. And that is what U.S. have done.
- H.M. How cd. you administer such grants?
- C.E. Oppos<sup>n</sup> ready to give a day for a debate on this. Can't avoid debate for long.
- E.Sh. Financial claims must be discussed on Treaty. Don't tie yr. hands in advance.
- H.G. (i) Force an argument v. discrimin<sup>n</sup> betwn. Jap. & G. p.o.w.  
(ii) C.O. point. must know the facts.  
(iii) Procedure. Do we say we aren't going to press in Treaty for further paymt. by Japan? Can we evade that ques. on debate?
- G.W. Misleading to suggest tht. by pressing we shall get anything out of J.
- H.McN. I don't accept argument tht. there's no scope for repar<sup>ns</sup>.  
Don't qualify our attitude in Treaty disc<sup>ns</sup>.
- x| Accept Motion: make point (i): don't say what will be available: but  
| say we'll do our best to get some funds for distrib<sup>n</sup>.
- A. Support x/. Give nothg. away in advance of discussions. Austr. will want some compens<sup>n</sup>. Say: "we'll do our best: don't expect there will be much: accept Motion".

Agreed: F.O. to reconsider on this basis.

b) General Scope of Treaty.

- H.McN. 1) Decided we want Peking Govt. 2) Wd. have liked R. particip<sup>n</sup>.  
Can prs. put aside 2). But what about 1)? Are we going to tell U.S. we  
will go on even without Peking.
- H.M. Don't know. Peking mightn't come even if asked. We cdn't accept  
Ch. K. Shek particip<sup>n</sup>.  
But U.S. draft has bn. handed out. We must cut in quick & put our  
views.
- H.McN. Para. 4 of Annex C.: participants.  
But U.S. intent<sup>n</sup> is in 2<sup>nd</sup> round to discuss with F/E. Comm<sup>n</sup> Powers.  
And Ch. K. Shek is rep<sup>d</sup> there.  
Do we m'tain our view tht. we won't discuss unless Peking invited.
- E.Sh. Premature to be dogmatic on that now. First need is to reconcile our  
views with those of U.S.
- H.McN. Dishonest to go along with U.S. while this is unresolved.
- G.W. Antarctic. We shd. not agree with U.S. to drop this. Para 5 (e).  
Point shd. be reserved for further argument here.
- H.McN. Comm<sup>d</sup> to Australia to press the point, I think.
- H.G. Para 5(i). Gold. We shdn't give this away in advance.  
We shd. start by askg. for our share.
- J.G. Col Govts. must be free to take some dec<sup>ns</sup> themselves. Will send in  
details.
- H.McN. War Guilt & Uncond<sup>l</sup> Surrender.  
U.S. want to be tender to Japs. We shall look foolish if we accept U.S.  
view. Embarrassmt. to our Asian friends. Any how in fact they  
are guilty. Nor are pol. advantages all one way. Some A. &  
N.Z. opinion will be against us, despite Pacific Pact.
- A. Support that view. J. aggression. Suffering. U.S. are takg. a v. short.  
term view of J. friendliness.
- G.W. War Guilt clause needs thought. Dangerous to include it.
- H.M. Political realism. We must get some friends. G. & J. are both needed  
on our side rather than R. side.  
What value in declaration of war guilt.  
German Treaty Versailles was sole precedent for doing this – and did it  
do any good?
- J. No: it did harm.

And v. inappropriate in a “soft” Treaty.

G.W. Indian people wd. at least be divided on this. Many wd. deplore a War  
Guilt Clause. Many wd. think it western attack on East.

Memo approved.

4. O.E.E.C. and Council of Europe.

H.D. Wd. be starchy to oppose Ctt<sup>ee</sup> too long.

H.G. Better suppress it if you can.

5. Berlin Youth Rally.

J.G. Let it go. People will think it's Hitler over again.

G.W. No public cinema wd. show it.

H.M. Shall we let it be licensed & leave it to take its course.  
Tho' I still think it might mislead a lot of young people.

1. Parliament.

[Enter W.W. & H.A.M.]

C.E. Business for next week.

1/5. Raw Materials. Early Govt. spokesman: B/T or M/Supply.

E.Sh. Reserve Forces. No. of legal ques. L.O.'s shd. be on hand.

2. N. Health Service Bill.

H.A.M. Forestalling has already reduced income from charges.

Appl<sup>n</sup> for dentures doubled & specs. up by 25%. A.B. said at Party mtg. we shdn't get this money, and he may have this point in mind. It wd. suit him to prolong disc<sup>n</sup>. Tory amend<sup>mts</sup>

i) To put N.A.Bd. out & pass hardship tests on to N.H. Service.

ii) To make the charges maximum charges.

These will appeal to our supporters. Some pressure to urge them not to fall into this Tory trap.

H.M. On the date, I take the responsibility. We were still trying to square A.B.

Some hope then of getting an agreement. Hence I told H.G. not to mention a date. But now we must push Bill through as quickly as we can.

W.W. Our people wd. like to have N. Insurance Bill early – don't want N. H. Bill earlier and holding that back.

H.G. We must get Bill thro' before Whitsun. We shall be exposed to ridicule if we lose most of the money.

A. We get Bill on 7/5; and you want it passed by 10/5. Pretty hard. I'll do my best.

Agree. Must get Bill passed before Whitsun.

H.M. Amendment (i) is nonsense. The executive Councils are not equipped for this work & N.A.Bd. are.

J.G. Legal aid: we made similar use of N.A.Bd. – extendg. their function to people in work. Base our arguments on that.

E.Sh. Tactics. How will our supporters react? Believe they will prefer N.A.Bd.

H.M. J.G. might be ready to intervene in debate, pace Summerskill.

E.Sh. Amendment (ii) says that you can only vary charges downwards.

Our people will favour that one. We must at least say we don't intend to increase the charges.

T.W. V. delicate point. Our formula on "permanence" was designed originally to square A.B. It will get us into trouble if we go any further.

H.D. Support E.Sh. This is minor in rel<sup>n</sup> to Bill as a whole. Surprised tht. Bill provides for upward revision by O-in-C. Had thght that would need fresh leg<sup>n</sup>. Dangerous to give that power to a future (Tory) Govt. Discipline on this Bill will be diff. I wd. concede this – tho' to a Labour mover vice Tory one.

H.G. Appreciate force of this. But want time to consider & consult H.McN. Also, if we concede this, we must get the rest in return w'out further whittling away.

Agreed: resist amendment (i)  
H.G. to consider (ii) with Ministers concerned & bring back to Cab. if he can't agree to meet it.

[Exit W.W. & H.A.M.]

### 3. Four-Power Meeting.

H.M. U.S. are stiffening v. Moscow because MacArthur trouble. They also think we are tending to appease.

Par. 12. Davis in 3 Power mtg. favoured concessions on all minor points. U.S. attitude – as in brief. Davies assured U.S. we wd. stand firm on level precedg. red<sup>n</sup> in armaments item: & wdn't press for further change (Tel. to Paris 34) on wording of resolution.

Risk of a break due to R. walking out. If that happened, we shd. be clearly shown on the drafts to have bn. reasonable. I wd. therefore have preferred a clear draft with all our proposed concessions. Diffy: language on disarmament might appear to commit us before Ministerial talks begin. Mght. have safeguarded that by exchange letters makg. it clear this is only Agenda, doesn't prejudice discussion. Wd. still prefer clear copy.

x| But U.S. & Fr. fear that wd. only invite further R. pressure for other concessions.

H.D. On x/. have we tried that on the others?  
If we cd. get that, it wd. make it much easier.  
This wrangle seems to public v. unreal, fuss over v. little.

A. Our publicity on that point cd. be improved.

E.Sh. Must resist R. sugg<sup>n</sup> for havg. N.A.T.O. on Agenda. We have a good case there. But on (b) – disarmament - we aren't so strongly

based. Logical to begin with “level”: but public won’t appreciate this distinction.  
I wdn’t mind agreeing to having demilit<sup>n</sup> of G. put rather higher.  
But what are R. at? Do they mean business?

H.M. We think they did at outset. Doubt if they do now.

J. Two dangers  
i) We may quarrel among the 3. That wd. be disaster if it became public. And no agreemt. with R.  
ii) In diff<sup>ce</sup> betwn. us and U.S., French will side with U.S. Avoid that position.

J.G. Climax may be coming. If this breaks, public will be v. anxious. Was sugg<sup>d</sup> before tht. these prelim<sup>ies</sup> shd. be by officials. We ought to be able to show it wasn’t our fault. Shd. Ministers intervene before there is a smash.

T.W. Publicity shd. have bn. better.

H.S. Is there anythg. in R. text on disarmament wh. excludes level.  
If not, surely unwise to allow conf<sup>ce</sup> to break down.

G.W. We shall get wrong with our public opinion – by denying disc<sup>n</sup> of N.A.T.O. & quibbling over “level”.

H.S. Can’t demonstrate tht. R. text is bogus.

H.M. I can’t press this to point of alienating U.S.

E.Sh. I agree with H.M. – but fear adverse reaction fr. U.K. opinion.  
Susp<sup>n</sup> tht. U.S. don’t want a settlement.

H.S. Is it better to break at a prelim. mtg. on Agenda or at a mtg. at wh. merits were discussed.

J.G. Strange’s Mission to Moscow. Why leave peace & war to an official?

G.W. Split Agenda, if adopted, shd. be sugg<sup>d</sup> before breakdown of talks.

#### 4. Economic Affairs.

[Enter R.R.S., N.B., B. & G.S.]

#### Man Power

E.Sh. Under-emplt. alleg<sup>n</sup>. Is it true?

H.G. Some known short-time workg. Some belief tht. firms are hanging on to labour for fear of losing it. Some short-time because steel sheet shortage. Nothg. firm yet.

- Will try to gauge it more accurately in next rpt.

### Production

- H.G. Not v. re-assuring on 4% assumpt<sup>n</sup>.  
Coal is no longer black. We must try, however, to raise exports again.  
Steel one of most serious risks.
- G.S. Coming to E.P.C. this a.m.
- H.G. Shipping: can't make up short-fall before end/year, it is thought.
- B. Two Dpts. are in close touch on this.
- A.V.A. Dom. Coll<sup>n</sup> of scrap?
- G.S. Pretty well organised. In 1947 they got  $\frac{1}{2}$  m. t.: can't expect to get the same again.
- A.B. Why then cover up disused train lines.
- B. Won't pay cost of lifting it. Are now discussing this with M/S.
- E.Sh. Alleged w.o. have masses.
- H.M. { Home Inform<sup>n</sup> P.R.O.'s shd. consider publicity.  
{ L.A.'s shd. be hotted up.
- T.W. There is an organ<sup>n</sup>. And Sub Ctt<sup>ee</sup> of Prod Ctt<sup>ee</sup> is considg. it.
- G.W. Can we have figures of industry's own stocks. Last year they ran down w'out our knowledge.
- N.B. Coal. Internal consumption is increasing v. rapidly – mainly for industry. Man-powers and investment must be pressed.
- H.G. Sulphur allocation – mght. have bn. worse.

### Internal Financial Situation

- H.G. Budget was barely enough. We are at risk.
- A.B. Two corrections – apparently on para. 39.
- H.S. Import prices – increased mean heavier export effort.

### Foreign Trade

- H.G. Exports are not rising as hoped. May be influenced by shipping. but need for intense drive now.

G. & d. reserves won't continue to increase – Surplus/Eur. deficit with U.S. and R.S.A. In R.S.A. it's Col. vice Doms.

1. Parliament.

[Enter W.W., N.B., H.A.M.]

a. Raw Materials Debate

C.E. Oppos<sup>n</sup> motion: 1/5  
[Govt. amendment.]  
Spokesmen: B/T. wd. not be appropriate now. M/S plus H.G. or E.Sh.

H.D. Why not Govt. amend<sup>mt</sup>?

W.W. No. We move Spkr. to have Chair & let Tory motion be amend<sup>mt</sup> to that.  
Our people will support motion moving Spkr out.

H.M. I had favoured Govt. amendmt: this is not merely a H/C matter. May affect our rel<sup>ns</sup> with U.S. etc.

A.V.A. That turns on what is said in debate – not on the vote.

A. Nothg. new in these uncertainties re raw materials etc. Known for months past. P.M.'s announcemt. on defence. Bring this out in debate.

P.M. Favour W.W.'s tactics.

C.E. Amend<sup>mt</sup> wd. imply censure on Ministers who have resigned.  
Meet this challenge by Oppos<sup>n</sup> head on.

Agreed: Tactics as proposed by W.W. & C.E.  
Speakers: M/Supply and M/Defence.  
(L.P.S. might intervene to explain his new duties.)

b. Business for next week.

Announcemt. of Whitsun Recess. 11<sup>th</sup> – 29<sup>th</sup> May.

R.R.S. F/Britain Bill. Delays – accountant's enquiries: 1<sup>st</sup> rpt. they say shdn't be publ<sup>d</sup> until 2<sup>nd</sup> readg. The rpts. won't therefore be available before Bill wanted.

H.G. We must get Bill.

Agreed: Take it on 10/5.

2. National Health Service Bill.

H.G. Have concluded we must accept substance of 2<sup>nd</sup> amendmt.

Messer M.P. will be given chance to move amendment.

H.McN. Messer has bn. co-operative & helpful. Wd. please Govt. supporters.

H.G. Other amend<sup>mts</sup>  
i) Limit Act to 31/3/52  
ii) Limit Act to 31.3.53 - Messer.  
i) is out of ques. ii) isn't so easy to resist. Parlt. cd. discuss pos<sup>n</sup> after 2 years – continue under affirm. resol<sup>n</sup>. Mght. concede that. But cd. prs. square Messer if we give him his other amendment.

H.A.M. Can work out compromise on basis of certainty for 2 years.

C.E. Get amendmt. on Paper if possible, to avoid confusion.

H.A.M. Is it wise to make all concessions in advance.

P.M. Meet that by getting back-bench to put the amendmt. down.

E.Sh. On duration: I think 1 year wd. be enough.

G.T. Yes: for in 12 mos. there may be diff. sit<sup>n</sup>. (Election).

H.McN. Vacillation over drugs did us no good. Minimum of 2 years – anything less wd. make us seem v. weak.

H.A.M. I made that case on 2<sup>nd</sup> Rdg.

Agreed: 2 years.

[Exit H.A.M.]

### 3. Festival of Britain.

R.R.S. Communists have exploited situation. £10 p wk. labourers & £15 craftsmen: yet they have done nothg. Promised bonus if finished on 10/4 (second promise). They didn't finish.  
Considered use of troops. Told not to have row before King has bn. to S. Bank. Finally agreed men to finish 7/5. Don't believe they will finish by then. I shd. like, when it's clear there will be no opening date in view, to clear them out & use troops.

P.M. Politically, not thinkable.

H.McN. Use of troops for what is not essential purpose will make it v. diff. to use them in future for essential purposes.

R.R.S. Then I can't promise any opening day.

#### 4. Persia.

- H.M. A.E. is askg. P.N. Ques. Read answer.  
Latest vote of Persian Parliament is tantamount to unilateral denunciation of the concession.  
Situation is difficult. We have made every effort to negotiate. They have not bn. willing to do so. We cd. await events. But monstrous injustice to us & Co.: nor cd. Persians operate the oil install<sup>ns</sup>.  
Told Amb. to say we were ready to talk & hadn't said our last word. But must protest r. uni-lateral action.  
Ships & troops ready to move for prot<sup>n</sup> of Br. lives.  
Br. prestige can't afford such an affront.  
Persian Govt.: re-actionary: not concerned with interests of poor.  
May have to threaten economic sanctions.  
Mission – haven't bn. able to discuss with Persian Govt.
- N.B. Have detailed sugg<sup>ns</sup> on H.M.'s statement.  
Main ques.: wtr. we shan't have to go long way twds nat<sup>n</sup> to satisfy opinion in Persia; & if so wtr. we shan't have to go beyond H.M.'s para 4 (i). Clear now tht. rpts (tht. no steam behind this) were wrong. We shall prob. have to go to para. 4 (iv). Even Ala said 4(i) was insufficient.  
U.S. have bn. fairly near the mark in their judgmt. We shd. find out what they think about latest move.
- H.G. What are we to do in next few days or wks?  
Are Persians going to seize Abadan refinery. If so, what are Co. to do.  
If they remove their men, there'll be no oil. But to acquiesce wdn't do.  
Persian sterling balances: £25m & free to convert into dollars.  
We can stall & delay on that.
- \*Offl. w. party shd. be in continuous session on this.
- H.S. Intern<sup>l</sup> Court?
- H.M. F.O. lawyers are considering. Tho' it doesn't help in short term.
- H.McN. Wd. help with public opinion in U.S.  
What will H.M. say in H/C if asked: what will we do to protect Br. property & life? Shd. we not be firm on that.  
Shd. we move out any tankers in Abadan?
- H.G. W. party shd. draw up list of possible sanctions.
- G.W. Statement is over-full of contemptuous phrases. Unwise.  
a) don't be brave with words, not needs.  
b) don't make Persians angry by rudeness. There is some nationalist feeling in Persia.

H.D. I support that view.

A. So do I.

P.M. i) yes: revise to avoid annoyance to Persians or other Asiatics.  
i) Set out what we have offered.

H.M. We haven't published it. Tho' we put it to Ala informally.

R.R.S. Persians like us. Mistake to antagonise majority feeling.  
... Various sugg<sup>ns</sup> made for alterations in statement.

N.B. Favour some ref<sup>ce</sup> to offer to go to Intern<sup>l</sup> Court.

1. Persia.

P.M. Announced ad hoc Ctt<sup>ee</sup>

H.G. Persians leave us money in Ldn. save currency reserve.  
B/E. are telling them to pay off their overdraft.  
A.I.O.C. haven't paid them the £2m.

2. Korea.

H.M. Tel. 2288 Saving.  
Bombing: most urgent. We must be sure, & it must be substantial.  
We ought to be consulted. Don't like to leave dec<sup>n</sup> to U.S. And I  
wd. have wished consult<sup>n</sup> with old Doms. & France. If it were  
subst<sup>l</sup> we cdn't object to counter-bombing of bases fr. wh. they  
come.

x| Cd. P.M. & I with M/D. be auth<sup>d</sup> to give our consent?

P.M. If U.S. think this a serious risk, why don't they disperse or protect their  
install<sup>ns</sup>.

E.Sh. How disperse in Korea?

P.M. Have they A.A. cover? And fighters?

E.Sh. Yes. They cd. have counter-attack by fighters.

A.V.A. We aren't supplying fighters.  
More diff. for us to object to counter-bombing.

H.G. We shd. be consulted. Our attitude wd. depend on circs. If a small  
attack, we wd. hope to dissuade them fr. counter-bombing. A  
delay of 24 hrs. cd. be accepted surely.

Agreed: insist on consult<sup>n</sup> but accept x/.

H.D. On message as a whole, Acheson is askg. us to yield on everything.

H.M. Our pressure has bn. stronger.

E.Sh. And serious Ch. offensive makes U.S. pos<sup>n</sup> more intelligible.  
A 3 wave offensive is expected.

T.W. And Gd. Offices Ctt<sup>ee</sup> have made no progress.  
Sooner or later we shall have to come some way to meet Acheson's  
viewpoint.

- A.V.A. The Sub-Ctt<sup>ee</sup> will be takg. v. serious dec<sup>n</sup>. Cab. will have to back their dec<sup>n</sup>.
- E.Sh. C.O.S. wd. have to be consulted.
- H.McN. Pretty strong dec<sup>n</sup> to say to U.S. this is pol., not mil, decision & we must be consulted. Serious if it involves delay & loss of life. I wd. authorise Cttee of 3 to make best bargain. with Acheson: but I don't believe we can insist on consult<sup>n</sup>.  
On other points, stall. For Acheson is finished.  
Econ-sanctions: we shall have to concede somethg.
- P.M. We shd. decide in principle tht. if heavy air attacks come we are ready to agree to counter-bombg. But not as v. apprehended attack.
- G.W. To avoid second (risk), we must insist on consult<sup>n</sup>.
- H.M. Tho' it must be quick.
- G.W. Ask U.S. to let old Doms. know as much as we do. Not tht. they shd. all be consulted on crisis. Believe fr. O.F. tht. U.S. wd. do that.
- H.G. Wider issue on wh. U.S. shd. be consulted. If Ch. do this, they will have taken a/c of risk of retaliat<sup>n</sup>. What intell. re R attitude in that event? Do we have any knowledge?
- E.Sh. C.O.S. memo just ready. Guess-work.  
Second p. of tel. – confidence by Allies: our action justifies it.
- P.M. Implic<sup>n</sup> there is tht. MacArthur has now gone.  
Get C.O.S. apprec<sup>n</sup> quickly on tel.  
Tell Acheson we are considerg. & ask him to tell old Doms. (with ref. to para. 4 on p. 2).
- A. Make it clear tht. counter-bombg. wd. be v. bases fr. wh. we were attacked not v. Shanghai.
- H.D. Also wd. be more serious (& for Cab.) if attack came from R. bases.

### 3. Socialised Industries: Parl<sup>y</sup>. Control.

[Enter A.R., B. G.S., N.B., W.W., P

- C.E. As in memo. Ctt<sup>ee</sup> solely on inform<sup>n</sup>.
- H.D. Accept nothg. from Oppos<sup>n</sup> at this stage.  
Mere fact tht. they propose it is sufft. reason to reject it.
- N.B. We offered a debate last autumn: Oppos<sup>n</sup> met it with pol. bias.

This wd. be used for Party purposes.  
Say it's much too soon.

- P. Limited enquiry wd. do some good: but I yield to pol. argument.
- C.E. In a debate on this, Oppos<sup>n</sup> wd. get some support fr. behind us.
- H.S. Many of them aren't satisf<sup>d</sup> tht. there's enough accountability.
- H.G. Fewer than there were. And anyway pol, unwise to concede it.
- G.T. This is political. But public aren't fond of N.C.B. etc. Don't [sic]
- J.G. Eventually, what we want is exam<sup>n</sup> into organisation of these industries esp. wtr. they are too centralised. And not by a Sel. Ctt<sup>ee</sup>.
- H.G. And on individual ind<sup>ies</sup> separately.
- H.McN. Enquiry on C.E. model wd. help to clarify pos<sup>n</sup>. – too many people think Minister is directly responsible for admin<sup>n</sup> of his industry.
- P.M. No clarific<sup>n</sup> at this time by Sel. Ctt<sup>ee</sup> incldg. Tories.
- C.E. Much dissatisf<sup>n</sup> in constituencies with these ind<sup>ies</sup>. E.g. in rlway fares in Ldn. Are we to say: we nat<sup>d</sup> these, but have no control – go to the Bd. We have created public monopoly over wh. there is not effective public control. Managemt. is accountable to no-one. Strong feeling among rlway men – until recently among miners too.
- E.Sh. Inform<sup>n</sup>: there may be a case for that.  
Control: raises old controversy – P.O. or corp<sup>n</sup>. We decided in favour of latter. Are we to reverse that. Not much concern among workers when wages are o.k. Consumers' Council.  
Ministers' power of Dir<sup>n</sup>.
- B. Fares goes far beyond Tory proposal.  
Govt. cd. meet that feeling by subsidy.

Agreed: Reject proposal.

[Exit B., P., W.W., G.S.]

#### 4. Fuel Economy.

- N.B. As in memo.
- A.V.A. Endorse.

Note taken

[Exit N.B.]

5. Royal Commission on Divorce.

- C.E. Public opinion wdn't accept R. Comm<sup>n</sup> unless it included some people who cd. speak for Churches.  
Mistake to suppose tht. those who shout loudly for easier divorce are a majority. Possibly a noisier minority.  
Lawyers take technical view. If no parsons, no lawyers.
- H.S. Public wd. assume Churches had a pre-conceived view, if not a vested interest. Also v. large Comm<sup>n</sup> if Churches "represented" – several of them. And wd. be pressed to put "atheists" too.  
Priests shd. give ev<sup>ce</sup>, not be members.
- J. I was influenced by nos. – wd. mean  $\frac{1}{2}$  doz. [Enter S.G. & Wh.]
- J. Last time only Ebor: cdn't get away with that again.  
I cd. consult Cantuar & see what he says.
- G.T. Point of view of Churchmen can be rep<sup>d</sup>. otherwise than by priests.  
See tht. you get various Churches represented, but by laymen.  
The Xian pt. view.
- P.M. I agree – otherwise you imply laymen aren't Christian.  
Other composition?
- J. 2 Judges – one fr. Scotland.  
Lyon qua ex. schoolmaster. Or Wolfenden.  
Adml. Boyd. Doctor (Brain). Lady (Wyndham) Portal. Lady (Lawrence). Bragg – Cambridge. M<sup>rs</sup> Hopkin Morris (Wales).  
D<sup>r</sup> Eileen Hulbert.
- P.M. Basis of selection. Collect<sup>n</sup> of specialists – as above. Or Coll<sup>n</sup> of average chaps – jury not bench.
- J.G. Council of Churches represents almost all Protestant Churches. They wd. prob. prefer to be free – to give ev<sup>ce</sup> & to comment. But no bad thing to consult them – thro' the Council. They prob. wdn't want clergy on: might give a list of laymen.
- H.D. In 1912 only Ebor. Since then power of Churches has declined - & drift away fr. Churches. Wrong therefore now to have even more than in 1912.  
M<sup>rs</sup> White's Bill commanded much support. Unwise therefore to pack Comm<sup>n</sup> with older people with set ideas r. easier divorce.
- H.G. Favour "jury" type of compos<sup>n</sup>.
- A. So do I.

H.McN.      If you want a jury view, why have a R. Comm<sup>n</sup>. They are to examine  
                 complex & diff. ques.  
                 Useful to get Cantuar or Council to say they don't want clergy on it.  
                 But dangerous not to put anyone on w'out such a safeguard.

H.M.          Christian laymen is the right answer.

                 Agreed: Adjourn disc<sup>n</sup>. See t. of r. J. no to sound Cantuar, even  
                 privately & informally, yet.

1. Parliament.

- C.E. Party diff<sup>ies</sup> last Wed. may recur on 2 occasions this week.  
Tho' 50 abstained & 5 voted against – some 15 of the 50 were those who go home by last 'bus. But 35 is a serious no. of abstainers. Hope we may evade trouble to-day. But on Pensions, our challenge is fr. a more solid section of Party. O.A.P.'s are beginning to ask what Govt. have done for them; & Bill does nothg. to appease 65/70 group of these.
- W.W. Main danger is on Pension Bill.
- T.W. Conserv. amend<sup>mt</sup> for earlier date has stolen our thunder.
- H.G. Part of trouble is tht. M/N.I. hasn't bn. able to announce tht. assist<sup>ce</sup> rate will be corresp. raised. That will give relief to 65/70 group with no other income.  
x| But mistake to give way on 65/70. We agreed we wd. try to get across the new principle of later retiring age.  
Wait until we see how we get on with T.U. group.  
Trouble mainly from miners, for whom it is diff. to go on after 65.  
Resist sugg<sup>n</sup> tht. there's somethg. degrading about supplementary assistance.
- H.M. x/, due to constitutional pos<sup>n</sup> of Bd., is awkward. Can't we square it with Bd. before Ctt<sup>ee</sup> stage. And say it was always our intent<sup>n</sup>.
- J.G. Get Bd. to say before Wed. tht. they will submit proposals.
- Generally agreed.
- E.Sh. Date?
- H.G. Earliest is 1/9, administratively. I've told M/N.I. I'm willing to accept a somewhat earlier date, i.e. 1/8. But she can't make that date.
- E.Sh. Much apprehension in Party at delay – what are o.a.p's to do m'while.
- J.G. In 1946 much pressure to go up to new rate v. quickly. We took admin<sup>ve</sup> risks – with result tht. several 100.000 didn't get the new rates, and rows in H/C. If date is now to be brght fwd., we must say we can't guarantee there won't be any ships.
- H.M. Stand firmer on this than the other. Wd. appear to be running away.
- H.D. On other hand, more serious politically because Tories will line up with our dissidents.

Agreed: Discuss with M/N.I. & bring up to Cab. again if need be.

#### National Health Service Bill.

H.McN. M/H. has tables amend<sup>mt</sup> of Cl. 1. requiring re committal.  
Improvement – but not from angle of dissidents. May it not provoke renewed trouble?

Agreed: C.E., H.G. & Health Ministers to consider before this p.m.

[Exit W.W.]

#### 2. Exports to China.

J.G. I do not intend to make a statement to-day – tho' Press suggest it.  
Intended to do it to-morrow, to cover H. Kong & Singapore.

P.M. Shd. be a single statement. Cover Col. pos<sup>n</sup> in B/T. statement today.

H.S. Open genl. licence fr. here to H Kong; & controls fr. there to China are imposed there. Less effective.  
Rubber exports have leapt up. In 1<sup>st</sup> 6 days Apl., before export control, v. large shipmts. We are open to serious criticism – pouring rubber into China.

J.G. Colonies follow U.K. policy; & U.K. has imposed no embargo on rubber.  
As fr. 6/4 exports confined to estimate of normal peace-time needs.

P.M. Why did it run on so long. No U.K. embargo because no rubber produced here.

H.S. Same applies, however, to steel & chemicals: exports fr. H. Kong.

E.Sh. This came to Cab. at my instance, twice. I proposed 2<sup>d</sup>, further rest<sup>ns</sup> but Cab. said we shd. not close down on this trade with China.  
My note to P.M. last week explained rubber position.  
We are proof r. criticism on most items, but not on rubber.

H.S. Short of open discrimin<sup>n</sup> r. China, we can't put ourselves beyond criticism.

E.Sh. B/T., with Cab. support, were against complete prohibition.

H.S. I don't share that view. I wd. prohibit all exports of rubber, and [sic]

- H.M. U.S. are pressg. us to go further on Coll. Measures Ctt<sup>ee</sup>. Have said we won't accept their pol. proposals, but ready to look at extensions of economic.
- B/T. in diff<sup>ies</sup> so long as we act covertly. China knows what we are doing - & U.S. public opinion doesn't. Can't defend rubber pos<sup>n</sup>. Come clean on that & be ready for overt action on other commod<sup>ies</sup>. In principle accept need to discuss now on Col. Measures Ctt<sup>ee</sup>.
- H.S. I wd. prefer comprehensive statemt. I cdn't cover H. Kong to-day. Shd. I p'pone until Tuesday & cover the whole thing.
- P.M. I have a P.Q. to-day. Shall I promise B/T. statement to-morrow?
- H.S. Can I say we will prob. export/rubber altogether & control other strat.  
x| supplies thro' H. Kong by combin<sup>n</sup> of U.K./H. Kong controls.  
And statutory, not admin<sup>ve</sup>.
- J.G. Make it clear we are consultg. Govts. concerned with a view to fixing this. Remember: this is economic sanctions. All T.U.'s in H. Kong are controlled by Communists.
- P.M. H'to we have not adopted econ. sanctions. That is now being discussed in U.N.
- G.W. Don't endorse H.S. proposal w'out thght re Malaya as well as H. Kong.  
Embargo on all rubber is v. near econ-sanctions.  
If we do this sort of thing, we must review whole policy re H. Kong.
- H.G. Also: is it doing any good. They can get rubber elsewhere – incldg. fr. R. unless we embargo r. whole R. block., & to do that wd. have grave econ. consequences.  
We must think where we are going before adopting x/.
- J. Our policy was to give Good Offices Ctt<sup>ee</sup> a run first. They have failed.  
We have now to discuss further measures – but in U.N. [sic]
- H.D. Yes: only with others.
- H.S. I can't justify supplying useful goods to a China wh. is fighting r. us.
- H.McN. B/T is under pol. criticism. We must say we've done all we cd. reasonably do unilaterally. But we are now going to discuss in U.N. what further measures ought now to be taken. Viz., economic sanctions only in pursuance of U.N. decision.
- H.G. Ceylon are askg. our views on barter of rubber for rice fr. China.

G.W. And we may not be able to restrain them.

H.S. Shall I then give only the facts & say we are considering, in view of failure of G. Offices Ctt<sup>ee</sup>, what further measures can now be taken – considerg. it among ourselves in consult<sup>n</sup> with Govrs. of Singapore & H. Kong. Indeed since end/Mar. control has bn. applied to all tyres & licensg. control applied to various types of steel & non-ferrous.

Agreed: one statement to-day, by B/T, covering H. Kong as well. P.M. to answer his P.Q. by saying merely tht. full statement wd. be made after Ques.

H.M. I want to tell Jebb not to delay disc<sup>n</sup> on econ-sanctions in U.N. And to tell Acheson what underlies our policy.

H.McN. Selective embargo. Make it clear we won't agree to political gestures. Embargoes tht. will be practically effective.

H.M. That is understood.

3. Formosa.

H.M. W'ton. Tel. 1400.  
My judgement: can't go back on Cairo dec<sup>n</sup> in favour of cession to China. But is there any hurry?  
Disadvantage if Formosa were in enemy hands in a major war.  
In view of Korea, best line is to stall.  
Draft Parl<sup>y</sup> statement needs revision.  
"We are in the soup: are we to come clean" (!).

P.M. No difficulty. Cairo covered Formosa & Korea. Must stick to both parts. Can't hand over F. at once. Ch. have regarded it as danger to them. To hand it to Peking wd. make it a danger to U.S.  
Obvious line is to neutralise it for a period.

T.W. Make it clear U.S. was a party to Cairo.

J. x/ Peking has repudiated Cairo qua Korea. She can't have it qua F.  
Add to statement need to consult wishes of people of F.

H.McN. Don't make a statement. Our policy is known, as declared by C.R.A. to Truman. Don't involve ourselves in U.S. domestic affairs.

H.M. What of advice of H.M. Ambassador.

A. Wise advice. Form needs consid<sup>n</sup>.

A.V.A. Timing? Marshall's evidence.

H.M.                Soon as possible. Marshall knows our policy.

H.McN.            This is a Rep/Dem. battle. By this statement we shd. be takg. sides.  
H.M. Amb. is influenced by local climate.

E.Sh.              Favour a statement.

H.G.                So do I. To avoid prejudging Anglo/U.S. relations.  
Surely it's for Amb. to advise.  
Bring in x/: a good point.

A.V.A.             Debating point. U.S. Rep. answer will be: why don't we repudiate it  
too.  
Favour delaying such a statement.

R.R.S.             This statement won't involve us in U.S. domestic politics.  
Don't use x/. It's very controversial.

P.M.                Use my statement on return from W'ton.

H.D.                x/ in draft is v. unwise. Admits possibility of recognising Ch. K. Shek.  
as Chinese Govt.

Agreed: Statement shd. be made.  
P.M. and H.M. to consider its terms.

#### 4.      Closer Association in Central Africa.

P.M.                Is it necessary to this at once?

G.W.                J.G. is going away for 3 wks. Gt. pressure for publ<sup>n</sup> – esp. in S.  
Rhodesia as Huggins is holding, for this, embarrassing rept. on  
Dom. status.  
Only point of importance is x/ in Annex III. Reason for this is to  
forestall immediate rejection of report.

P.M.                Diff. to give even qualified assent to this plan.  
Top-heavy. 2 local Govts & a federal Govt. Where will they get the  
men to run them. In territories where only a handful of  
Europeans.

J.G.                Not askg. for decision – only publ<sup>n</sup>.  
When it is publ<sup>d</sup>, create atmosphere in wh. it won't be rejected out of  
hand. Hence Annex III. Encouraging, but non-committal.  
Africans are v. closer association.  
We also want to announce tht. we will go out (G.W. & I) to discuss it  
when they have had a chance to consider it.  
Real point: danger tht. S. Rhodesia. w'out somethg. like this, will be  
drawn into union with S. Africa.

P.M. Plan will be judged on merits. And if rejected this will make us look foolish.

E.Sh. No chance to study Rpt. May be a defence aspect. Impact on Union Govt. may have defence aspect. Want more time. Other interested Dpts. shd. be consulted. Even before publication,

G.W. i) Huggins is pressing us to say it will be published.  
Will have to be publ<sup>d</sup>.  
Will take 3/4 wks before it can be publ<sup>d</sup>.  
Hope we will at least say it's going to be publ<sup>d</sup>.  
ii) Let's say somethg. encouraging about it. S. Rhodesia, if they can't go north, must go south to the Union.

P.M. On ii) it won't be effective. No one will care.

Agreed: (1) Say it will be published, in about a month's time.

(2) Consider merits, & form of statement, later: possibly in absence of Col. Secretary.

## 5. Stone of Scone.

[Enter L.O's.

H.McN. Might H.M. the King do this on occasion of his visit north next month.

P.M. This wd. in effect concede what escapade wanted.

H.McN. Scottish opinion has bn. focussed, by wrong act, on a real need.  
Remarkable tht. Ch/Scotland shd. put it on Assembly Agenda.

J. Para. 1 (b). I shd. have said "except on advice of Ministers"  
Action now wd. be represented as victory for the hooligans.  
Postpone decision for 12 months.

G.W. We have handed over documents etc.  
Govts. reluctant to do right thing for fear of being thgt. to give way to pressure.  
Support McN.

R.R.S. No rep<sup>ns</sup> to me.

J.G. Strong nationalist feeling in Scotland as in Wales.

P.M. To do this at once is to encourage violence.  
Do nothing for a year.

H.D. With bias in favour of handing it over then.

H.McN. Cd. we say: we are prepared to consider, but we won't consider in  
light of threats & violence.  
Sc. Nationalist Movemt. has had a great spur from this – much larger  
mtgs. than ever before.

Agreed: McN. to submit draft statement to P.M.

C.E. Hope no statement will be made.  
J.'s correction of his memo. is important & should be noted.  
Recommend first: parlt. can only discuss after recomm<sup>n</sup> made &  
action taken.

[Exit L.O.'s

1. Amendment of British N. America Act.

[Enter W.W.]

G.W. Bill must be introduced to-morrow. Can pass it, w'out comment,  
immediately after Whitsun.

C.E. Cd. Canada be made to realise they ought to think ahead.

2. Parliament.

C.E. Business for week after Recess.  
Motion re amendment of Govt./Ireland Act. Geo. Thomas M.P. Bying  
is whipping. Most embarrassing to us vis-à-vis N. and S. Ireland.

3. Stone of Scone.

McN. H/L debate v. embarrassing. Suggests we are considering – and  
consultg. Church/Scotland.  
He read out somethg. wh. went beyond Cab. decn.  
Shd. we have early statement in H/C.

P.M. I wd. only say: we won't consider at all so soon after act of vandalism.

McN. Nothing "just now".

H.D. Better to let it ride.

McN. Suppose Ch/Scotland ask me what P. Master Genl. meant.

P.M. Further statement in H/C will stir it up.

McN. Scotland won't forget H/L statement.

4. Exports to China.

H.S. Speech agreed with F. O. & C.O. – incldg. statemt. we propose cut off  
all rubber supplies because already had year's normal needs.  
They must be stock-piling or supplying R.  
C.O. will be under attack. Colonies have supplied some strategic  
goods.  
Also U.S. annoyed at C.O. statement tht. our rest<sup>n</sup> re rubber was  
imposed in agreement with them.

E.Sh. That statement came to me from B/T.

H.S. No, from B/T.

E.Sh. B/T. to speak immediately after W.S.C. Dugdale to speak for only 15 minutes at end.

5. Legislative Programme.

H.M. F.O. may want some more Bills – more suo.

G.T. Religious education. May I have authority to discuss with interests.  
Main point: displaced pupil. New bldg. by C/E. school auth<sup>ies</sup>.

P.M. Consult Ch/Exchequer.  
An unheard point.

A.R. { C. Defence: conscript<sup>n</sup> in peace. M/L. shd. sponsor.  
{ Which Dpt. shd. be responsible for health & safety. M/Ag. doing it.

H.D. I cd. produce small Bill – simplifying admin<sup>n</sup> in light of L.G. Man  
Power Ctt<sup>ee</sup>.

[Exit W.W.  
[Enter N.B., A.

6. Persia.

H.M. As in memo.

P.M. Any comment from U.S.?

H.M. Don't know...

H.G. ... Not much value in economic sanctions. Co. are w'holdg. paymt. &  
Persians are short of money. But to keep them shorter still wd.  
tend to create cond<sup>ns</sup> we fear.  
If things get worse, we must put in troops. And must then hold oil  
fields.

H.S. Not a leg to stand on before Internat<sup>l</sup> Court.

P.M. O.K. if only to protect our nationals.

H.G. That won't help us: we want the oil.

H.M. Don't lets take legal points or be too afraid of U.N. Can be overdone.  
Our prestige in M/E. may be lost.

P.M. Vigorous action – but with maximum support of others. Hence our  
consult<sup>n</sup>. with U.S. & Doms. Pakistan mght. be brought on our  
side.

Need for care.

Para. 7. Stress tht. they must now deal with H.M. Govt., not a Co.

“H.M.G. have strongest interest & they are prep<sup>d</sup> to send a mission”. Not arrange a mission.

- H.S. Threaten to bring this to Intern. Ct. or Security Co.
- E.Sh. No. This isn't a Co. matter. It's betwn. Govts. We shd. press for Ministerial discussion.  
What wd. happen if we lost Persian oil, & became dependent on caprice of a Persian Govt. We shd. be dependent on U.S. oil - & our indep. economic pos<sup>n</sup> wd. be undermined.  
U.S. are playing a funny game. Tel. suggestg. Texas Oil are being approached. This is what I always feared.  
I have directed C.O.S. to prepare 2 further schemes. 3<sup>rd</sup> scheme involves 1½ Divns. at start, followed perhaps by another 2.  
Wd. R. intervene. Soviet/Iran Treaty wd. allow them to enter in north if we came in at south. Persians wd. be too frightened of that.
- P.M. I doubt it. And don't rush.  
Next step is firm statement tht. we are ready to discuss at Ministerial level - & threat of serious situation if they won't.
- A.V.A. India & Arabs wd. be v. us if we walked in as E.Sh. contemplates.  
We can't start with more than what is needed to protect life.
- H.D. Must enlist U.S. support.
- H.M. They have bn. unsatisf. Believe they are improvng.  
Have sent draft tel. to W'ton but so far have no reply.  
Our Amb. in Tehran is now favourg. a mission. Alan Brooke.
- P.M. I now favour a Minister – e.g. Callaghan.
- G.W. Can't consult Dom. Govts. – only our H. Commrs.  
Worried re troops.  
i) U.S. haven't yet agreed even to our message.  
ii) Can't ignore Sec. Council. India wd. lead attack on us.  
Don't be tough when we can't succeed.  
iii) Effect of 3 Divns. on rest of our strategy.
- N.B. Prepare for all eventualities. I'm alive to G.W.'s points. Asians do talk alike.  
But oil is so vital tht. we must be prep<sup>d</sup> for bold action. Tho' we cdn't take that line w'out U.S. support.  
Shd. be surprised if a U.S. Co. were willing to operate these fields.  
Believe they will negotiate.
- McN. Don't threaten consequences until we are clear what they are.  
Don't minimise risks of Sec. Council. Every anti-Colonial vote wd. be against us. We cdn't get 20 votes for anything which looks like intervention on behalf of property.

Support P.M.'s view.  
Think we shd. take initiative in U.N. – to build up support there for our view.

- P.M. Must be prep<sup>d</sup> for trouble. It may arise.  
Must enlist U.S. support and Doms.
- H.M. Cd. Zafrullah be asked to bring pressure on Persia. e.g. thro' Entezam, with whom he is v. friendly.
- H.S. We must not put in troop w'out U.S. concurrence.
- P.M. Can't m'tain them w'out Iraq concurrence.
- P.M. Enlist moral support (for this message) of U.S. & Doms.  
Recognise we may have to put in troops to protect lives (not property).
- H.G. U.S./U.K. p'mme mght. save pos<sup>n</sup> even now. Shd. cover whole Persian situation.

Agreed

- P.M. Amend draft on para. 7. [also para 8.]
- A.V.A. Is para 4 necessary. Persian propaganda wd. twist it. Also words "double character" – "2 main purposes" instead.

Agreed

- J. We cd. say "mission will speak for Co. & Govt. whose views are identical".
- McN. Shd. H.M. go to W'ton?
- P.M. Await Frank's re-action.

Agreed G.W. to approach Zafrullah – or Rahimtoolah – for pressure on Persia. No approach to India.

- E.Sh. Warn Cab.: any sign of weakness over this & Egypt will seize Tel Akabir.

[Exit N.B.  
[Enter Dugdale

7. Korea.

- P.M. Quite a good reply.  
Amendment at x/ on p. 2. and y/ on p. 3.  
We are telling old Doms.  
P. 4 rubber: compete embargo.  
H. Kong: admit we haven't be successful.

McN. Recogn<sup>n</sup>. Why not ask U.S. to drop Chang.

P.M. Not in this.

Note agreed.

8. Retail Food Prices.

Approved.

9. Four Power Talks.

Limit of concession reached.

Interrupt mtg. of offls. Pressure thro' dipl. channel.

1. Manchester Dock Strike. [Enter B., K.Y., & Rowlands
- C.E. As in memo.  
Undesirable to transfer ships to any other commercial port in G.B., as they might be treated as "block".  
Can't give orders to these U.S. ships.  
M/D & I think pol. damaging if these ships can't be unloaded in U.K.  
Specially bad if they went back to U.S.  
Men have called mtg. at Manchr. to-morrow: Police don't know why: had bn. mtg. on Sunday next.  
I favour Cairnryan.
- A.R. Disciplinary issue. Other strikes at B'head & L'pl. on similar issue, started since, have bn. settled. Manchr. strike may equally be settled w'in a week.  
A week before strike began, Manchr agreemt. made tht. restrictive practice re "overtime ship" shd. be discount<sup>d</sup>. But 2 men refused to work new system: they were suspended: rest of gang came out. Cause: T.G.W. Union haven't informed men of new agreement. Rest of dockers then came out. The 2 men have refused to appeal. Dock Labour Bd. have urged men to return & work the new system. I believe strike will end this week.  
Against sending ship to Cairnryan or otherwise using mil. labour on it. Not affectg. Supply Dpts. Ship can go to Antwerp. Won't do any real harm. 2,400 on strike out of 80,000 dockers in all.  
C.E.'s proposal likely to have effect of bringing other ports out. Allow normal commercial arrangemts. to take ship to Antwerp.
- Rowl. Total less than 1 week's copper & 2 days zinc. We are not embarrassed.  
Strikes occur all over the world & our workg. stocks are for this purpose.
- B. We shdn't advise this U.S. Co. what to do. That wd. mean acceptg. responsibility: for the other ships too.  
Never used mil. labour before save for perishables.  
I support M/L. view.
- E.Sh. U.S. Embassy approached Glynn: said Co. wd. send ship back to U.S. I think it wd. create bad imp<sup>n</sup> in U.S. if shown we can't discharge r. materials in U.K. L.P.S. wd. be embarrassed. Amounts may be small. But we want to look as tho' it's urgent.  
Offl. Em. Ctt<sup>ee</sup> thgt. there was a case to come to Min<sup>l</sup> Ctt<sup>ee</sup>.  
Cairnryan seemed a solution. Cd. discharged 3 ships at once there, with more labour. Think we shd. suggest that to owners: it's for them to decide. Dockers elsewhere couldn't complain.
- P.M. T.&G.W. Union seem to be v. inefficient.

- A.R. They are. Especially in getting down to level of ordinary members. I'm trying to improve that pos<sup>n</sup>. But unloading this ship at Cairnryan will be considered by dockers as same as using mil. labour in a commercial port.
- H.S. B/T don't mind delay in unloading their materials. But see pol. diff<sup>y</sup> in divertg. raw mat<sup>s</sup> to foreign ports. Also disadv. of increasg. delays in shipping.
- H.G. i) Madness to risk bringing out L'pl. or B'head. There is some risk of this if mil. labour is used.  
ii) Unwise to suggest to dockers they are going to win – therefore discipline.  
Pol. affairs. Are they so great? Diversion therefore strikes is not unusual.  
Antwerp wd. be better than Cairnryan. But Belfast wd. be better.
- P.M. To what extent do we want to take responsibility – even in advising owners. Apart fr. food, we shd. be slow to interfere.
- B. We shd. leave it to owners. Since Friday we have advised owners to take no action.
- McN. Normal commercial op<sup>n</sup> to discharge at Antwerp.
- H.S. Not after arrival in U.K. Materials belong to us: we can advise tht. we prefer Belfast.
- G.W. Leave it to owners – unless ques. of going back to U.S.

Agreed: Not Cairnryan.

Govt. to leave it to owners as much as possible – intervening as little as possible. Indicate preference for Belfast. M/T. to lift his request tht. they shdn't move anywhere.

[Exit B. & A.R.]

[Enter C.O.S.]

## 2. N.A.T.O. Association of Greece & Turkey.

- K.Y. Earlier, in Def. Ctt<sup>ee</sup>, for reasons in para. 11 we have bn. against their admission. Now in memo, we favour admission, for reasons in para. 12. But, once more, want some latitude in handling this because views exp<sup>d</sup> by other N.A.T.O. members esp. French. Latitude on timing – also further study, in first instance in Standing Group: then betwn. 3 Govts.  
We have always thght. N.A.T.O. membership wasn't best method of getting guarantee of security for G & T. Only U.S. can give this. They now say only thro' membership.

Turks have pressed hard for membership. And, as we can't guarantee their security, awkward for us to oppose a U.S. offer of membership.

French view

- i) Provoc<sup>n</sup> to R.: encirclement.
- ii) Don't like extendg. "automatically" principle to Balkans. (They suspect rashness of U.S. on that.)
- iii) Fr. Elections are near. No French Govt. cd. accept this until Elections are over. Govt. have comm<sup>d</sup> themselves to consult Chamber before extendg. membership.

Hedge therefore with U.S. pro-tem. – tho' we agree in principle we may have to accept this in the end.

This is tied up to some extent with Med. Command. Another reason for delay.

C.I.G.S. We have come to concl<sup>n</sup> tht. unitarily balance/advantage is in favour of admittg. G. & T. to membership. Won't make it more diff. for us to get them (or Turkey) into a M/E. assoc<sup>n</sup>.

P.M. Grave pol. dangers. Change N.A.T.O. concept<sup>n</sup> into anti-Comm Pact. T & G. are not Atlantic, nor v. democratic. Spain wd. be the next.

Go v. slow. No concl<sup>n</sup> in favour – even in principle. Refer it back.

H.D. Don't prejudice Fr. Elections. Want Turks in, but not necessary in N.A.T.O.

McN. Giving T. automatic guarantee wd. make M/E assoc<sup>n</sup> more difficult to get?

C.I.G.S. Wd. increase T.'s readiness to fight. Wdn't put off the others. T. is essential to M/E. defence. She has troops, who wd. fight. That wd. encourage other M/E. States to come in.

E.Sh. T. pressing strongly. Charles supports their view. If they aren't admitted, U.S. will give unilateral guarantee of their security. We don't want T. to look over much to West: we may need them more in East.

Mil. implic<sup>ns</sup> need to be worked out more fully. But U.S. don't like waiting. And Turks are pressing.

French: always puttg. things off because Elections. They also want to enter the disc<sup>ns</sup> re M/E.: we don't want them in.

"Encirclement" – wd. arise on alternative of U.S. guarantee. (?)

This is tied up with Med. Command. Set up we want is this. Shd. like G. & T. in N.A.T.O. Want T. in a M/E Command. May have to accept Allied Command in M/E., with Br. Supreme.

Extending N.A.T.O. to non-Atlantic powers. Don't think we can prevent it.

Bound to come. Or Reg. Pacts in assoc<sup>n</sup> with N.A.T.O.

H.M. can have room to manoeuvre – but we must placate Turkey.

P.M. That turns N.A.T.O. into anti-Cominform Pact.

E.Sh. What else is it now? And the more countries we add, the better.

A.V.A. I wd. prefer armed neutrality by Turkey.  
But if T. is admitted, we must safeguard B. control of Cyprus.  
Don't like possibility of GK. troops into Cyprus.

P.M. We are too often rushed into things by U.S., w'out adequate considn.  
Not only a guarantee to Turkey. But multiplies points of friction  
wh. can lead to world war. Play this v. slow.

J. N.A.T.O. is anti-Comm Pact. Can't hit R. w'out Turkey. Inevitable  
developmt. But others must be brght. along to recognise this.  
Not only France, but other N.A.T. members.  
But don't appear to Turks tht. we are obstructg. their membership.

E.Sh. N.A.T. Council proposed for early July. We cd. say tht. because mil  
implic<sup>ns</sup> St. Grp. shd. submit report to council. This wd. avoid  
seeming to be opposed to Turks.

G.W. We shd. be pre-disposed in favour. Play slow – but because best way  
of getting it, not to put it off.  
We want U.S. in M/E. Better to get them in via N.A.T.O., rather than  
by unilateral guarantee to T.  
Want N.A.T. extended. World war: need a world organisation.  
Tell old Doms, what our attitude is: so they can discuss at Malta.

H.S. I favour a genl. Pact., vice series of Reg. Pacts.

McN. If you propose an anti-Cominform Pact, you can't choose who the  
members will be.  
M/E. Treaty: prospects bound to be damaged by adm<sup>n</sup> of Turkey.

P.M. N.A.T.O. is def. organ<sup>n</sup>. Diff. enough with 12. cf. Commands. How  
work that in practice with many more than 12?

G.T. N.A.T.O. was to meet threat in the West. Avoid "encirclement".  
Concept<sup>n</sup> of a defensive Pact must be m'tained. No preventive war.  
Support P.M.'s original view.

H.G. I accept memo. largely because unsatisf. state of our M/E. defence  
pos<sup>n</sup>.

x| We need effective org<sup>n</sup> there.  
Choice: M/E. arrangemt. or bringing T. into N.A.T.O.  
U.S. arguemts. in para. 4. v. Med. or M/E. Pact are strong.  
Extending concept<sup>n</sup> of N.A.T.O. doesn't worry me. It is an anti-Comm  
Pact, tho' defensive in character.  
G. & T. are both in O.E.E.C. & C/Europe. Makes it easier.  
Tho' I agree to play this slow, don't give U.S. & T. imp<sup>n</sup> we are r. it.

- P.M. What U.S. want us to do is to give a positive lead. Can't do that & also play it slow.
- C.I.G.S. Agree with x/. And no improvemt. save by incldg. T. in a M/E. Command.  
We want T. in M/E. Eisenhower & Co. want it in West.  
We can't defend M/E w'out Turkey. If war comes there, we must have plans made with T.  
T. must come into some form of M/E defence organ<sup>n</sup>. Bear this in mind throughout any negot<sup>ns</sup>.
- P.M. We shd. insist on knowg. what U.S. intent<sup>ns</sup> are in M/E. before agreeing to this.
- C.I.G.S. Allied Sup. Comm. in M/E. with Br. Commr. Latest U.S. sugg<sup>n</sup>.
- P.M. But what troops?
- C.I.G.S. Only such sea as Ike can spare.  
They think we shd. look after M/E. as they do Pacific.  
But good chance of bringing U.S. forces in if there's an Allied Command.
- E.Sh. T. in N.A.T.O. wd. bring U.S. in automatically.  
T. won't enter a M/E. assoc<sup>n</sup> – certainly not w'out U.S. guarantee. or N.A.T.O. assoc<sup>n</sup>.  
Put T. into N.A.T.O. Then have an Allied Command for M/E. under N.A.T.O. Then we have all we want.
- McN. Then get it clear with U.S. tht. T. is to have a primarily M/E. role.
- H.G. Then accept U.S. invit<sup>n</sup> on followg. cond<sup>ns</sup>:-  
i) satisfy. arrangmt. re M/E. Command.  
ii) make it quite clear we won't admit Spain.  
iii) play it slow because Fr. elections & mil. study m'while.
- K.Y. With a month's delay these points will come out. But don't make them express cond<sup>ns</sup>.  
Discuss in St. Grp. Make U.S. clear their minds re T.'s role.  
Let other N.A.T. Powers also be given expl<sup>ns</sup>.
- P.M. I want to know U.S. mind on this before we agree.  
Care of U.S. intent<sup>ns</sup>. They may want Turkey as air base v. R.
- { Say. We don't disagree in principle.  
{ Mil. implic<sup>ns</sup> to be worked out.  
{ Consider Council mtg.

3. N.A.T. Command Organisation.

- E.Sh. U.S. w'drawg. on S.C. Atlantic.  
In Med: we thght we wd. have Supremo with U.S. naval C-in-C.  
U.S. now don't like that either.  
We have argued tht. Atlantic is decided. U.S. may now accept it: if it's understand tht. F. is not to be ineffective.  
U.S. won't accept Br. Supremo in Med. They insist on U.S. Adml. in control of Eisenhower's S. Flank. This corresponds to Brind on N. Flank.  
We cd. accept it on that basis.  
Then, Allied Command in M/E. with Br. Comm<sup>r</sup>. We welcome that.  
Only ques. then: is Carney to control comm<sup>ns</sup> in W. Med. We say "no".  
Cd. we have Allied Ctt<sup>ee</sup> for comm<sup>ns</sup> in Med? Then what of Malta & Gib.
- C.I.G.S. Urgency. Disc<sup>ns</sup> in S. Gp. on Thursday. Want Cab. approval of our inst<sup>ns</sup> to W.E.  
U.S. firm on Carney.  
We have agreed  
i) Atlantic. Don't want to go back on it.  
ii) Carney for S. Flank.  
We support in princ.  
iii) Allied Command in M/E.  
We differ on  
iv) U.S. concept<sup>n</sup> of Med. as more than one sea.  
To break this deadlock: we want to propose to U.S. tht. we publish & enforce i) and ii). with except<sup>n</sup> of puttg. T. & G. into Carney's orbit. Want to go on discussg. naval control of Med., for wh. some separate command is essential. Tell them in favour (iii) covering at least U.S. Br. Comm. & Turkey.
- P.M. V. diff. politically.  
The S. Flank Force operates in waters wh. must be under B. control.  
We can't have Carney's appt<sup>mt</sup> announced in advance of a B. naval Comm<sup>n</sup> in Med.
- K.Y. Can't expect U.S. to agree tht. Carney shd. be under a Br. Commr. Med.
- C.A.S. With a Supr. Comm<sup>n</sup> M/E. we envisage a B. naval comm<sup>n</sup> for all Med.
- C.I.G.S. Given that, can we accept Carney?
- P.M. Yes: if all announced together.

4. Move of Paratroop Brigade to M/East.

E.Sh. Proposing to send Para. Brigade [to Cyprus.]

P.M. Undue publicity.

C.I.G.S. “To M/E other than Egypt” vice [].  
More convenient to have them in Tripoli.

E.Sh. Will start in 7 days – arrive Cyprus 5/6.

P.M. Can’t you nurse the Press over it: routine movement.

Agreed.

1. Parliament: House of Lords Chamber.

[Enter M/Works

P.M. Sugg<sup>n</sup> by Spkr. tht. H/C. shd. congratulate H/L. on going back to own Chamber.  
Enough if Spkr said a few word fr. Chair.

Agreed.

2. Memorial to General Smuts.

P.M. Leader of other Parties v. keen. Special Comm. pos<sup>n</sup>. Washington & Lincoln already: wd. balance these. Wdn't establish dangerous precedent.

Choice of sculptor: associate other Parties with choice.

G.W. Support. Won't create awkward precedents. No-one sugg<sup>d</sup> it for M. King. Won't upset Malan's Party. Tho' he shd. be informed in advance.

P.M. Site sugg<sup>d</sup> in memo. Open to cons<sup>n</sup>: no firm decision.

G.T. Take chance of getting open space – cf. Roosevelt Memorial.

G.A.B. Possibly between Gwdyr House & new bldg.

H.D. Favour some dispersal.

Agreed in principle: P.M. to raise ques. in H.C.  
C.R.O. to inform Malan.

[Exit M/W

[Enter N-B.

3. Persia.

H.M. 25/5 evening. Amb. had private talk with Persian P.M. (M). He sugg<sup>d</sup> settlement by "some tribunal". Didn't want U.K. Govt. intervent<sup>n</sup> because risk ref<sup>ce</sup> to U.N. Ready to ask his Comm<sup>n</sup> wtr. inter-Govt. disc<sup>ns</sup> shd. take place.

U.S. pressing us to declare we are willing to accept nat<sup>n</sup>. Times today also. U.S. urging despatch of negotiators to meet Comm<sup>n</sup>. Hope we will approach Shah only in last resort, with a view to change of Govt. Prefer to leave that to anon. Br. agency.

Recommended wait 2/3 days to see effect of our reference to Intern. Court.

Pos<sup>n</sup> in Tehran now more fluid. U.S. note havg. some effect.

x| Amb. might let it be known tht. Co. rep<sup>ves</sup> will be ready to negotiate with Comm<sup>n</sup> if they are accommodatg. I shd. announce in H/C.

we are ready to negotiate w'in framework of nat<sup>n</sup> provided Co's interests safeguarded.

- H.G. Agree to these sugg<sup>ns</sup>.  
Nat<sup>n</sup>: are we to suggest it's new or say we've told them already.
- H.M. The second.
- H.G. Agree. Do nothing more pro tem.  
Co. sending observers to meet Comm<sup>n</sup>: ques. wtr. tht. will satisfy Persians  
Worth adding x/.
- H.D. Shd. we leave this to their local rep<sup>ve</sup>. ? Send member of Bd.
- H.G. Consistent with our line tht. we want inter-Gov. talks. Mistake on that basis to send senior member of Co.
- H.M. Let local man go with watching brief. If they begin to talk business we can send out someone senior.  
Parliamentary statement. Depends what attitude H/C. take.  
After disc<sup>n</sup>, balance of view in favour of statement – Tues. or Wed.
- N.B. Prepare for despatch of senior man – e.g. warning Co. Jackson wd. be best man.
- H.G. I wd. then revive idea of strong outsider. But believe we may in end have inter-Govt. disc<sup>ns</sup>.
- E.Sh. What shd. H.M. say in H/C.? I favour statement early – prob. Tuesday. Make it clear we have agreed to nothg. Don't even suggest acceptg. principle of nat<sup>n</sup>.  
i) We stand on contract: rebut sugg<sup>n</sup> it was signed by P. under duress.  
ii) Asked for arbitration.  
Dangerous to announce tht. U.S. are in favour of nat<sup>n</sup>. Shall be said to accept it only because U.S. favour it.
- A.V.A. Wd. also prejudice our chances of getting anythg. from Hague Court save compens<sup>n</sup>.
- E.Sh. Having said a rep<sup>ve</sup> from Co. will attend Comm<sup>n</sup> as observer, we ought to concede nothg. m'while. Suspect nothg. will result fr. those disc<sup>ns</sup>: pos<sup>n</sup> will remain fluid.  
Say no more therefore than i) and ii) pro tem.
- P.M. Can't dodge nat<sup>n</sup> issue. It will be raised in H/C.  
Not possible for Socialist Govt. to deny right of State to deal with a private interest. We can't stand on i) unqualified.

- McN. We are on record as not objectg. to Govt. action r. private interests e.g. in Satellite Countries. We have insisted only on proper compensation. Can't now ques. evasive answer to ques. bound to be raised on this p<sup>t</sup>.
- N.B. We've said it to M. He wd. announce it. Also given, as guidance, to Press.
- H.M. "... a settlement wh., provided satisf. in other respects, involves some form of nat<sup>n</sup>". That is formula wh. I shall use.
- G.W. Re-action fr. India & Pakistan is better than we feared. Pakistan has made rep<sup>ns</sup>. India wd. have done so, had it not leaked that they had bn. asked to do so. But both wd. be most keen that we shd. concede principle of nat<sup>n</sup>.
- E.Sh. If we concede that principle, we shd. encourage Egypt to do ditto. to our gt. disadvantage.
- P.M. Must keep Asia sweet. H.M.'s formula is safe, and necessary. P.M. Statement in H/C. on Tuesday on these lines.
- N.B. Many Persians wd. be satisfied if they cd. work alone a small amount of the oil. Must make it clear in Persia tht. this isn't so.
- A.V.A. Ref<sup>ce</sup> to U.N.?
- H.M. Ctt<sup>ce</sup> have considered & think it wiser to keep out of it.
- P.M. Court might help: U.N. would not.
- H.S. But prs. wise to bring it to Sec. Council if we had to send troops – Jebb's telegram.
- McN. Can discuss later on that issue: I wd. agree with Jebb.
- J. Similar statement in H/L.

Agreed.

[Exit N.B.]

#### 4. Korea.

- H.M. May now be a chance of getting agreed statement of aims in Korea. Offensive smashed.
- H.D. Wallenberg, Swedish banker, said to be fishing for a settlement.
- H.M. Not at my instance. Good Offices Ctt<sup>ce</sup> ineffective because Ch. won't deal with U.N.

I prefer joint U.K./U.S. approach to China & also prs. to Soviet.

T.W. What of approach to N. Koreans.

G.W. U.K. shd. hold initiative in this. U.S. wd. go too fast.

5. Four Power Meeting.

H.M. We are now stuck. We put out draft Agenda with all concessions we cd. make. Also split Agenda. R. then came fwd. with new things incldg. N.A. Treaty etc., Have promised U.S. we wdn't agree to incl<sup>n</sup> of N.A.T.

Don't want to break up offl. mtg. Shall now remove disc<sup>n</sup> to dipl, channel. Viz., shall now act as auth<sup>d</sup> by Cabinet earlier.  
Approach to Moscow wd. be 3 Power, identic. notes.

G.W. F.O. shd. produce, for our U.K. public, reasons why we object to disc<sup>n</sup> of N.A.T.

Generally agreed: need to make it clear why we shdn't discuss it.

6. Colonial Development Corporation.

[Enter Dugdale

J.G. At the time disc<sup>ns</sup> betwn. Corp<sup>n</sup>, C.O., Ty. & M/F. But, whatever the reasons, T. did minute tht. he wd. take direct charge. Para 2 (1) can't be denied.

But para. 2 (2) we can't say. T. denies it. Report of Bd. in June '50 commended the scheme. Scheme has now failed: mistakes made. Some member of Bd. therefore allege para 2(2).  
Only way of clearing up 2(2) wd. be an enquiry. I wdn't want that.

P.M. This stinks v. badly. You'll have to have enquiry. Some members of Bd. want to place whole blame on T. We can't say which side is right.

If so, offer enquiry rather than wait until it's forced on us.  
Judicial enquiry.

H.G. Into what? Whole scheme. Or conflicting statements.  
If a wide enquiry, what sort of report shall we get.

H.D. We had no enquiry into groundnuts. Dangerous precedent.

P.M. Public money spent by Corp<sup>n</sup>. Minister says he isn't responsible for failure: members of Bd. blame one another: we are entitled to know who is responsible.

H.D. Wide (economic) enquiry can't be "judicial".

- H.S. Illustrates lack of machinery for safeguarding exp<sup>re</sup> by these Bds.  
Parlt. cd. insist on enquiry. Mght. ask for Sel. Ctt<sup>ee</sup>.  
Enquiry by C. & A.G. Or by firm of accountants – subm<sup>d</sup> to Minister  
On the narrow point of Chairman's action.  
Or, with assessors, into a rather wider ques.
- H.G. We know broadly why this failed. We resisted enquiry into nuts.  
Nothg. much in this save personal row betwn. Milverton &  
Trefyarne.  
Try to ride out the storm.
- H.M. Time to insist on public accountability of these Boards.  
Reasonable assertion of Ministerial right to be satisfied tht. all is going  
well. I reject x/ in memo. V. serious to suggest we can't  
interfere.  
Enquiry: lawyer + businessmen + T. Unionist.  
When something goes wrong, Minister shd. concern himself.
- H.G. Public enquiry into whole ques. is v. doubtful wisdom.
- D. Reith intends to make this a major issue & to speak in H/L. on it.
- J. He can't be restrained from making a personal statement.
- P.M. Must be an enquiry. Can't be by Bd. itself. Can't be Select Ctt<sup>ee</sup>  
I favour appointg. someone to settle narrow issue viz. which of these  
Peers is telling the truth.
- C.E. We must settle what is power of a Board.
- D. P.Q. for answer Wed. suggesting criminal procdgs. r. those responsible  
for failure of scheme. Shows attitude of Oppos<sup>n</sup>.

Agreed: Enquiry by a single lawyer on narrow ques.

[Exit Dugdale

## 7. Japanese Peace Treaty.

- H.M. Preliminary ques: Are we seeking a harsh Treaty or a reasonably  
generous one? I favour the second – on genl. grounds of policy  
in F.E. We must not drive them into R. arms.  
Will enhance our prestige to get this settled quickly.
- G.W. Diff<sup>ies</sup> with A. & N.Z. have narrowed because Pacific Pact. Not much  
remaing. diffy. Nor with Canada.  
India wants even softer Peace. Also want Peking to see draft.  
Best hope wd. be to allow India to comment. Para 13 (c). Cd.  
Doms. be given a chance to comment at that stage? If not, India  
may object & mght. swing Pak. & Ceylon.

- H.G. Public opinion will have to be brought along. They are behind-hand as  
cpd. H.M. view.
- J.G. Colonial opinion also will need careful handling.
- H.S. Support H.G. And we shall be said to be rushed by U.S.
- McN. Will be ill-received by many Asian countries: also by much Labour  
opinion here. Shall seem to be buying them off.
- E.Sh. But U.S. occup<sup>n</sup> must end soon & Treaty be concluded. As with  
Germany.  
When? And what sort of Treaty?  
To our advantage to get this problem out of the way.  
Resentment of Asian countries. Wd. they prefer continued U.S. occup<sup>n</sup>  
and continuing uncertainties about J's future.  
Must keep J. out of R. arms & fr. linking up with China.
- H.D. This is v. soft. Arts. 6 & 7 place no limit on J. re-armament. Will be a  
precedent when we come to German Treaty.
- G.W. U.S. play is tht. J. shd. voluntarily accept limit<sup>ns</sup> outside the Treaty.
- H.D. Despatch of 8/5. from our Charge d'Affaires in Tokyo. Sentence  
inciting J. to re-arm.
- P.M. Allowg. J. as sov. power to re-arm w'out control wd. be v. dangerous.  
With Germany, we accepted it a part of an internat<sup>l</sup> plan.
- E.Sh. Defence agreements can cover that ques.
- P.M. No validity in those, once Peace Treaty concluded.  
This draft (Arts. 6 and 7) concedes to J. right of self-defence etc.
- T.W. We couldn't enforce such restrictions.
- P.M. But a dangerous nation, dominated by militarism.... Do we suppose  
they have bn. cured in 5 years' occup<sup>n</sup>.
- J.G. U.S. are rushing us too much on this.  
This sort of Treaty wd. be jam for Communists in F.E. Esp. the  
proposal tht. no claims against J. be met.
- C.E. i) Gt. bitterness r. Japs – among U.K. ex-soldiers – even now.  
They won't like a soft Treaty.  
iii) Business men fear U.S. intent<sup>n</sup> to use J. as satellite, thro'  
whom to get into markets wh. will hurt us.  
Have we much chance of defending this Treaty to those sections of our  
public.

H.M. Wd. you sooner see J. a satellite of Russia?

Discussion adjourned – to a Special Cabinet.

8. Parliament: Adjournment Debate censuring President of B. Trade.

H.S. Blackburn is censuring me in adjournment debate. Must I answer myself.

P.M. Yes. If it's a personal attack.

1. Parliament.

C.E. Every Minister shd. attend for division on Motion calling for amendmt. of Govt. of Ireland Act. Must not be carried.

H.M. Get mover to drop it, in view of King's visit and bomb incident.

2. Japanese Peace Treaty.

P.M. Doubts y'day re Articles 6 and 7.

H.M. My supplementary memo. shows earlier Cab. dec<sup>n</sup> – on basis of which we have talked to U.S. & Comm. Govts.  
But I see Parl<sup>y</sup> diff<sup>ies</sup>. Cd. we persuade Dulles to omit Art. 6 & 7 – wd. avoid drawg. attention to this stressing J's right to re-arm. Wd. make no legal diff<sup>ies</sup>.

H.D. I wd. support that line.  
For on 2<sup>nd</sup> thoughts I feel tht. Art 6 wd. make diff<sup>ies</sup>.

P.M. Earlier dec<sup>n</sup> relied on cont<sup>d</sup> presence of occup<sup>n</sup> troops. This draft provides for their w'drawal.

A.V.A. Tho' J. has seen the draft Treaty.

E.Sh. Also no precedent for peace treaty with no prov<sup>n</sup> for restrictg. re-armament. That may be an awkward point.

J. The old treaties contained no such provisions.

C.I.G.S. Adhere to our views. J. shd. have considerable latitude to re-arm, but shd. have a voluntary restrictive agreement limiting certain types of armament.

A.R. Why not have the restrictions in the Treaty.

G.W. If permanent, will eventually become unenforceable - & whole Treaty is brought into disrepute.  
Tel. from Menzies. Earlier views fr. Austr. were by offls. M. now says no revival of J. mil. power & even if overborne on that no naval power.

P.M. He also has points on trade & gold.  
(U.S. tendency to treat J. as blue-eyed boy)

G.W. Canada is now stronger r. gold provisions also. On that we might be tougher.

- J.G. This reflects public opinion in Austr. as shown in Election.
- McN. Believe Doms. shd. be consulted earlier than 13 (c) stage. Believe we promised them earlier consult<sup>n</sup>. We ought to give them a real chance to comment effectively.
- E.Sh. Art. 6 & 7 based on Charter. A defence agreemt. – wd. it have validity apart fr. Treaty: wd. it be based on Charter. Better to include defence agreemt. in Treaty?
- J. Wdn't make it enforceable.
- H.S. Equal validity wtr. in Treaty or not.  
Nor wd. it be consistent with Art. 6.
- H.D. Art. 6 (b) is inconsistent with M.'s view. Delete 6 (b): & discuss defence limitations separately.
- H.M. Other Doms. will adopt a diff. attitude.  
U.S. might conclude unilateral treaty.  
Principle of J. re-armament. Short-term risk is tht. J. might become victim of R. aggression. They shd. be able to resist it – unless we are to take on defence of all our defeated enemies.
- P.M. There is also China: who may say J. is being used by Fascist capitalist Powers r. China.  
Same risk with G. But there we have integrated G. in intern<sup>l</sup> scheme.  
J. looks more like armed U.S. satellite.
- H.S. Allied Powers recognise J. possesses right of self-defence & may have forces w'in followg. limits wh. shall not be exceeded w'out perm<sup>n</sup>.
- G.W. India wd. decline to accept that.
- H.G. Matter of presentation. If it is in fact intended tht. J. shall not have ships larger than frigates, bombers etc., why can't we write those limitations into Treaty.
- E.Sh. I would prefer that.  
Unless there is some limited J. re-armament, U.S. occup<sup>n</sup> is likely to continue. That wd. not be desirable. Better to bring J. back into comity of nations, with some measure of re-armament.
- P.M. The only ques. is wtr. limited re-armament shd. be recognised in Treaty.  
We are all agreed tht. there shd. be limited J. re-armament.
- H.M. I will try  
a) to introduce limitations into Treaty itself.

b) to get defence pact between U.S. & J.  
But Dulles may be awkward because we agreed earlier.

J. Get from J. an undertaking that they will do this and that, and construct Treaty on basis of recognising that undertaking.

Administration of Japanese Islands.

McN. Don't like it.

G.W. Doms. won't like it either.

McN. Earlier plan was preferable. This will look like tricking Trusteeship Council.

G.W. R. can veto this - & wd. get some support.

C.E. But we want to be sure these Islands are not in J. hands.

P.M. Press Dulles to come clean & make J. renounce sovereignty. We have to be brave re H. Kong. Let U.S. be brave about there.

Agreed: disagree with U.S.

Japanese Gold.

H.G. Our rep<sup>ve</sup> didn't press his point sufficiently hard.  
W. Germany has bn. stripped of her gold & paid heavy reparations.  
This wd. treat J. much more favourably than G.  
In H/C. debate we said we wd. try to get somethg. for compensation.  
True tht. G. was looted gold and J. her own: but other countries have had to use gold to protect their pos<sup>n</sup>.  
True tht. U.S. claim it all. But on principle it shd. be taken for rep<sup>n</sup> even if U.S. decided unilaterally to give it back.

Japanese Ship-building.

McN. Repeated earlier argument in favour of rest<sup>n</sup>.

C.I.G.S. We acquiesced in seeking voluntary limit<sup>n</sup>.

H.M. Cdn't enforce rest<sup>ns</sup>.

[Exeunt C.O.S.]

Japanese Gold.

H.M. Our rep<sup>ns</sup> didn't give way in W'ton.  
Suggest H.G. shd. argue this with Dulles himself.

Think U.S. line will be – we shall get the gold in that event.

P.M. Bring this back to Cabinet before final decision.

G.W. Some Dom. H. Commrs. might attack Dulles in Ldn.  
Para. 10 (c). F.O. proposal approved.  
Para 10 (d)

H.S. i) Two outstandg. ques. J. rights under Berlin & St. Germain Treaties shd. be abrogated. If they aren't, Lancs. cotton will be knocked out of Congo Basin. We don't want to give J. m.f.u. treatment there.  
ii) Allied property in Japan. Draft envisages dom. leg<sup>n</sup> in J. But can't accept that unless we had seen & approved it in advance.

A.V.A. On i) we must be able to supply. We haven't always bn. able to do so.

J.G. Agree. J. cheap textiles have bn. basic to these Colonies.

H.S. Can meet those points w'out giving J. m.f.u. rights.  
This ques. shd. come back to Cabinet after talks with Dulles.

#### Procedure.

H.M. a) strong case for circulatg. joint U.S./U.K. draft. Will report to Cabinet again.  
b) Consult<sup>n</sup> with Doms. – as before.  
c) Inform French & Dutch Govts. Wait until we see results of Dulles' talks.

G.W. b) If there are diff<sup>ces</sup> of view, they shd. be aired at para. 13 (c) stage.  
They might be brought into those disc<sup>ns</sup>.  
d) Participation of China.

H.M. Favour Canadians plan – leaving out both Ch. "Govts".

G.W. India may suggest we show draft Treaty to Peking. Mght. we suggest tht. India shd. do it themselves, if U.S. agree.

Agreed: leave this last point to H.M.'s discretion.

McN. If Canadian plan is followed, diff. to hold final disc<sup>ns</sup> in W'ton where there is F/E. Comm<sup>n</sup> on wh. Chiang K Sh. is rep<sup>d</sup>.

e) Formosa. Approved.

### Japanese Ship-building.

- McN. As we are now proposing to write mil. limitations into Treaty, shd. we not do ditto re ship-building – speed & tonnage limits.
- A.V.A. How do that when we have failed to get it for Germany.
- H.M. For security – or to protect our own industry?
- A.V.A. A reasonably healthy U.K. ship-building industry is a security need.
- E.Sh. Can't restrict, to protect Br. industry.  
J., if not allowed to build ships, will compete with us elsewhere, e.g. by increased textile production.
- C.E. Supported argument of A.V.A.
- P.M. Can't do better than para. 5. – re-informed by materials shortages etc., in coming years.  
H.M. shd. keep generally in touch during talks with Dulles.

### 3. Road Haulage Strike.

- A.R. Rd. Haulage Exec. took over patrol staff of 5. Have now decided to increase this to 11. Union informed but not consulted.  
The men regarded this as Gestapo & struck at midnight Sunday.  
London & Home Counties: 90% came out. All lorries coming up to Ldn. are taken over by "pilots": so it will all come to a stop.  
Not a dispute with Union. Unofficial. Have asked Union to take initiative – e.g. asking Executive to p'pone introducing patrols for 2 months for disc<sup>ns</sup>. Union are reluctant to do this.  
If we can't stop this, we can't clear docks. And if we use mil. labour docks will come out too.  
Another example of strikes occurring thro' stupidity. These patrols cd. have bn. increased quietly by ones & twos, w'out saying anything about it.
- P.M. Send for Deakin & press him to apply for this adjournment.

### 4. Parliament: House of Lords Chamber.

- C.E. Speaker, for procedural reasons, will not refer to this.

1. Parliament.

C.E. Business for next week. [Enter W.W.  
[Exit W.W.]

2. U.N. Representative of China.

H.M. Malik in chair of Sec. Council fr. to-morrow. May repeat his attempt to get ruling tht. Peking shd. be rep<sup>d</sup>: Ch.K.Sh. shd. not. Acheson has sugg<sup>d</sup> moratorium until Korea is over. My view: either such a procedural motion or vote that no decision be now taken. We shd. lose on a vote for seating Peking & U.S. wd. be outraged. If procedural motion, Jebb cd. say we wd. vote in favour of P. if there were a vote on that.

P.M. Favour procedural motion to p'pone decision pro tem.

J. x| Cdn't we propose tht. neither Chinese Govt. be rep<sup>d</sup>.

P.M. U.S. wdn't accept that: and R. wd. say Council was not properly constituted.

H.McN. Procedural motion wd. satisfy U.K. opinion.

H.D. Cd. we propose x/ & let it be defeated.

H.S. Not in acc<sup>ce</sup> with U.N. Charter.

A.V.A. Cd. we abstain: some U.K. opinion is coming round r. Peking because Korean situation & their unreasonable attitude.

H.M. i) Let Jebb take it gently.  
ii) Tell W'ton it's diff. for us to do more in view of Admiral's ev<sup>ce</sup> in Congress Ctt<sup>ee</sup>.

E.Sh. Support A.V.A. Peking won't recognise U.N. peace overtures. Peking is also at war with U.N. Forces. U.K. now suffering casualties.

Agreed: support "moratorium" for the time being.

3. Central Africa: Closer Association.

J.G. Strong case on merits. In add<sup>n</sup>, pol. reason because pull for assoc<sup>n</sup> of Rhodesia with S. Africa. Want to reverse that by northward attract<sup>n</sup>.

Diffy: must be adequate safeguards for Africans. Ctt<sup>ee</sup> have done their best to secure this

- a) By div<sup>n</sup> of functions reservg. to local govts. the matters affectg. Africans most closely
- b) By includg. M/African Affairs in Fed. Cab. responsible to H.M. Govt. thro' Govr. Genl. He has in effect a veto.
- c) African Affairs Bd. representg. each of 3 territories. If these safeguards were worked well, Africans wd. be protected. But diff. to get Africans to believe this. Unfortunate tht., when conf<sup>ce</sup> mtg., S. Rhodesian Parlt. increased income limits for franchise: may prejudice attitude twds. this report, here & among Africans.

Agreed tht. report be published. Govts. aren't committed. But want to get it considered on its merits: want people to weigh it before deciding.

Suggest tht. later, in autumn, G.W. and I visit territories & consider this at a conference locally.

Cd. not carry this scheme r. African opposition.

P.M. Criticism here will be top-heavy nature of the machinery.

J.G. Inevitable because no prospect of amalgamation.

G.W. Agree with J.G. Obj<sup>ns</sup> can easily be seen: federations aren't good. But it is fed<sup>n</sup> or nothg. And, if nothg., serious risk of S. Rhodesia drawg. into S. African. Migration into the Rhodesia's from S. Africa is alarming. New pol. Party now started in S. Rhodesia advocatg. union with S. Africa. Grave threat to our native policy in Africa.

Recomm<sup>ns</sup> were unanimous – by offls. from all territories.

This is only way of balancing S. African views. A Br. and anti-republican bloc. Best way of checking migration fr. south.

Main prob<sup>m</sup> to Africans wd. be reservg. matters affectg. them to local govts. still controlled by C.O.

Danger of S. Rhodesia rejecting this. Some hope of getting their support while Huggins is P.M. And he wants U.K. "commendation".

Sel. Ctt<sup>ee</sup> of S. Rhod. Parlt. has produced scheme for Dom. States. Huggins wd. back this in default of acceptance of this scheme. Embarrassing to give Dom. states to this white oligarchy.

P.M. Careful preparation – with Press and with all political Parties.

G.W. Shd. we settle our policy before proposed conference in autumn. Shd. there be a Cab. Ctt<sup>ee</sup> on this?

H.M. Real problem here: believe this scheme or somethg. like it is necessary. Mechanism is top-heavy. But M/Afr. Affairs, if it works, will help with U.K. opinion.

H.D. Cd. we save admin<sup>n</sup> by amalgamtg. the 2 Colonies & federatg. with S. Rhodesia.

J.G. Not practicable.

J. Main objective: to get them talking about the diff<sup>ies</sup>.

H.G. What shall we say? Do we go as far Huggins wants?

G.W. Only to length suggested in para. 4 of Annex III.

McN. Don't go so far  
 i) no hope of getting this agreed. Gulf between blacks & whites is too great.  
 ii) is this constitution workable – in particular, the M/African Affairs.

P.M. Para. 4 is a balanced statement. Leave it as it stands.

E.Sh. I agree. Econ. pos<sup>n</sup> of these territ<sup>ies</sup> can't be sustained w'out some federal management.  
 How will S. Africa re-act?  
 C.O.S. see military advantage in this.

G.W. S. Africa won't like this – because they want to expand northwards.  
 Press may be critical: Govt. probably won't say anything.

J.G. Some doubt, since visit to E. Africa, wtr. conf<sup>ce</sup> shd. aim at agreed.  
 y| Concl<sup>ns</sup>. Prefer to say it will give further consid<sup>n</sup>.

G.W. Agree: don't, however, exclude concl<sup>ns</sup>.

Agreed: subject to modific<sup>n</sup> as at y/.  
 P.M. to consider Cab. Ctt<sup>ee</sup> (later) to formulate our policy.

#### 4. Egypt.

H.M. We agreed to talk – B. forces staying in E. m'while.  
 E. were not willing to discuss our proposals. Have subm<sup>d</sup> counter proposals requiring us to be about our business w'in 12 months.  
 U.S. are now takg. increased interest. Suggesting flattery and arms, & offering to help with latter. There will be trouble in H/C. if we supply arms.  
 E. For. Minister wants to come to Ldn. Better to keep negot<sup>ns</sup> in Cairo, tho' I don't rule out Ldn.  
 To keep things running, I propose to take up disc<sup>ns</sup> re Sudan. We shall disagree about that, too. Disc<sup>ns</sup> mayn't last v. long therefore.  
 If we cd. arrange with Egyptians for joint Army – available for W. Powers.

- R.R.S. Dec. '50, when E. For. Minister came to Ldn., I talked with him. He is not well-informed. Later I spent 2 weeks in E. on holiday, & had many convers<sup>ns</sup>.  
 Attended Cab. disc<sup>n</sup> on 5/4/51, and stated my views.  
 Useless to talk re Sudan with nothg. settled re Treaty.  
 Their anxieties are:  
     {moving combatants fr. zone. Won't wait until 1956.  
 x| {Sudan  
     { training E. Army.  
 When none of these ques. settled, can't expect them to discuss Sudan.  
 And, if we force them to discuss it, we shall make later disc<sup>n</sup> of Treaty even more difficult.  
 E. Finance Minister told me tht., if combatant troops removed fr. Canal after "emergency period", we wd. agree to substantial B. forces traing. E. Army and civilians in the base.  
 Removal of combatant troops fr. Zone is cardinal for them.
- P.M. What point in putting Sudan fwd. Can't agree on that. Will only exacerbate feeling.
- H.G. A better point to break on. Our legal & moral case there is stronger.  
 Relieved at break-down. Serious negot<sup>ns</sup> on Treaty wd. have landed us in pol. diff<sup>ies</sup>. Our proposals wd. have involved £59m. capital cost & add<sup>l</sup> £9m. annually. Thus, financial diff<sup>ies</sup> as well.  
 U.S. intervention needed to keep our troops in E. not to get them out.  
 Prs. they will come to realise that in M/E. Command talks.  
 M'while let's play for time.
- R.R.S. Are we ready to compromise on the Treaty at all?  
 E. took note of 11/4 as ultimatum. No discussion.  
 Amb. was to waffle. He gave them the impression it was ultimatum.  
 No satisf<sup>n</sup> on x/ in Ambassador's note of 11/4.
- E.Sh. No hope of satisfy. defence pact with E.  
 If we get a M/E. Pact w'in or linked with N.A.T.O., E. will be bound to join.  
 M'while let's spin it out – by Sudan.  
[Exit A.V.A., G.W., T.W.]
- E.Sh. Total M/E. expend<sup>re</sup> wd. be over £90 m. capital. H.G. has given figures only for E.  
 E. have never objected to presence of Air Forces in E. Much wider area than Canal Zone. Maybe we can get agreemt. someday on that.  
 Therefore – stave off the evil day.
- H.D. Use of Israel as base?
- E.Sh. Robertson's visit. Israel were v. friendly, but cdn't commit themselves. Nor cd. we. But they wd. prob. agree to bases.

H.D. I wd. sooner give arms to Israel.

R.R.S. This approach will mean impasse on Sudan as well as on Treaty.

Memo. approved.

5. War Criminals.

[Enter Soskia

H.M. This differs from H.O. practice – for some political consid<sup>ns</sup> must come in wh. H.O. would exclude.  
Must tell U.S. and France. And suggest consult<sup>n</sup> between the three on notorious cases, to avoid glaring discrepancy. Tho' this may lead us into diff<sup>ies</sup> as U.S. are likely to favour excessive clemency.  
Same principle to be applied in Austria.  
Have consulted Ld. Chancellor.

P.M. High Commr. never had power of clemency: only power to advise H.M.

Att.G. Deleg<sup>n</sup> went too far: High Commr. did not, however, purport to exercise a power of clemency.

E.Sh. It was a power of mil. officers. S/S for war never submitted to H.M.  
Can H.M. exercise clemency twds. a foreigner.

Att.G. H.M. is only source of clemency.

P.M. Sentences were imposed by a Br. court: hence H.M. has power of clemency.

E.Sh. These criminals have no right of petition to H.M. Hence no clemency.  
Wd. doubt wtr. H.M. shd. be brought into this.

H.S. The King constituted the courts. If he delegated power of clemency, he can w'draw it.

H.M. I would prefer to handle this on the basis of advice to H.M.

Agreed.

P.M. Basis of exercising this? Wd. H.O. precedents be a guide. These cases wd. turn on political consid<sup>ns</sup>.

C.E. H.O. have had to take a/c of pol. consid<sup>ns</sup>. e.g. Casement, Amery, Joyce, and sentences imposed during war for war-time offences.

- P.M. H.S. objected to any sugg<sup>n</sup> tht. sentences were passed in hatred etc., what cons<sup>ns</sup> will then arise on wh. clemency can be advised?
- H.S. I agree. Nothg. more to be done on basis of “standard” sentences.  
Now – extreme illness mght. be a ground for clemency. Not any change in pol. circs. in Germany – indeed, that wd. be a reason the other way. Much public support for my speech.
- H.M. I wd. not administer this on basis of public opinion.  
Impossible to lay down any set of rules. Cases must be considered on merits. New facts may become known.
- J. No case for automatic periodical reviews. No heavy work, therefore.  
But agree you can’t formulate rules. Mistake to try. Exercise discretion in individual cases.
- Att.G Motives suggested for review  
a) small fry. Court took a/c of that.  
b) German opinion. Doubt wtr. this cd. be relevant.  
If it was because sickly nationalism objecting to sentences of Germans by Br. courts – take no notice of it.
- R.R.S. I have heard of disparities of sentence acc. to time when sentences passed.
- H.S. Three reviews already from that angle.
- P.M. Emphasise that in statement. And say you don’t expect to have to exercise clemency in many cases.
- H.S. Japanese War Criminlas. 300 not tried, proposed to hand over to J. for trial.
- P.M. Let H.M. enquire into this.

C.M. 40(51).

5<sup>th</sup> June, 1951.

1. Parliament.

[Enter W.W.]

Business for next week.

2. Schuman Treaty.

H.M. On assumpt<sup>n</sup> tht. Treaty comes into force, no need to m'tain Allied control. Seems unnecessary to m'tain this control. [Exit W.W.]

H.G. W. party rept. will be available soon. But no need to discuss with Community until ratified – not likely before autumn. Schuman hasn't pressed his sugg<sup>n</sup> for talks: prob. courtesy only. Enough to say we are studying text & shall like to discuss with Community in due course.

H.M. Fr. my angle, G. co-op<sup>n</sup> will be easier: they will be more ready to ratify: if we declare we will relax Allied control if & when Schuman Treaty comes into op<sup>n</sup>. Contingent on ratification of Treaty.

H.M<sup>c</sup>N. If we start disc<sup>ns</sup> & Treaty then fails it wd. be diff. to get back to Allied control. [Enter G.S.]

A.V.A. Earlier, we assumed full disc<sup>n</sup> on Treaty because rel<sup>ns</sup> with Allied controls.

H.M. That was disc<sup>n</sup> wtr. we shd. be associated with Plan.  
My point here is: I.A.R. is no use in practice. If Treaty comes in, we can't use other controls. And they must go soon in any event.

P.M. If Plan comes in, & we don't join it, we shd. lose all control.

G.W. Ineffective if U.S. & Fr. don't want to use them. Para. 3(iii).  
We couldn't do anything.

G.S. Worried because effect on our re-armament. Wanted scrap or semis in return for removg. Allied controls. Cdn't get that.  
French got assurances re coal & coke.  
We need scrap or semis fr. G. for defence (inclgd. defence of G.).  
Despite agreement, they are exportg. steel to countries we usually supply. No control over that. Cd. we not, even at this stage, get some assur<sup>ce</sup> tht. countries re-arming under N.A.T.O. shd. get some of the semis to result fr. G.'s increased prod<sup>n</sup>. Under Schuman, no preference for defence purposes. Abandon scrap: can't do any more on that.

N.B. On alloc<sup>n</sup> of Europ. coal (O.E.E.C. & E.C.E.) we believe it will be

more diff. to meet needs of countries outside Schumania, e.g. Austria, if I.A.R. is abolished. On other hand, many of our obj<sup>ns</sup> to Plan have bn. met; & in long run it mght. bring us advantages. We must be assoc<sup>d</sup> with intern. machinery for coal.

- E.Sh. Mil. Security Bd. will continue to enforce control over end items.
- G.S. Yes: in Germany. But no control over exports of steel or semis. We can't control that.
- H.M. We can't control it now.
- T.W. Why not continue to bargain until Treaty ratified in autumn.
- H.D. Why can't we get a good deal out of this, as Fr. have done. U.S. cd. be enlisted?
- E.Sh. G. producing 1½ . m. tons above limit. Have we tried to buy surplus?
- G.S. Yes, but can't get more than a small amount. They prefer to sell to "normal" markets – incldg. Czechosl., Finland & S. America.
- P.M. Our card may be weak. But shd. we throw it away?  
If we surrender our pos<sup>n</sup> in I.A.R., we have no control at all.
- M<sup>c</sup>N. I.A.R. shd. have enforced dec<sup>n</sup> tht. surplus prod<sup>n</sup> shd. go to N.A.T. defence. French unwilling to make I.A.R. work because they have met their needs by separate deal. Para. 6.
- G.S. I advocate bi-lateral agreemt. as cond<sup>n</sup> of our agreeing to abol<sup>n</sup> of I.A.R.
- H.G. These are security controls. Can we make econ. bargain in return for lifting them? Did French do this?
- G.S. I believe they got guarantee re coke & coal as cond<sup>n</sup> of lifting rest<sup>ns</sup> on G. industry.
- H.G. Restoration of normal G/French trade.
- G.S. But they used a threat to get it.
- P.M. No gesture w'out compensation.
- E.Sh. G. steel to Czechosl. is a v. serious matter.

Agreed: F.O. to re-consider, with M/Supply.

- J.G. } Shd. be considered concurrently with Schuman Treaty.  
}

N.B. } No concl<sup>n</sup> in advance of that.

P.M. Bring it up again next week.

[Exit N.B. & G.S.  
[Enter E.D.]

3. Four Power Talks.

H.M. N.A.T. point was introduced at relatively late stage in discussions.  
We resisted it – in notes to Moscow.  
We can't give way. U.S. won't. French might because elections.  
i) R. trying to build agenda suggesting W. Powers are aggressors.  
ii) N.A.T.: 12 Power. Others have interest.  
iii) N.A.T. resulted fr. R. threats not vice versa.  
iv) If N.A.T. discussed, Cominform must too – useless & lengthy.  
Conclude: R. don't genuinely want a mtg.  
We can be misrepresented. cf. Manchr. Guardian. Inclined to think it best to return argumentative reply, keep it going for a few days.  
R. can break conf<sup>ce</sup> by adding unwelcome items & makg. it appear we are breakg. it.  
Climb down wd. be humiliation w'out advancg. cause of peace.

E.D. This R. note = def. rej<sup>n</sup> of ours. Won't meet unless N.A.T. on agenda as non-agreed item.  
Simple, were it not for Fr. elect<sup>ns</sup>. Because of those, we ought prs. to continue disc<sup>ns</sup> of offls. – at least not break them off.  
i) Direct reply to Moscow, repeatg. earlier note.  
ii) Ditto via Gromyko.  
iii) Say it verbally in Paris.  
i) wd. look as tho' we were brkg. Conference.  
ii) destroys purpose of original note. Paris wd. be useless.  
iii) is best. We can make it clear we want a mtg. on agreed items, & put blame on R. for insistg. on N.A.T.  
Clear tht. purpose of discussg. N.A.T. wd. be to undermine defence of West. Can't therefore give in. But make our pos<sup>n</sup> clear verbally in Paris. Suspend mtg. thereafter.  
Fear French will prefer to delay reply until after Elections.

H.D. We must help French. 17/6 is not far off. This need not be the end. Moscow note is v. skilful. We must try to be clever too. Go on talkg. in Paris – at least until after Fr. elections.

R.R.S. Can't we throw ours back on R. Say we are ready to discuss all things each side is doing to aid mutual defence – then we get even.

E.Sh. Armaments will be discussed under other items.  
I don't mind discussg. N.A.T. if we can discuss R.'s correspondg. arrangemts.

J.G. What about effect on U.K. public opinion of R. note? Second para.

puts us in diff<sup>y</sup>. N.A.T. only as unagreed item. Puts on us onus of brkg. off & abandoning mtg. Tension, eased by talks, will be renewed. Putting N.A.T. outside field of negotiation will look pretty bad.

- A.V.A.      Greatest factor in Fr. elections will be this R. note.  
Will iii) in E.D. satisfy Fr. opinion on that?  
Clear that U.K. opinion is disturbed.  
Wd. it not be wiser to publish a considered written reply?
- H.S.          Grave effect of interruptg. Deputies mtg.  
To refuse a non-agreed item means tht. one F. Minister is precluded  
from raising ques. wh. he considers of gt. importance.  
Better talk, even for months, than have war.  
Agreed item already wh. wd. allow some talk of R. arms.  
Counter this by adding un-agreed item on Satellite arms.  
And go on talking in Paris.
- M<sup>c</sup>N.        Refusal wd. also put us on defensive re N.A.T.  
I agree with H.S. Find an embarrassing counter-item to put fwd.  
E.g. Yugoslavia: mght. be better than Satellite arms.
- J.            Agree. We must meet – on best terms we can get.  
What obj<sup>n</sup> to acceptg. this as un-agreed item. Will be thought we are  
avoidg. disc<sup>n</sup> because we have somethg. to hide. We shd. be in  
wrong.  
Must, however, get U.S. & Fr. agreemt. to that course.
- T.W.        We must counter x/ in Note viz., tht. N.A.T. is cause of tension.  
Spin out talks until after Fr. elections.
- P.M.        “Consequences of R. armament: a) N.A.T.” Add that to agenda.
- H.M.        All these views contradict last Cab. decision.  
I dislike i) acceptg. agenda putting us on defensive.  
ii) I am not willing to talk for months in W’ton.
- E.D.        N.A.T. can be discussed under Item 1. – causes & effects of tension.  
But as separate item it suggests C.F.M. has power to decide  
re N.A.T.
- E.Sh.        We can’t afford to fight. H.M. therefore can’t afford not to talk.
- H.G.        With N.A.T. as un-agreed item, R. can deploy all their arguments  
v. N.A.T. in discussing ques. wtr. it shd. be added to agenda.
- E.D.        French & U.S. are both quite unwilling to have this added as unagreed.
- M<sup>c</sup>N.        We shall find ourselves discussg. this at every successive intern<sup>l</sup> mtg.  
Point tht. this is beyond scope of C.F.M. is met by having it un-agreed.

H.S. We must keep these talks going. Keep a C.F.M. ahead of us, always.  
That was view of Fr. Ambassador.

H.M. I won't waste months of valuable time.  
Ready to consider adding counter-item re Cominform, Satellites etc.  
If R. refuses that, break will be their responsibility: or we shd. have to  
discuss both.

P.M. We shan't be able to prevent them fr. talking about N.A.T. under  
item 1.

G.W. Then why do they insist on separate item.

H.G. Their note – v. useful propaganda.

A.V.A. Have we got across to public reasons for not agreeing to discuss  
N.A.T.

P.M. Argumentative reply, countering x/ (para 3).

E.D. Then we stand on our note, and Dpties. don't meet  
again unless R. agrees to restricted agenda.

H.S. Why don't we counter attack. V. well: if you want to discuss N.A.T.  
We'll agree if you'll discuss Satellite arms etc.

E.D. We must adhere to our view tht. N.A.T. can't go on. We can't give  
way on that.

H.M. Not sure. Cd. leave door open to agreeing later.

M<sup>c</sup>N. What about y/. I think Deputies should resume.

Agreed: H.M. to draft argumentative reply, consult  
P.M. and if necessary Cabinet.

[Exit E.D. C.E.

[Enter L.O.'s.

#### 4. N.A.T. Privileges.

H.M. My sympathy is with the critics.  
And F.O. tried hard to get the lower scale.

P.M. Views of Home Secy.

H.M. I agree – grin and bear it.

J. Dislike this. F.O. weren't stiff enough in early stages.  
Must accept para. 10. Parlt. won't like it.  
But, in view of importance of N.A.T.O., we must swallow this.

H.G. Agree in general. But no announcemt. tht. we will pay compens<sup>n</sup>.  
[No earlier case.]  
Memo. approved.

[Enter M.W., H.A.M.]

5. Resale Price Maintenance.

H.S. This is what Cab. wanted, but I have little enthusiasm for it.  
At moment, when red<sup>n</sup> of supplies, won't affect c/living.  
Nor is it popular election cry.  
I wd. have preferred to a) strengthen Monopolies Comm<sup>n</sup>.  
b) collective price m'tenance etc., etc.  
Anti-boycott leg<sup>n</sup> wd. have bn. better. Cd. enlist more support.  
Case for this will be economic & doctrinaire.  
Enforcemt. of anti-b. wd. be easier. Leg<sup>n</sup> wd. be simpler.  
Go on with this: but don't blow it up.  
Decisions needed on ques. in para. 19.  
Finally, none of this can apply when manufr. retails his own goods.

Att.G. How enforce these provisions v. collective arrangemts.  
i) Monopolies Act '48. S.11. Failure to comply with order is  
not criminal offence.  
Why change over now to criminal remedy.  
ii) Will it be possible to prove an offence? Must have ev<sup>ce</sup> tht.  
someone is operating the plan. More diff. in criminal than  
in civil procdgs.  
In paras. 34 & 40 cd. we say "illegal" vice "an offence"; & give us  
more time to consider. Civil procdgs, at my instance, seem more  
probable.  
Result: an injunction: may not be enough. Damages won't do,  
for not enough to expect private individual to take procdgs.

H.D. Delay due to H.W.  
Draft W. Paper is good – don't alter it.  
This is valuable, tho' not epoch-making. Don't let's do less than this.  
Add anti-boycott, or collective v. p.m., if you like.  
Admirable report with memo. of 1/2.  
Believe this will be popular at Election, if well presented.  
Co-ops. are behind it. Even Tories are keen on it. Danger of  
getting agreed measure – a deplorable result.

Wh. Is this Election manifesto – or somethg. you can enforce?  
Enforcement does need more thght. Cr. procdgs. are  
better deterrent. Not impossible to get evidence.

{ .....Memo. approved.  
{ In debate, H.S. can say he is considering other measures  
{ e.g. anti-boycott & strengthening Monopolies Comm<sup>n</sup>  
{ Act. Intend to legislate, but give no date.

6. Equal Pay.

M/L. memo. approved.

1. Japanese Peace Treaty.

[Enter K.Y.

H.M.

Saw Dulles Mon: he saw P.M. Tuesd.  
Gravity of failing to reach agreemt. with U.S. Dulles has made concessions or explan<sup>ns</sup> which make it easier for us to agree.  
We were pressing for Treaty when U.S. weren't: now pos<sup>ns</sup> are reversed. If we were now to disagree, they cd. go ahead alone.  
H/C. didn't like our exclusion fr. Pacific Pact: now did that enhance our prestige in F/E. This wd. have same effect. Also wd. outrage J. v. us – also opinion generally in F/E. W<sup>d</sup> weaken U.S./U.K. rel<sup>ns</sup>. Altogether v. serious.  
Dulles must say at end tht. talks have, or have not, bn. satisfactory.  
Rearmament: sit<sup>n</sup> improved. J. can't be a danger for years. U.S. have means of restraining them.  
Chinese particip<sup>n</sup>: hope we may get agreemt. to leave it to be settled later wh. "China" signs.  
Formosa: may also be left.  
Congo Basin – H.S. shd. talk to D.  
Jap. Gold. We shan't move them: & they've got the gold. They can meet us on some subsidiary points.

P.M.

W.S.C. has bn. in touch with U.S. & stressed import<sup>ce</sup> of agreeing with U.S.

(i) Re-armament.

K.Y.

U.S. firm v. incl<sup>n</sup> of lim<sup>ns</sup> in Treaty. i) Liberal Treaty intended.  
ii) Exper<sup>ce</sup> at Versailles. iii) They intend to do it in practice by bi-lateral pact – see Annex A. That is secret. Annex B., however, will be publ<sup>d</sup> to-night: includes some significant remarks re U.S. providg. bulk of sea & air power. This gives us best security we can get. Diff<sup>y</sup> is to get this public before Treaty – D intends announcemt. before draft Treaty publ<sup>d</sup>.  
Art. 6(b). D. wants it. 6(a) reproduces oblig<sup>ns</sup> in Art 2 of Charter – incldg. oblig<sup>n</sup> to refrain fr. use of force. But Art. 51 saves right of self-defence. Art. 6(b) designed to do no more. D. has agreed to delete final phrase. This seems reasonable expl<sup>n</sup>.

E.Sh.

Seems odd. Peace Treaty accomp<sup>d</sup> by bi-lateral pact providg. tht. U.S. shd. have occup<sup>n</sup> forces in J. indefinitely. Can you do this – after concl<sup>n</sup> of Peace Treaty.

H.M.

When Treaty concluded, J. is sovereign & has power to make vol. agreemt.

J.

Yes: they limit their rights by vol. agreemt.

H.D.

Tho' Treaty says w'in 90 days all occup<sup>n</sup> forces shall be w'drawn?

- H.M. There is a proviso for arrangemts. under bi-lateral agreemt.
- G.W. A. & N.Z. will accept this, I think.
- M<sup>c</sup>N. a) Doubtful if Charter shd. be quoted to justify Art. 6(a) & (b):  
for Charter excludes settlements with ex-enemy States.  
b) Odd to argue tht. you must have liberal Treaty but conclude  
bi-lateral assurg. U.S. of bases in J.  
But we shall have to accept it.
- H.G. Accept. But press for fullest publicity re bi-lateral pact.
- (ii) Chinese Participation.
- H.M. D. started from idea of getting both Govts. to sign. I scouted that.  
Series of bi-lateral pacts. Wdn't do.  
Proposed now: multi-lateral with no Chinese adherence. Treaty wd.  
then provide tht. J. shd. not make Treaty with any Power more  
favourable than this Treaty unless it extended same privileges to  
States signatory to this.
- H.G. J. cd. then make Treaty with Chiang. Under U.S. tutelage prob<sup>ly</sup>  
would.
- J.G. In that event our rel<sup>ns</sup> with Chinese in F/E. Colonies wd. be more  
difficult.
- P.M. Gt. danger. Gives J. right to recognise whichever China she likes.  
Our prop<sup>n</sup>: suspend decision wh. China shd. sign & we then keep  
dec<sup>n</sup> in hands of signatories to this Treaty. That is much safer.
- H.D. That was my view. This is most serious of U.S. demands. We shd.  
press D. v. hard on this – going easier on other points.
- K.Y. Plan: China be left out of multi-lateral Treaty altogether. Then open  
to any Allied power to ask J. for bi-lateral Treaty. We can't stop  
J. fr. makg. bi-lateral Treaties with any Power.
- H.S. But it wd. be embarrassing to have J. makg. any treaty with Chiang.
- K.Y. D. ruled out P.M.'s plan, as one he cdn't get past Congress.  
Wdn't prevent J., after she becomes sovereign, fr. conclgd. bi-lateral.
- H.S. We cd. say in our Treaty tht. J. may not enter into any bi-lateral  
Peace Treaty without our permission.
- J.G. While Ch. accession is in suspense, reasonable to provide that J. shall  
not conclude bi-lateral pact with either China.

- K.Y. Most unlikely that J., even under U.S. influence, wd. be willing to make a pact with Chiang.  
Our original plan provided for dec<sup>n</sup> by 2/3rds of signatories which China.  
D. feels he cdn't get this past Senate.
- P.M. We can't be put in pos<sup>n</sup> in wh. it is open to J. to make Peace Treaty with Chiang.
- H.M. U.S. will say ditto ..... with Peking.
- P.M. That's O.K. We don't want to decide it either way. Hold it all in abeyance.
- (iii) Formosa.
- H.M. As in memo.
- E.Sh. Support this. Follows logically our line on (ii).
- P.M. O.K. if they accept our line on (ii).
- J. If J. renounces her sov. over F., she can't make a deal with Chiang over it.
- H.S. But, by such a simple renunciation, F. mght. revert to China – de facto Chiang.
- H.G. Add provision tht. J. shdn't make any bi-lateral disposing of territory w'out consent of signatories.
- P.M. Afraid of being edged into a pos<sup>n</sup> in wh. we are in effect recognising Chiang de facto.
- J. Enough to make it clear tht. "renunciation by J." means tht. J. has no power to dispose of F.
- P.M. Accept simple renunciation for F. if U.S. will accept our formula on (ii).
- (iv) Kurils etc.
- K.Y. D. now prefers simple renunciation by J. rather than explicit cession to Soviet.
- Agreed.
- (v) The Ryukyu etc.
- G.W. India says: no trusteeship.

M<sup>c</sup>N. They know tht. U.S. cdn't get a trusteeship from U.N. I agree - tho'  
it's a pity.  
This plan involves going back on Cairo & Potsdam.

K.Y. They prob. wd. come into exception for minor islands.

Agreed: Accept U.S. view & try to persuade India to agree.

(vi) Ship-building.

M<sup>c</sup>N. Grateful for efforts made.

K.Y. Our pos<sup>n</sup> is reserved pending report.

H.G. M/T. is now anxious about this.

(vii) Japanese Gold.

H.G. Saw Dulles. Cdn't persuade him. Agreed to meet him again.  
Stressed comparison with G. Challenged U.S. automatic right  
because occup<sup>n</sup> costs.  
His view: v. diff. to persuade Senate tht. we shd. pinch the gold but  
go on helping J. This wd. give J a good start, economic recovery.  
Reduced standards wd. increase risk of Comm<sup>n</sup>.  
Must view this in light of Treaty as whole. We shdn't get much of the  
gold. It's the pol. aspect: can we justify Treaty not giving us  
any gold or rather leavg. it all to J? Told D. I wd. prefer U.S.  
to take it than have it left to J.  
Persuade U.S. to take it themselves or keep it in trust (because China  
is a claimant). Leavg. it with J. wd. accentuate our pol. diff<sup>ies</sup>.  
Can't give way on this if we don't get our way on (ii).  
If we got (ii), we mght. concede this later, with Austr.  
concurrence.

J.G. P.o.w. ques. is being fanned up.

K.Y. Assets in neutral countries come into that. And there may be chance  
of compromise there. That wd. help. E.g. make it available  
to Internat<sup>l</sup> Red Cross. If we cd. get that, it wd. be easier to  
let the gold ques. go.

Agreed: K.Y. and H.G. to discuss before H.G. sees  
D. again.

(viii) Congo Basin.

H.S. M'tenance of J.'s m.f.u. pos<sup>n</sup> there wd. make Treaty most unpalatable.  
Biggest pol. risk of all. This mght. be a brkg. point.

K.Y. If J. deprived of that pos<sup>n</sup> in Basin, she wdn't lose her m.f.u. pos<sup>n</sup>.

Only her special rights there are feasible to be w'drawn.

H.S. I want both.

G.W. V. many Comm. countries are anxious to deny m.f.u. treatment to J.

2. Four Powers Meeting.

H.M. Handed round various Tels. to and from Paris.  
Davies doesn't think U.S. or French will accept my draft.  
I felt D.'s draft was too legalistic.

P.M. I agree. No one will sympathise with argument re ques. for  
decision – nor that v specific & general.

R.R.S. Shdn't you seek to admit to agenda what they want as well as our  
counter item. I wd. amalgamate the two.

H.M. Don't want at this stage to admit either to agenda.  
Prefer to stand on arguments against adding to agenda.

P.M. What are the underlying causes when you have taken off  
Cominform, satellites etc?

H.M. R. non-co-op<sup>n</sup> with U.N., mischief-making all over the world.  
Rather too provocative to insert it here.

E.Sh. Argument re N.A.T. in para. 2. State what it's for & refer them to  
un-cooperative attitude of R. – veto etc.

P.M. add ... wh. has prevented U.N. fr. being used as instrument for  
preservg. world peace. [Exit M<sup>c</sup>N.

E.Sh. Middle para. cf. p. 2. Omit second half.

H.M. That is whole substance of argument. Don't want to leave it out.  
Thght. Cab. hadn't felt it was sufficiently publicised.

P.M. y/ Must identify them here – unco-op<sup>ve</sup> attitude as above.

J.G. Reverse last 2 sentences of middle para.

H.S. Strengthen that para. – as in pencil.

H.M. Cd. we agree on substance & then each send our own notes?  
General support for that view.

G.W. Tel. 145 is important.

Agreed: Follow line of F.O. 85.

1. Japanese Peace Treaty.

[Enter K.Y.]

H.M. Put our case forcefully to Dulles. P.M. also saw him. He can't accept our view on China. Point of principle with him to give J. full sovereignty & not restrict her power to conclude Treaty with China. But his second point is more decisive: nothing else wd. get thro' Congress. 2/3rds majority needed in Senate & imposs. to get support of that no. of Republicans. A most diff. situation wd. arise if Congress declined to ratify. Can't find a precedent for course Cab. wished to follow. Mustn't break, save for clear reasons. May get some concessions on other points – e.g. Congo Basin, if we can yield on this. Message from Paris tht. they hope to meet us on that ques. if we reach agreemt. on the other.

H.S. Diff<sup>ces</sup> are not worth breaking over. Clear tht. U.S. won't yield. Not certain Fr. will follow. But, even so, unwise to aggravate misunderstandings with U.S. Doubt wtr. in practice terms of Treaty will be decisive on China. Believe we may then get our way on Congo Basin ques. Of more immediate pol. & practical import<sup>ce</sup>.

P.M. D. was quite firm on main point when I saw him. We haven't much option – tho' I don't like yielding.

H.G. Annex: Formosa: para. 4. We don't want J. to recognise F. as belonging to Chiang. W<sup>d</sup> ease our pos<sup>n</sup> if we cd. get it more firmly stated that future settlement wd. be “by U.N.” e.g. adding “by them”.

G.W. Also the words “in the same spirit”. That raises same point.

M<sup>c</sup>N. i) Disingenuous to say tht. with U.S. occup<sup>n</sup> force in J., J. cd. conclude Treaty with Peking. Nothg. in that.  
ii) Normal to limit sovereignty in a Peace Treaty. But I can't press my point. Para. 4: Don't like ref<sup>ce</sup> to rights of people of F. Better drop it than include these patronising words.

H.D. We are being pushed off our pos<sup>n</sup>. Effect will be unfortunate. Believe J. will recognise Chiang. Para. 4. No sense in ref<sup>ce</sup> to people of F. This shd. be wholly re-cast. Dec<sup>n</sup> by U.N. isn't v. safe: S. American satellites of U.S. too strong there. W<sup>d</sup> prefer it settled by F/E. Comm<sup>n</sup> group. Latest developmt: R. has asked to be included in Treaty.

P.M. R. sugg<sup>n</sup> to C.F.M. We cdn't accept that. Brings in France & leaves out Doms.

- H.D. No concession on Congo. If we yield on this ques., must have our way on that.
- R.R.S. If J. recognises Chiang, how cd. we defend that position?
- H.M. Why suppose that. J. has gt. econ. interest in agreemt. with Ch. mainland.  
Gt. diff<sup>y</sup> of J. will be dependence on certain raw materials – iron, coal, oil, rubber, bauxite etc. Suppliers can influence her therefore. Welcome continuing U.S. occup<sup>n</sup>: better than going Communist.  
On para. 4 I will do my best to meet criticisms, with wh. I sympathise.
- H.D. No ref<sup>ce</sup> to wishes of people of F., who are under Chiang's heel.
- E.Sh. Stop at "U.N." Doesn't even say there tht. U.N. will "settle" it.  
Fact is that U.S. will dominate J. policy for years to come. We can't avoid that.
- H.S. x/ Amendments pencilled in draft.  
J. won't recognise Chiang unless U.S. does. Not much difference.
- H.M. We may not want F. to go to Comm. China.  
Shd. we side-step U.N.? Who will the signatories be? We put F. on U.N. Agenda.
- J. Not nec. to recognise one auth<sup>y</sup> for Ch. & F. J. will prob. recogn. Peking as Govt. of mainland. They may recognise Chiang as Auth<sup>y</sup> in F. – for so long as he lasts. When he goes, it doesn't follow tht. inhabitants wd. join with m'land (?).  
Concede this point to U.S. in return for satisf<sup>n</sup> on Congo Basin.
- Shipbuilding.
- M<sup>c</sup>N. If we are bargaining, can we get lim<sup>n</sup> of ship-bldg. into Treaty.
- H.M. Don't believe we can get it in Treaty. No real risk for many years.
- M<sup>c</sup>N. Content with Cab. Minutes of 7/6. Means H.M. can't conclude all Treaty on Thursday.
- Japanese Gold.
- H.G. How tough are we to be on this? Pol., not financial.
- P.M. Press D. hard on Gold & Congo Basin.
- H.M. You won't get the gold.
- H.D. Point of present<sup>n</sup>: it wd. help us with our public opinion.

H.M. If we don't insist on gold (wh. we shdn't get) we cd. get the other financial concessions.

H.G. We don't want much of the gold. The ques. is wtr. it is to be left in J. hands. Better if U.S. took it, on trust pro-tem.

J.G. Pos<sup>n</sup> of our p.o.w. is more diff. because U.S. have paid theirs.

Agreed: Accept Dulles main point, subject to insistence on Congo Basin & pressure for not allowg. J. to retain her gold.  
Adjust para. 4 of announcement.

[Exit K.Y.]

2. Four Power Meeting.

H.M. No one agreed with me – on any point.  
U.S. are firm on their line. Fr. are lookg. for concessions.  
As we can't agree on a note, we are going to resume talks in Paris.

3. Foreign Office Officials.

H.M. Due to make a statement to-day. Maclean has done v. well in F.O.  
All we know is tht. they have disappeared. May be a security aspect.  
But no evidence yet that there is. Can't say much to-day.

P.M. Doubtful moral characters. Aren't F.O. a bit easy over this.

R.R.S. Maclean re-called from Cairo. Why?

H.M. Drinking. Is that enough to sack him.

R.R.S. Also attempted rape.

H.M. Burgess was under cons<sup>n</sup> for dismissal. Re-called from W'ton.

J. Is the system strict enough. Shd. people of doubtful moral character be employed in F. Service – either qua representation or qua security.

P.M. What is standard of conduct in F. Service. Is it high enough?

H.M. We don't know, one way or the other, wtr. they may have been engaged in espionage.

[Enter N.B. & D' S.]

4. Supplementary Pensions for Miners.

N.B. Expounded memo.

- J.G. Hope we can agree with Union on this.
- E.S. Hope we shan't. This wd. jeopardise disc<sup>ns</sup> in other cases.  
We started this in order to recruit under-ground workers. We make a concession for that reason only.
- H.G. Support M/N.I. Whole point of this is repercussions.  
I favoured some scheme for mines: but want it limited to under-ground workers. If it goes beyond that, can't hold other socialised industries. Thence it will go into private industry. And in the end will cause pressure for increase in M/N.I. rates. Stand firm.
- A.R. Must be realists. Once a scheme is put fwd. for one section of industry, the men will demand its extension. The man underground won't leave his pal outside. You must choose betwn. no scheme or a comprehensive one.  
But, if concessions are to be made, let N.C.B. give them. Don't let it appear that Union has swung the Govt.
- E.Sh. Can't divide miners betwn. underground & surface.  
You'll have to accept this. For N.U.M. will insist on it.  
Better therefore to agree to it now.
- T.W. Trouble is definition of surface worker. What of coke ovens assoc<sup>d</sup> with collieries? Rlwaymen. on engines at surface? Collieries on N/E. coast where collierymen work the coal down to docks & act as rlwaymen & even dockers.  
But if N.U.M. support the surface-men, we shall have trouble. Trouble either way.
- H.M. Cost per ton?
- N.B. About another 1<sup>d</sup>, only. Out of about 1/=-.
- H.M. Sad story. We knew on S.I.M. tht., if this spreads to other soc<sup>d</sup> ind<sup>ies</sup>, it will go over all industry. Means, not only heavy add<sup>n</sup> to on-costs, but also immobility of labour.  
Whole case for this was based on underground miners – in order to get the coal. We told Chairmen of Bds. it wd. be so limited. Where do we end? Heavy costs on industry: diff. re-actions on N.I. scheme: immobility of labour.
- P.M. Choice is between going the whole hog or w'drawing the scheme.
- H.G. V. serious consequences of going whole hog.
- P.M. Always was gt. danger of it's spreading.
- H.M. We cd. have pleaded a special case for underground workers.

- P.M. You cd. make same case for “miners” – because of diff<sup>y</sup> of discriminating.
- J.G. W<sup>d</sup> N.C.B. make it cond<sup>n</sup> of recruitment tht. man shd. go below, if requ<sup>d</sup>.
- H.M. Discussions ought to be carried out by Bd., not Minister.
- N.B. We interfered at outset: wdn’t allow them to discuss, save on scheme wh. wd. be acceptable to us.
- P.M. Minister can let N.U.M. talk & then tell them negot<sup>ns</sup> are for the Bd. Then he can tell the Bd. to give way.
- A.R. Let the mtg. be informal.
- N.B. I can’t avoid seeing them. They know we have given directions to Bd.

Agreed: N.B. to see them, but alone, not with other Ministers.

[Enter N.B. & E.S.  
[Enter Willey

#### 5. International Wheat Agreement.

Memo. approved.

- H.G. Dollar balance isn’t favourable.  
M/F. to press on with agreemt. with Australia – also rice.

C.M. 43(51).

14<sup>th</sup> June, 1951.

1. Parliament.

[Enter W.W.]

- C.E. Business for next week.  
Leasehold is urgent, because 24/6 is date in Bill. If that can't be got, we may have to sit late again on Financial Bill.
- R.R.S. Materials Bill. Draft passage for W. Paper. Must be cleared by 5 p.m. to-day if H/C. are not to think they're being rushed.
- H.G. Exact pos<sup>n</sup> of R. Cotton Comm<sup>n</sup>: must be consult<sup>n</sup> with Lacey.
- H.S. Have sent formula to R.R.S.
- H.G. If we can agree, P.M. need not be consulted again. Agreed.
- H.G. Finance Bill. Importance of making no concession on Speedways.  
This is organised oppos<sup>n</sup>. Labour support for it not of the best.
- C.E. I have no complaint of them.
- H.G. They are prone to sectional pressures of this kind.
- T.W. Hope H.G. will make a sympathetic statement, incldg. racecourses.  
If he does, prob. no division.
- H.M. Our supporters shd. not commit themselves to these interests.  
I have more sympathy with cinemas.
- H.G. We are doing something for them otherwise.
- P.M. Sympathetic statement: promise enquiry: but stand firm. }  
No abstaining. Ch. Whip to warn them. } Agreed.
- H.S. C<sup>d</sup> R. Price M. W. Paper come out before Dental Goods Order is taken.  
Won't get it by Wed. for certain. Cd. Order be Thurs. vice Wed.
- P.M. See what can be done.

2. Death of M<sup>r</sup> Chifley.

- P.M. Regret. – good friend  
Message sent. No formal reference in H/C.  
Ld. Alexander to represent P.M. at funeral.

3. Japanese Peace Treaty. [Exit W.W.  
[Enter K.Y.

- K.Y. Have got what we want on Congo Basin.  
Minor ques. settled or in fair way to be settled.  
Ship-bldg. expressly reserved. We can re-open Treaty ques. if D.'s rep<sup>ve</sup> doesn't get satisf<sup>n</sup> in Tokyo.  
Gold. Got nowhere on our first claim. Then put our 2<sup>nd</sup> sugg<sup>n</sup> of U.S. taking it on trust, even if they then gave it back. This, however, he thght. imposs. politically for him – for Congress wd. have to vote money to start J. off if she hadn't got this. He promised, however, to set out U.S. argument in a memo. wh. we cd. use to persuade our public – shd. ease our diff<sup>ies</sup>.  
Hope this won't be regarded as a breaking-point.
- H.M. I agree. They have a case. Diff. to ask Congress to vote the money required. We have got some concession on assets in neutral countries.  
Ques: shd. any money be shared betwn. civilian and military.
- H.G. Don't think U.S. case is strong. It ignores damage done in war – note only on their exp<sup>re</sup> since war. But don't think we can make it brkg. point. It's political, not financial, point; and H.M. can weigh the diff<sup>ies</sup>. I won't stand in his way. Can we indicate tht. we don't like this – part of the give & take.
- J. Omit last sentence of 1<sup>st</sup> para. of draft.
- H.M. I will consider.
- H.D. The Russians?
- K.Y. We shall continue to consult the Russians.
- G.W. Reverse order of 4<sup>th</sup> para. Consider this point. [Exit K.Y.

4. Four Power Talks.

- H.M. Proposed we now offer to meet without agenda.
- P.M. i) We said at outset we would not do so. ii) W<sup>d</sup> give R. propaganda opening they want.
- H.D. P'pone until Oct. Don't give imp<sup>n</sup> we don't want a mtg.
- H.S. Make it clear that all 4 Powers agreed at outset tht. there must be agenda agreed in advance.
- H.M. Influenced by Fr. Elections. Must help them.

M<sup>c</sup>N. We mustn't make ourselves look foolish.

H.G. This wd. be a victory for the Russians.

P.M. Hansard 13<sup>th</sup> Nov. Began with Prague communiqué. We said we wdn't meet on that basis. If we now go in w'out an agenda, we concede that earlier position.

H.M. Washington re-action. Tel. fr. Steel. U.S. officials doubt if this note will influence Fr. elections: but will put it to Acheson.

R.R.S. Why didn't we make constructive reply to R.?

H.M. Because Fr. & U.S. wdn't agree.

P.M. C.F.M., if it meets on this basis, will either i) wrangle over agenda or ii) have wide-ranging disc<sup>n</sup> wh. admits Prague communiqué.

G.W. Public want a meeting.

P.M. To go to a C.F.M. w'out an agenda wd. stultify our position for past months.  
Better to accept agenda with non-agreed items.

H.M. Meet on an implied agenda: "causes of tension, consequences of it, and remedies". – offer to meet for " ".

T.W. Regret no complete & detailed agenda: but agreemt. on many items: meet and discuss those & others wh. may be raised.

H.M. That wd. let in N.A.T.

M<sup>c</sup>N. Are we going to adhere for ever to view tht. N.A.T. shall not go on?  
If so, we can't agree with Fr. on a note before Elections. Can't therefore do any more.

H.M. Don't want to depart fr. para. 2 of Fr. note.

J.G. Breakdown w'out Ministers meeting wd. shock public opinion.

P.M. Amend para. 3. Say: recognise Deputies can't reach full agreemt. on agenda: propose that Ministers shd. try to complete that job, working on basis of what Deputies have agreed.

Agreed: Try the formula last proposed by P.M.  
Seek to persuade U.S. to agree to this. Don't press them to a breach.

5. Equal Pay.

- H.G. If we are ever to implement this principle, I'm attracted by Ty. plan. Slow, & inexpensive to start with. But repercussions on industry etc., wh. wd. force C. Service to press for acceleration. Hence alternatives in memo. I much prefer the second – more practical M/L. thinks tht. is too small a concession: makes further sugg<sup>n</sup> in para. 20. But we can't afford £5 m. p.a.: can't accept that.  
Choice is betwn. refusing again to do anything or gesture in 17(b), explaing. tht. we can't afford to implement the principle at present but do this as gesture of good faith.  
Diff<sup>y</sup> of refusal: can't refer to repercussions in industry. Sharp T.U. re-action to our use of this argument on 2<sup>nd</sup> wk. hol. with pay. Diff. therefore to refusal proposal involvg. only £300.000 p.a.
- A.R. First ques: can we do nothing.  
If, politically, we must do something it must be a gesture not affectg. industry. I wd. prefer para. 20. The initial cost is high, but mght. not rise. Means equal pay up to 23, 26 in 2 lowest grades: and must get married by then. We shall phase majority by that means. Don't favour increasing rates at maximum age.
- P.M. This increases the pay of those who need it least: you give it to the young who are going to marry & give nothing to career women who don't marry.
- H.G. I sympathise with that view.
- H.M. Politically, more dangerous to muck about with this ineffectively than stand par. The enthusiasts for this won't be satisfied by our gesture.  
Don't believe equal pay is a political winner.  
Good case for doing nothing in present econ. circs. Easier to handle than a gesture wh. will please nobody.
- C.E. Support H.M. – tho' I'm more in favour of ultimate equal pay. This will involve immediate revision of family allowances.  
Support P.M.'s point also. Concession to young girls wd. increase the force of the agitation.  
Wait until we can do somethg. much bigger than this.  
M'while Ty. shd. consider what a big concession will mean in terms of family allowances.
- E.Sh. Armed Forces. We shd. have to follow suit. £250.000 p.a.
- H.A.M. We shd. have to follow suit in N.H. Services. I wd. be content to do nothing.

- T.W. Agree with C.E. Wd. like all consequences examined before big step is taken.
- J.G. Cd. we say tht., when econ. circs. are more favourable, we shd. favour the gradual approach?
- H.G. I don't like it: but we are committed to the principle. When will the time be ripe? If we are to reject, I'd like to explain all the consequences.  
Then we shall be thought to be going back on the principle.
- H.M. Party never understood the implications.
- H.G. Pay becoming more 'equal' everywhere, save in C. Service. That was ground for ????? gesture.
- A.R. Don't like equal pay on basis of service because of its repercussions in industry where it wd. not be understood.
- H.G. Doubt if it wd. be followed in industry.  
If we resist, we are in danger of being represented as never having believed in the principle.
- H.S. Favour doing nothing now. Equal pay, when it comes, must involve drastic revision of fam. allowances. And I wd. say so.

Agreed: { Make no concession at present.  
          { Put the whole case against.

## 6. Vocational Training.

Approved.

1. Leasehold Property Bill.

[Enter Att.G.

J. Diff<sup>y</sup>: interval for to & fro' betwn. Houses shortened by time allocated to Fin. Bill.

Bill in 2 parts. Pt. II – shops – is generally welcomed.

x/ On Pt. I. 3 amend<sup>mts</sup> give rise to diff<sup>y</sup> & may need to & fro' procedure.

Diff<sup>y</sup> on Pt. II – people whose lease expired immed. before Act can get extension.

Bill was to come into force on Quarter Day, 25/6. If because to & fro on Pt. I., Bill is delayed, shop leases ending 23/6 won't come under Bill. Need therefore to get Bill accepted by H/L. on Thurs., followg. H/C. disc<sup>n</sup> of H/L. amend<sup>mts</sup>.

The 3 amend<sup>mts</sup> at x/. i) Durg. 2 yrs' moratorium tenant can't be turned out for non-repair. Landlord may repair & recover after the 2 years. Amend<sup>mt</sup>: if l.a. insist on repairs, landlord may require tenant to repair or evict him. We can't compromise on that.

ii) We cd. compromise on a 2<sup>nd</sup> techn. amend<sup>mt</sup>.

Bill applies to occupying tenants. Said tht. investor mght. enter & occupy just before passage of Bill, to get its prot<sup>n</sup>. Amend<sup>mt</sup> says 'occupying tenant': man who has occupied since introd<sup>n</sup> of Bill. We cd. suggest a shorter period of occup<sup>n</sup> e.g. 2 months. Shall we, to save their face?

Att.G. No compromise on either. Agree on i) with J. On ii) effect of 2 months wd. exclude rare cases of investor lessee. But you wd. also exclude many deserving cases. Argued in H/C: & we resisted idea of arbitrary period. Little merit in compromise, and doubtful if H/L. wd. be satisfied with it. Also gt. diff<sup>y</sup> in gettg. H/C. to accept such a compromise.

H.D. Stand firm. Good political case for opposing H/L. on this. If R. Assent is delayed, we cd. have retrospect<sup>ve</sup> leg<sup>n</sup> later.

J. Wdn't be easy.

Att.G. More than that. W<sup>d</sup> have to bring in further Bill.

[Exit Att.G.

[Enter H., G.S., N.B.

2. Schuman Treaty.

H. H.M. discussed with G.S. as requested.

Treaty now before Bundestag. Can't be carried there w'out assurance tht. Allied controls will be lifted when it comes in. Allied mtg. fixed for to'morrow or Wed. in Paris. Sugg<sup>d</sup> we make our agreemt. cond<sup>l</sup> on performance of deliveries under alloc<sup>n</sup>. Altern. we cd. make unilat. decl<sup>n</sup> tht. our agreemt. was so

- conditional.  
Anglo-G. trade negot<sup>ns</sup> now current in Paris. G. have agreed to prov<sup>n</sup>  
tht. def. orders will receive special consid<sup>n</sup>. Assurances aren't  
enough. Need a firm agreement. G. assessmt. of their cond<sup>n</sup> over  
next 4 months.  
We wd. prefer a unilateral decl<sup>n</sup>.
- H.M. Other 2 Occup. Powers are v. anxious to get decl<sup>n</sup> tht. controls will go.  
We can agree to that but say, before we announce, must have firm  
agreemt. about our steel supplies.
- G.S. I agree. Course 1 is better – joint decl<sup>n</sup>. Para. 5(i). Make it clear tht.  
mere assurance isn't enough.
- P.M. x/ “adequate performance in fulfilment of ....”
- H.S. Prefer 5(i). The other won't do Anglo-G. rel<sup>ns</sup> much good. G. mght.  
exploit.
- H.M. Try for 5(i). Take (ii) if we can't get it.
- N.B. Agree – on all points.  
G. may say they can't do it because alloc<sup>ns</sup> will be by Schuman body.  
Must get on with consid<sup>n</sup> of future.
- H.G. Agree with memo.
- H.D. Agree. Support x/. We want steel, not promises.
- M<sup>c</sup>N. Strengthen 5(i) – schedules or arrangmts. satisf. to M/Supply.

Memo. Approved.

### 3. French Election.

|      |                       |            |    |     |
|------|-----------------------|------------|----|-----|
| H.M. | 500 out of 629 seats. |            | A. | B.  |
|      |                       | Comm.      | 83 | 104 |
|      |                       | Socialist. | 88 | 111 |
|      |                       | M.A.F.     | 71 | 90  |
|      |                       | Radical    | 81 | 100 |
|      |                       | 4 Force    | 74 | 92  |
|      |                       | Gaullist.  | 99 | 125 |
|      |                       | Misc.      | 4  | 5.  |

3<sup>rd</sup> Force 240. 3<sup>rd</sup> & 4<sup>th</sup> 314 A  
301 394 B.

If prop<sup>n</sup> of later results were the same, results wd. be as shown in  
Col. B.

Comms. have lost votes as well as seats. 29% in last elect<sup>n</sup>. 23% now.  
Poll was about 80%.

#### 4. Four-Power Meeting.

- H.M. Note was sent. Gromyko taken by surprise. We got last word before Fr. elections. Fr. Govt. pleased at our help with U.S.  
If R. accept, things go fwd. – approp<sup>te</sup> date. 23/7 was last one mentioned. Too soon now. Better to try for October.  
If R. decline, view is we shd. end Paris disc<sup>ns</sup>: all 3 rep<sup>ves</sup> agree. Can't justify to public any more talk. If R. produce an alternative, Govts. must consider.  
If rejection: Davies to state Deputies' work can't get further pro-tem: further disc<sup>ns</sup> with Govts: but Deputies cd. resume later to complete arrangements if necessary.  
If counter proposal: Davies shd. promise to refer to his Govt.
- M<sup>c</sup>N. C<sup>d</sup> we not wait until we see the note.
- H.M. Leave me to judge wtr. it amounts to rejection.
- H.D. If argumentative reply, we shd. be free to send counter-arguments. For propaganda purposes.
- E.Sh. H.M. must be patient. Public won't care how long talks continue, if they seem to avert war. Ready too to say U.S. don't want to meet, & have influenced us.
- J.G. Public anxiety.  
Political consequences.  
If Deputies come to end of tether, public wd. expect that not to be final & decisive. W<sup>d</sup> want to think Ministers had made a shot at it.  
Before final b'down, H.M. shd. with Acheson have a go.
- H.M. W<sup>d</sup> have to be a Parl<sup>y</sup> statement. Cd. cover these points.  
W<sup>d</sup> repeat in H/C. what E.D. said in Paris. And explain it.
- E.Sh. Get it across tht., while disagreeemt. over agenda, this doesn't preclude mtg. of Ministers entirely.
- H.M. Failure of a Ministerial mtg. wd. be even more serious.
- M<sup>c</sup>N. But wd. keep us going until Nov.  
Anyhow, doubt if R. will return a blank negative.  
Pol. danger of abrupt response.
- P.M. Genl. view: keep it running if we can.

#### 5. Japanese Peace Treaty.

- H.M. Statement by U.S. and us – in add<sup>n</sup> to agreed communiqué – or China's particip<sup>n</sup>.

Our draft says future of F. is still to be discussed [in light of Charter of U.N.] U.S. draft omits [ ].

Want latitude to explain some differences betw. us. Emerged tht. each Govt. shd. be free to make own statements on these ques. U.S. wd. be ready for us to add [ ]. They may say somethg. re J.'s freedom to conclude treaties with other States.

P.M. I was upset by U.S. omission of F. formula [ ].  
Will be assumed they intend to do as they please over F. if we add [ ].

J. Yes: divergence of interpret<sup>ns</sup> will be thought to mean more than it does.

P.M. And get U.S. equally to say nothing re bi-lateral treaties.

H.D. Do a deal on both points.

Agreed – as P.M. said.

C.M. 45(51).

21<sup>st</sup> June, 1951.

1. Parliament.

[Enter N.B., W.W.]

C.E. Business for the week.

2. Bamangwato Tribe.

C.E. New Motion by Tories. Supply formal, then debate on Motion.  
Demands clear reversal of policy.

J. Debate coming on also in H/Lords.

H.M. W<sup>d</sup> have preferred a Party mtg. before this is debated in H/C.  
Try to re-arrange business to make this possible.

G.W. If we allow Seretse back, diff<sup>ies</sup> with Union will be increased – at time  
of Def. mtg. Can't say this in public: cd. we use in private with  
some supporters argument tht. we shd. lose our Protectorates to  
Union. For if we were defeated on Tshekedi, we shd. be forced  
to allow Seretse to return.

H.M. Easier for us to resist T. than S.; for he's a rich man & our supporters  
cd. be so persuaded.

C.E. T. has made a big impression by addressing mtgs. etc.

G.W. Other side hasn't bn. put. I'm sure tribe is on my side over T.

H.M. x/Consider (G.W., C.E. & W.W.) approach to individual Govt.  
supporters.

- Agreed: i) Try to re-arrange business to take this on  
Tuesday & have Party mtg. on Tuesday a.m.  
ii) Proceed as at x/.  
iii) Second spokesman: J.G. (unless Depl. diff<sup>ies</sup>  
prevent) or perhaps P.M.

3. Festival Gardens.

R.R.S. Going well. £20.000 p. wk. profit on average.  
What may I say re permanence. If they are to go on after Oct,  
something must be said before H/C. rises in July.

H.M. Shd. continue. Trying to get L.C.C. to get powers.  
Why not say tht., if Ldn. auth<sup>ies</sup> want it, we aren't opposing it.

H.D. Make sure B'sea are in favour.

- Agreed: i) Subject to informal consult<sup>n</sup> with L.C.C. & B'sea, spk. favourably.  
ii) R.R.S. to spk. twice with leave of House.

4. Persia.

- H.M. Diff. for me to say in debate what mil. steps we take to protect lives. Even more diff. to deal with A.E.'s sugg<sup>n</sup> tht. we must not leave, for that really involves war.  
We cdn't ask Co.'s employees to go on workg. for Persians. They must therefore come out. Will be said to be a scuttle.  
V. awkward to speak on these subjects in H/C. at all.  
Mil. action to protect property. C.O.S. say wd. take 3 months to mount: & mobilisation: & means war.
- H.G. Why not tell A.E. privately what U.S. & Doms. wd. say if we got into a war.
- N.B. Must we accept argument tht. if employees w'drawn they will never get back? Cd. be rep<sup>d</sup> as strong co-ercive action. P. can't work the oil – 4,000 experts needed. Mght. even be fires or explosions.
- H.G. Can't leave employees there to be murdered.  
Only alternative is mil. action to defend property: & don't want to tell P. (by open debate) tht. we won't ever do that.
- A.V.A. You cd. move up a heavier cruiser. Put in some more heavy ships.  
As in '46.
- H.G. But U.S. was behind us then. Get A.E. informed of U.S. views.
- H.M. He knows.
- N.B. Attitude of Doms. & U.N. twds. mil. intervention of prot<sup>n</sup> of property.
- H.G. Get a back-bencher to say some of the things H.M. can't say  
e.g. internat<sup>l</sup> implic<sup>ns</sup>.
- H.M. Read report of demonstrations in Tehran.  
Women & children have now bn. ordered out.
- R.R.S. B. staff scattered throughout the country.
- H.D. Shd. they not be concentrated.
- N.B. Can't, w'out stopping flow of oil - & risking explosions etc.



- H.M. Read draft reply, prepared in Paris.  
Not a note. An agreed formula for oral statement on behalf of  
3 Powers & designed for publication afterwards.
- J. See arguments r. discussg. N.A.T. But can't see pos<sup>n</sup> tht. it can be  
discussed but can't be on Agenda. Quibble. What point is there  
in this?
- H.M. Don't admit right to question N.A.T. on basis tht. it is cause of tension.  
On Agenda: you admit view tht. N.A.T. is among causes of tension.  
And tht. C.F.M. has right to pronounce on N.A.T.
- J. Still think it's illogical.
- R.R.S. It is understood tht. in C.F.M. you can't put item on Agenda w'out  
implying that it's a matter for decision by C.F.M.
- H.M. Willing to say: ready to have it "brought up for discussion tho' not  
for decision."
- R.R.S. Under Item 1 of Agenda: we have always admitted that. Read out  
suggested draft reply.
- H.D. Like that. It's direct & intelligible.
- J.G. Sov. offer to discuss their Treaties puts us in weak debatg. pos<sup>n</sup>.  
Draft answer may break it off.  
Repeated earlier point: no break w'out lifting it up to Ministers.
- H.M. Dictatorship must have an enemy: these mtgs. are being used by R.  
to paint us as enemies. 73 mtgs. in Paris. Can't have my Parl<sup>y</sup>  
Sec<sup>y</sup> permanently away. Believe public is bored with these talks.  
Are Ministers to suffer same fate as Deputies.  
I'm not prep<sup>d</sup> to submit to that.
- J.G. What public re-action if it's broken off next week?
- H.M. We are only adjourning – transferring it to dipl. channel.
- A.V.A. Easier to get France now to take a stiffer line.  
Essential thing: unity betwn. 3 Powers.
- J. Meet w'out agenda. Because points on agenda involve decision.
- H.M. P.M. disliked that because meant going on basis of Prague  
communiqué – a defeat.  
This draft wd. repeat our latest offer to meet on basis of what has bn.  
agreed.

{ Draft reply approved, subject to incorporation of  
 { point made by J. & R.R.S.  
Agreed { Also ? tht. R. is not willing to have their Treaties  
 { on agenda.  
 { H.M. to broadcast (subj. to P.M.'s consent) to ensure  
 { full publicity on this quibble.

9. Japanese Peace Treaty. [Enter K.Y.]

H.M. Seen M/T. and he is satisfied re method of handling shipping.  
 Our right to re-open is fully reserved.  
 [Exit K.Y.]

10. Yugoslavia.

Memo. approved.

1. Persia.

[Enter C.O.S., N.B.

- H.M. Bill introduced into Majlis trial by mil. courts & penalties incldg. death for actions imperilling oil supplies. Drake has bn. informed tht. he is guilty of sabotage because oil receipts. x/ Cons. Genl. auth<sup>d</sup> to tell him to sign on demand, if charge of sabotage w'drawn.
- Tankers – one has cut & run: others held up. Form of receipt. Masters auth<sup>d</sup> to sign subject to add<sup>n</sup> of words saving rights of A.I.O.C.
- Tehr. Tel. 705 of 23/6: conciliatory message fr. P. Govt.
- Action a) release of tankers b) threat of Bill to Co. employees.
- If a) can't be solved on basis of receipts, they will have to unload and go. If detained empty, naval action.
- On b) we mght. send a note denying B. respons. in advance for "sabotage". We mght. urge them to stay at posts, assurg. them of prot<sup>n</sup> (if we can).
- Persia group mtg. this p.m. – memo. on econ. sanctions.
- y/ Shd. we warn P. Govt. more firmly?
- Co. men in fields: Co. auth<sup>d</sup> to w'draw them to Abadan.
- H.G. Meaning of x/. ?
- H.M. Documents concerned are said to relate to tanker receipts.
- M<sup>c</sup>N. What other documents?
- E.Sh. Tel. 681 – inviting him to serve with new Co.?
- C.N.S. Imposs. to guarantee safety of staff.
- Believe tankers are sailing.
- We shd. tell S.N.O., Gulf, what to do if P. Govt. try to intercept tanker wh. is movg. down river. We shd. intervene because in Iraqi waters.
- 1 cruiser & 1 frigate at Kweit? Cruiser 12 hrs. fr. Abadan, but depends on tides. Frigate at Basra is closer: 20 miles up river fr. Abadan.
- H.M. R.N. shd. show itself now.
- P.M. Yes.
- C.N.S. Co. don't want ships at A. But we shd. instruct S.N.O. to free any tanker detained going down river.
- E.Sh. We shd. give the warning at y/: won't tolerate interf. with B. people & shall hold them responsible etc. Do that first and at once.

- M<sup>c</sup>N. What is our policy on tankers? To get them out? If so, make that clear to P. Govt.
- P.M. No new tanker shd. go in.
- C.N.S. They are putting them in, 1 for 1, to go on moving oil.
- E.Sh. What advantage to P. to seize tankers: they can't use them.
- A.V.A. Mght. pinch them, as demonstration.
- P.M. Remove the tankers – shd. be our policy.
- N.B. If we were satisf. P. wd. seize them.
- H.G. That moment has come. We agreed with Fraser tht. he wd. w'draw tankers if receipts were insisted upon.
- P.M. I think we shd. now w'draw all Co. tankers & send no more in.
- H.G. And Co. can arrange with other Cos. to do ditto with their tankers.
- C.N.S. Only 9 at a time are in jeopardy. P. have yielded twice – once on receipts, once on interference with a tanker. I don't think P. will act re tankers. If we stop them, refinery will be out in 2 wks, fields will stop – disorder will start.
- E.Sh. All turns on wtr. our people are to stay (even workg. for Persian Co.) or come out. Evac<sup>n</sup> = surrender. Nor can we get them back.
- P.M. Needn't bring them to U.K. Collect them e.g. at Basra.
- H.D. Our duty to them, on this Bill, is to bring them into Abadan.
- G.W. Bill is new danger.
- E.Sh. Not important cpd. risk of rioting. And that increased by stoppage of oil fields.
- H.G. Our policy is to get P. into pos<sup>n</sup> of gettg. themselves in a mess. Not easy to decide exact moment to w'draw tankers. Object: w'draw them when we can't get any oil out. May be nec. to w'draw them a bit earlier for fear of their being seized. W'drawal of people. Must leave it to Co. to decide when to pull them in to A. Don't give over-riding order. Co. cd. go on paying their salaries: needn't be dispersed.
- J. Yes. Subject to this. If fires etc., in fields, we must have it clear it's P. responsibility not ours. Not so clear if our people still there.

- G.W. India has urged on P. Govt. need for peaceful settlement. Corrects Nehru's speech.
- C.N.S. Rioting is real danger - & wd. be enhanced by closing fields.
- (1) Agreed: Send note as at y/ - adding our people remain to to protect safety of installations.
- N.B. Consider v. carefully the moment at wh. we put P. into a mess. For that will provoke the dis-orders.
- A.V.A. Tel. rec<sup>d</sup> 21/6. from Cons. Genl. saying P. interference seems imminent.  
Serious for us to disregard this warning.
- H.G. Have we, as Govt., make our pos<sup>n</sup> clear on receipts?
- H.M. I don't know.
- R.R.S. At what stage do we protect the people who are protectg. the plant?
- C.I.G.S. Midget takes 36 hrs. to reach only Abadan.
- R.R.S. Can we defend them, while protectg. plant.
- C.I.G.S. No. Troops wd. hold small area for short time while people there are being evacuated. More wd. mean larger op<sup>n</sup>, 6 wks. to mount.
- A.R. Message rec<sup>d</sup> at Geneva i) workers opposed to nat<sup>n</sup> ii) believed inspired by U.S. iii) sit<sup>n</sup> wd. be exploited by Comms. iv) P. employees of Co. wd. rally to initiative by H.M.G. – but not otherwise. v) respect for Shah mght. be exploited: if he wd. clear out this Govt., no diff<sup>y</sup> in concldg. reasonable agreemt. vi) failure of oil wd. mean revolution. vii) H.M.G. shd. have handled this P. Govt. more firmly.  
This from a P. Labour leader – who made a speech saying poverty etc. in P. was due to P. Govt. not H.M.G.
- (2) Agreed: Persia Group to consider. [Exit E.Sh.  
Avoid Parl<sup>y</sup> statement to-day.
- C.I.G.S. The 36 hrs. for Midget cd. be shortened, by alerting troops in Egypt.
- P.M. Effect on P. opinion?
- G.W. & others: Probably good.
- H.D. Effect in U.K. wd. be good. And 36 hrs. diff. to defend.
- C.I.G.S. Tell them to “stand-by” & period can be reduced.

M<sup>c</sup>N.                    Need for preparatory publicity in U.S. Trouble over alertg. paratroops.

H.D.                    Meet that by telling U.S. in advance.

                              (3)    Agreed: Stand-by the Midget troops.

C.I.G.S.                C<sup>d</sup> I send them to Shaiba. Iraq has agreed “for humanity”.

H.M.                    Iraq Govt. are worried.

C.I.G.S.                They wdn’t do anything. We cd. tell Iraq they won’t be sent in except for “humanitarian reasons”.

H.G.                    Careful of such promises to Iraq. We mght. have to use them to hold Abadan island.

                              (4)    Agreed. P.M., with H.M. & E.Sh. authorised to take further action beyond (3) in emergency.

[Exit C.O.S.]

2. Korea: Soviet Suggestion for Truce.

H.M. Read Malik's message.  
Rumours for some time tht. R. wants this stopped because Ch. pressing  
for equipmt.  
Sent message to W'ton – don't reject because may be sincere:  
U.S./U.K. rep<sup>ves</sup> together to draw Malik out.  
Cease-fire wd. be O.K. But may be pre-cond<sup>ns</sup> re Formosa, seating  
China.  
P.N.Q. to-day: Read draft answer. "Unqualified optimism wd. be  
unwise: but studying means of following up M's offer."

P.M. Add somethg. to effect tht. this is precisely what Good Offices Ctt<sup>ee</sup>  
have bn. trying to do. Not a new idea of Malik's.

M<sup>c</sup>N. Suspicious initiative. Deprecate doing it by b'cast.

H.D. Don't niggle.  
Draft already too long.

P.M. Welcome R. coming into line with others – what we hope may be an  
indication tht ....

3. Supplementary Pensions for Miners. [Enter E.S.]

Much opposition, on all hands, to N.B.'s proposal.  
Not to be done under N.I. Act. Nor by special leg<sup>n</sup>.

[Exit N.B., E.S.  
[Enter W.W. & 2 L.O.'s

4. Tshekedi Khama.

- G.W. Reaction of S. Africa: revised view after consult<sup>n</sup> with S. Afr.  
H. Commr.  
J.G. has sugg<sup>d</sup> sending 2 M.P.'s out, as for Sarawak. Don't like that:  
for I've recently bn. out myself.
- P.M. G.W. has v. strong case. W<sup>d</sup> weaken us, in H/C. & in Africa, if we  
reversed our policy. We must be firm. Even Aristides was  
exiled.  
Views of tribe & neighbours.  
Avoid Party points. This may be a manoeuvre by W.S.C. – many  
Tories may not then vote for Motion.
- J.G. We don't want a division – because repercussions in Africa if only  
small majority. (If we used S. African argument, our Party wd.  
vote solidly v. us.)  
i) Repeated sugg<sup>n</sup> re Sarawak.
- P.M. Impossible on this occasion, in view of G.W.'s recent visit.
- J.G. ii) Powers of deport<sup>n</sup> w'out trial. Have considered this in C.O., and  
want to discuss with Govrs. wtr. we can't dispense with them.
- G.W. Glad to say tht. this pos<sup>n</sup> can be considered in any Territories as in  
Colonies.
- P.M. V. different with Chiefs. Cdn't have judicial trial for them.
- J.G. Gold Coast leader disposed to summon All-Africa Conf<sup>ce</sup> to consider  
policy of S. African Govt. Have tried to dissuade him.
- P.M. S.A. Govt. aren't concerned over Tshekedi – only over Seretse.
- G.W. Not ques. of placating Malan: it's a ques. of retaining our control of  
the H. Comm<sup>n</sup> territories.  
Tribe wants S. in and T. out. If we go against their wishes on both,  
there will be v. real trouble.
- J.G. C.O. are v. apprehensive about a division with a small majority –  
indicatg. divided opinion in U.K. They therefore urge some  
form of enquiry, to avoid a division.
- P.M. Can't avoid that risk. Mght. have a motion at any time on  
straight C.O. issue, and we cdn't hope for bigger majority  
than 6.
- G.W. One possibility: ready to rest on native law & custom and have it put

once more to a “Kotla”.

P.M. C<sup>d</sup> you send 2 M.P.’s out as observers to the Kotla.

H.M. I’m for standing firm – on T. alone. Give P.M. & G.W. discretion to make a concession if it doesn’t look weak.

P.M. Or even 3 M.P.’s – one from each Party.

Agreed: Above concession authorised to be made.  
P.M. and G.W. to speak in debate.

5. Divorce: Royal Commission.

P.M. Put the point in brief re happy married life. Shd. be related to changes in the law.

H.G. The phrase is comic also. Need it be included at all.  
x/ “Having in mind the need to promote ..... to consider wtr. any changes be made in the law.....?  
Tho’ I wd. prefer to omit.

C.E. Then it will seem tht. Comm<sup>n</sup> is to consider only “easier divorce.”

Agreed, subject to x/.

Exit 2 L.O.’s & W.W.

6. Four Power Meeting.

H.M. Have discussed with P.M. & I will alter the draft.

1. Persia. [Enter 3 Service Ministers, C.O.S.,  
[N.B., Barnes & Bottomley & Att.G.

a) Morale of B. Company staff in Persia.

Bowker's report read – interview with Drake.

C.I.G.S. reported Persian Army anxious & prob. capable of  
preserving B. lives.

Cons. Genl. Kurmansh.: has sent in lower estimate of morale of  
B. staff.

H.M. Read out statement of latest situation report.

Drake introduced.

Persians won't touch B. subjects.

Morale of B. staff wd. be tough, if assured they will stay in Persia.

Gradual w'drawal is shaking that morale.

They're determined not to be thrown out.

Play for time – not political, for can't assume crack in P. Govt. But  
let P. turn us out: don't run away. They wdn't stay in Abadan  
or Shaiba w'out hope of return. Midget is a run-out. If they cd.  
stay 3/4 wks., with wider evac<sup>n</sup> later, we shd. strengthen our pos<sup>n</sup>.  
Otherwise our whole M/E. pos<sup>n</sup> will be undermined. Iraq  
demonst<sup>n</sup> in favour of oil nat<sup>n</sup> already.

P.M. Can't guarantee prot<sup>n</sup> of people in fields.

D. Risk of trouble is v. gtly. increased by signs of our going.

W<sup>d</sup> P. guarantee their safety.

Our P. staff are 100% v. nat<sup>n</sup>. No complaints made to new P. directors.

P.M. We want to hang on. Denial of tankers strong point for us. Will tell  
more in 2 wks. Suppose we stop activities, will there be riots?

D. Not if we say firmly we're staying & pay wages.

We can hang on w'out producg. oil - nos. involved v. small.

Const<sup>n</sup> work (inclgd. houses) in biggest part of our establ<sup>mt</sup>.

P.M. We're not going to scuttle. Evac<sup>n</sup> only because danger to B. personnel.

But we can't guarantee to protect them in Fields. What then?

D. C<sup>d</sup> we ensure prot<sup>n</sup> in 3/4 weeks. If so, they shd. stay.

C.N.S. Not w'out war v. Persia.

C.I.G.S. If we land in Persia, the P. Army wd. resist.

D. Save officers, yes.

If we cd. concentrate into 2 areas in fields, at short notice, what then?

- C.I.G.S. i) Size of Force requ<sup>d</sup> ii) Lag after landing before arrival in fields.  
Favour letting P. close us down. But does involve some risk to staff in Fields.
- D. I cd. uphold morale, if we cd. say firmly we are going to say.  
Moving people out, however slowly, undermines their morale.
- H.M. Put to Drake view of Cons. Genl.
- D. Over last few days prospect of evac<sup>n</sup> has weakened morale.  
If we cd. stop it, promise best we can re prot<sup>n</sup>, .....  
If cd. ask P. to guarantee safety of staff. They cd. do it.
- P.M. We can ask them to stay. You can ask P. to protect. We can't.
- D. In 3/4 wk's time? Intern. effect of loss of oil/Hague/U.N. perhaps.
- C.I.G.S. Cdn't give absolute guarantee because of ii) above.  
But my advice wd. be tht. it's a fair risk. For P. won't allow B. staff to be hurt. B. subjects have taken that risk before.
- C.A.S. We can't drop parachutists – to help people concentrated in 2 areas.
- H.G. What is ultimate outcome? World opinion mayn't be wholly in our favour. We mght. be under pressure to accept P. demands (receipts etc.).
- D. Deterioratg. sit<sup>n</sup>: can be slowed down if B. staff can keep up their morale. Assume P. will protect us. Try for accommod<sup>n</sup> with P. And, if they can't co-operate with us, then clear out quick.  
Can't say what will turn up. Can see clearly consequences of clearing out. Determin<sup>n</sup> to stay, because we are there as of right, until P. turn us out.
- P.M. But what hope of satisf. agreement with P. Govt?
- D. I can't see any.
- H.G. Doesn't it help P. if we stay & help.
- P.M. What is likely to turn up. Working arrangemt. with Govt?
- D. Growing pressure w'in that month. And, if no solution, can at least protect staff in Abadan.  
Agreemt. is a possibility.  
Other is to stay, under prot<sup>n</sup>, at Abadan & offer to refine what they can to send down fr. the fields.  
Gradual evac<sup>n</sup> from fields is worst course.
- E.Sh. Influence of U.S. on P. Army.

D. Don't know: doubtful.

E.Sh. P. Army will try to protect B. staff?

D. Yes.

E.Sh. Receipts?

D. I thght. tht., while Hague on, I shdn't prejudice pos<sup>n</sup> of CO.  
Sh<sup>d</sup> I now offer to sign? But they are now askg. for cash: the month's notice being now up.

H.G. That wd. be surrender. We can't countenance P. Govt. getting money direct.  
Don't therefore bother to find another form of receipt.

D. W<sup>d</sup> like a public appeal to staff to stay for x weeks: on behalf of H.M.G. in hope tht. orderly arrangemt. may be made.

P.M. Implies evac<sup>n</sup> at end of that time.

P. Troops?

D. Mixed effect. Mauritius frightened some, but maddened others.

D. \*Plan for evacuation of Fields staff is thro' Bandar Mashur.\*

C.N.S. Can see wtr. we can cover evacuation from there.

E.Sh. You pressed Drake to say what wd. happen in a month. What do you expect to come of it?

P.M. A reasonable Govt., with wh. we cd. conclude a new agreement.

E.Sh. When we ask what sort of agreement, you object it's giving show away. How much are we prep<sup>d</sup> to give away? We haven't defined that.

H.M. We put a clear-cut scheme to P. Govt. We know where we stand.

E.Sh. They wdn't accept it, or negotiate.

P.M. Our policy is to stand firm & hope for a more reasonable P. Govt.

G.W. That was Drake's policy.

P.M. Practical ques: shd. we have any gradual w'drawal: or all stand pat.  
We can't guarantee their safety. Shall we run the risk that P. Army will protect them?

- N.B. D. also wants to know tht. if they stay for a month & then things go worse we shall be able then to evacuate them.
- R.R.S. Gradual evac<sup>n</sup> wd. be disastrous. D. wd. be satisfied if Bandar Mashur cd. be covered in moment of evacuation.
- H.G. i) Ask C.O.S. to consider wtr. they can cover Bandar Mashur.  
 ii) H.M. has said publicly staff will be w'drawn fr. fields as they become un-necessary. Don't want to show weakness by contradicting that publicly. N.I.O.C. have told employees to stay a month. Better let staff say in reply to that they will stay.  
 y/
- J. ii) was O.K. Their presence is now requ<sup>d</sup> in the fields. D. can say so.
- M<sup>c</sup>N. P. Govt. will get to know. Will they think it means we are weakening? We have assumed our sanctions. Wd. be technique & tonnage. (D. hopes for a mil. sanction). We may lose our technical sanction by saying our staff will stay in the fields. I favour planned w'drawal.
- H.M. I like y/. C<sup>d</sup> carry approval of CO. & even H.M.G.
- M<sup>c</sup>N. P. Govt. wd. think it meant a change of view by H.M.G.
- H.G. It is for CO. to say tht. they are still required in the fields.
- Agreed: (i) above re Bandar Mashur.  
 (ii) as at y/. And see that A.E. is informed  
 so that he may not press for Govt. action.
- Att.G. Injunction likely to be obtained – not to do anything m'while to interrupt operations. That wd. apply to us too. W<sup>d</sup> run in line with y/.  
 (iii) see that gradual w'drawal is stopped at once, in advance of any statement.
- b) C.O.S. Report.
- C.N.S. Some political consequences in mountg. this from Egypt. Suez Canal rules re warships. Also assembly of ships in Canal cd. raise diff<sup>ies</sup>.  
 We shd. start to-day. Can't be kept secret (L.S.T.). Some statement wd. have to be made.
- P.M. Effect on opinion.
- Att.G. Hague Ct. wd. be less inclined to order in our favour if they thght. we were about to take law into own hands.

- E.Sh. Midget depends on no resistance by P. Army.  
If resistance, this larger op<sup>n</sup> wd. be necessary.  
How far cd. we go with this w'out any overt statement?
- Att.G. Interim decision by Hague Ct. will prob. be given in course of this week.
- H.G. CO. may be asked by Ct. wtr. they stand by terms of offer to P. Govt. at Tehran. That assumed no interference. Co. propose to say they stand by offer: but assumes status quo ante: & they wdn't now pay the £12 m. until shipments fr. Abadan are resumed. This seems right.
- J. No mil. prep<sup>ns</sup> involvg. announcemt. until Hague interim Agreed. dec<sup>n</sup> has bn. given.
- C.I.G.S. This is merely a proposal to prepare a Force for use in M/E. Object = to occupy Abadan. Don't need, however, to use it for that. If we don't prepare it, you can't have it later.
- G.W. Sh<sup>d</sup> be ready to deal with a Tudeh coup. But public statements mght. have effects in Comm. V. bad Can. Press throughout. India etc. From my angle therefore I'm opposed to any immed<sup>te</sup> action involvg. publicity.
- A.V.A. As soon as you say you're getting 10.000 men & 2 reservists, everyone will assume you are comm<sup>d</sup> to the major operation.
- M<sup>c</sup>N. Folly to risk any public knowledge of this now. Also, pol. consid<sup>ns</sup> shd. be considered first, incldg. our pos<sup>n</sup> in U.N. U.N. is the instrument by which U.S. gets done what we want to see done.
- P.M. Inadvisable (Hague Ct.) to take any overt action. Planning can go on: But for next new days no overt action.
- B. Three ships in M/E. earmarked as troopers: can't stop them w'out publicity.
- H.G. C<sup>d</sup> we have a report showg. what overt action wd. be needed & when. Want to consider interference with cargo e.g. iron ore.
- Agreed: (iv) No overt action pro tem. Examine details at Def. Ctt<sup>ee</sup> later in the week.
- J.G. Want opportunity to discuss politics of this.
- J.S. 17.000 Z. reservists wd. have to be called up for this – to 1<sup>st</sup> & 3<sup>rd</sup> Divns. Method therefore, needs consid<sup>n</sup>.

C.N.S.      Object was to enable us to do somethg. Remember tht., if we don't prepare this, & somethg. happens in Persia, we can do nothing for 6 weeks.

1. Parliament. [Enter W.W., Bottomley, Att.Genl.]

C.E. Business for next week.

2. New Rifle: ·280.

H.M. Ike is worried. Asks for more consult<sup>n</sup> with U.S. & Canada.

E.Sh. The 300 (U.S. rifle) is not satisf. Ike admits that. Canadians however want us not to go on with ·280. demonstr<sup>n</sup> at C.D. Mtg. – all agree on its merits. Ike admits little use for rifle in modern war (only 20% use it). May not therefore be so necessary to have the best rifle, at cost of upsetting U.S./Canada.  
U.S. admit ·280 is better, but don't want to change their type.  
Def. Ctt<sup>ee</sup> approved. I have 2<sup>nd</sup> thoughts because don't want trouble with U.S./Canada. Enough diff<sup>ies</sup> with them already over N.A.T.O. etc. Canada have asked for further talks. I favour havg. them, at Ministerial level: try & convince them.  
In debate Wed<sup>y</sup>: I had better speak, it's 3 Service & N.A.T. ques.  
But I can't say tht. U.S. don't want the ·280. C<sup>d</sup> say we propose to talk with U.S./Canada.

P.M. Pity you didn't say so before this debate is asked for.

J. Monty agrees 280 is better rifle, but this doesn't outweigh disadvantages of 2 types ammun<sup>n</sup>.

P.M. Have two already - ·303 and ·300.

H.M. C<sup>d</sup> this be reviewed by Def. Ctt<sup>ee</sup>.

E.Sh. x/ C<sup>d</sup> announce in advance of debate tht. we propose to have talks.

Agreed: proceed at x/. Tell Oppos<sup>n</sup> beforehand.

[Enter Ld. Advocate]

3. Delegated Legislation.

C.E. No current diff<sup>ies</sup> over Prayers – earlier inflamm<sup>n</sup> subsided.  
But there is a problem.  
Suggest affirmative answers to all ques. in para. 9.

H.M. Select Ctt<sup>ee</sup> or Ctt<sup>ee</sup> on analogy of Donoughmore.  
Danger of giving any power to amend, or recommend. Sel. Ctt<sup>ee</sup> wd. therefore be dangerous.

A.V.A. Shd. H/L. be on Sel. Ctt<sup>ee</sup>.

H.D. No: quite unacceptable.

J. They can be useful. And they cd. appoint a Sel. Ctt<sup>ee</sup> of their own.  
Mght. be embarrassg.

P.M. In any event, don't appoint before autumn.

C.E. But I must reply to W.S.C. before end/Session.

P.M. Say only we will revert to this next Session.

Agreed: defer consid<sup>n</sup>.

[Exit L.O.'s  
[Enter P.M.G.

#### 4. Broadcasting Report.

(i) Regional Devolution.

C.E. Wales. Strong case for separate system. Only arguments against are admin<sup>ve</sup> convenience. Wales wants more than Adv. Council. They are not convinced by argument tht. they do better as part of larger whole. For they value own culture, language, etc. Many Welsh M.P.'s will be gravely disappointed by W. Paper. We shd. go further to meet them.

P.M. Agree: not enough has bn. done. This is one of few things in which concession can be made to nationalism.

G.W. All of Beveridge wdn't satisfy extreme Welsh opinion. Nothing less than a Welsh B.C. wd. satisfy them.  
But serious to go further than W. Paper. Bev. starts by stressing indep<sup>ce</sup> of Govrs. & their collective dec<sup>ns</sup>. Then suggests separate Govrs. for Regions. Can't reconcile the two. Staff: conflict of loyalties: movemt. of staff fr. regions wd. be harder. W. Paper goes as far as poss. w'out separate Corp<sup>ns</sup>. Bringing in l.a.'s makes them rep<sup>ves</sup>, with less danger of nationalism. Powers (paras. 18-21) – to settle p'mme in consult<sup>n</sup> Controller. B.B.C. | cdn't do anything save by agreement. "Settle in conjunction"  
x| means that last word rests with Govrs.

M<sup>c</sup>N. I thought not, when we settled the phrase.

G.W. Must be so.

C.E. Apparent autonomy, not real. That will cause trouble.

H.G. Important pressure is not from nationalists, but fr. Welsh M.P.'s – a more representative group. Tho' gather P.M.G. has since persuaded Welsh Labour M.P.'s to accept W. Paper plan.

- If poss., we ought to go as far as Bev. Rpt. Said that isn't possible.  
But W. Paper formula, give x/ above, gives even less than I thought. The local body shd. at least have last word on local p'mme.
- P.M. Why shd. we support these administrative arguments, w'out regard to politics.
- G.W. Because we are retaining U.K. Corp<sup>n</sup> with collective responsibility. Bev. proposals are vague & diff. to run.
- H.M. Bev. didn't give any rational thought to this at all.  
Can you let a local body determine expenditure. If they have last word, they control exp<sup>re</sup>. Recruitment of staff.  
Are you sure tht. pop<sup>n</sup> of S. Wales (inclg. Cardiff & Newport) want to take the p'mmes desired by the northern shepherds. Probably dud p'mmes. This is balmy. What about arrangements for pol. b'casting. W<sup>d</sup> stimulate nationalist b'casting.  
Will Cab. consider merits of this, not its politics.  
Doubtful if nationalist pressures reflect majority view.  
Only doubt is wtr. G.W.'s plan goes too far.
- N.E. Welsh Labour M.P.'s have promised to support W. Paper scheme.  
Body in Wales appt<sup>d</sup> by rep<sup>ve</sup> bodies – cdn't be said to be stooges of Ldn. Compos<sup>n</sup> of body wd. reflect density of population & have a fair rep<sup>n</sup> of labour. Select<sup>n</sup> (now) of advisory body by B.B.C. gives too much rep<sup>n</sup> by nationalist opinion.  
Powers. On home p'mme local body wd. have power to settle:  
75% of listening in Wales is to Light P'mme. On nat<sup>l</sup> p'mme, finance, engineering etc., they wd. be advisory. Think G.W. got it wrong at x/ above.  
Whatever we do, we can't satisfy all conflictg. views in Wales.  
This is the right pattern for devolution.
- H.D. We must make some concession. There is much feeling.  
I wd. accept P.M.G.'s plan, as he put it: but it needs to be made much clearer than in W. Paper: and made more attractive.  
Stress the fact tht. their activities will be confined to local p'mme.
- P.M. Limit its scope, but give it power of final decision.
- M<sup>c</sup>N. Offer less than Bev. & we shall have pol. trouble, to wh. we shall prob. have to bow.  
Corp<sup>n</sup> must be able to have last word on finance.
- P.M. Some concession to Wales & Scotl.  
They must have control over local p'mme.  
Make our concessions clear: don't fluff it with words like "in conjunction with".

- G.W. What about finance, engineering etc.  
Corp<sup>n</sup> must presumably have power to define scope of local autonomy.
- H.G. Let them determine content of p'mme w'in a budget fixed nationally  
after disc<sup>n</sup> with local bodies.
- E.Sh. Why do they want this autonomy? Wales is not separate nation, nor  
even united nation. What about autonomy for Durham – they  
are different from Ldn. This is all a lot of damned nonsense,  
and won't satisfy nationalists.
- G.W. What about the English Regions? Shd. we not concede same to them.
- H.D. No – unless pressure develops.
- N.E. Appointment of advisory bodies in English Regions.  
H'to B.B.C. have appointed – nonentities. I wd. prefer to apply to  
English Regions same system of appt<sup>mt</sup> as for Wales & Scotland.
- H.D. Pity to limit this to l.a.'s in England.
- P.M. W<sup>d</sup> also stimulate demand for some more powers as in Scotl. & Wales.  
Prefer Govt. shd. appoint.
- G.W. Bev. recommended that for Scotl. & Wales. Why shd. we accept it for  
E. but not for Sc. & W.
- H.G. Unwise for Govt. to appoint. No concession needed to E. regions.  
Is there any complaint. I wd. prefer status quo: appoint<sup>mt</sup> by  
B.B.C.

Agreed: status quo in English Regions.

- (ii) Finance.
- H.G. If we allow 100% for 3 years, incldg. a period of re-armament, it  
will be permanent. Television may cut revenue from cinemas.  
Must preserve right to take some prop<sup>n</sup>.  
In Budget debate, Waterhouse proposed a cut in grant to B.B.C.  
Oppos<sup>n</sup> cdn't make much of a fuss.
- G.W. Won't be popular; for people think it's a fee for B.B.C. service.  
If revenue wanted, tax the receiving set.
- H.G. Let's go back to 85% - where it stood before.  
And drop proposal re borrowing powers. (?)
- N.E. Figures based on '49: costs etc., will rise. B.B.C. may have to borrow  
from Ty.
- H.G. Make it clear we reject Bev. proposal for higher pay for Govrs.

Agreed: 85%

- (iii) Staff.  
A.R. Paras 46-48. Recomm<sup>n</sup> 93: recognise its import<sup>ce</sup> & say consult<sup>ns</sup> are procdg. Add a new para. Approved.
- (iv) Organisation.  
H.D. Views of young Wedgwood Benn. Seem useful. Perhaps we cd. leave ourselves free to consider.  
Organisation. Excessive power in Dir. Genl. More devolution of authority.  
[Exit W.W., N.E.  
[Enter P.
5. Spain.
- H.M. On mil. grounds, quite a strong case for assoc<sup>n</sup>: & in war we shd. have to do it.  
U.S. have nibbled at it: Franco may be askg. a high price: politically in U.S. it wd. be convenient for Admin<sup>n</sup>.  
Logic: cd. say we are friendly with Yugoslavia & Portugal is in N.A.T.O.  
Politically – here & in France & perhaps in Scandinavia – I don't think it's possible at this stage.  
What then do we do vis-à-vis U.S.  
French Amb. thinks we shd. press U.S. to drop it. Ready to do that: but my view is tht. we shd. add Fr. mght. accept that, reluctantly. If they won't, at least go slow.
- P.M. I agree. We shd. put it firmly to U.S.  
In particular, can't have Spain in N.A.T.O.
- E.Sh. i) This is a N.A.T.O. matter. Going about it the wrong way. U.S. start it off, without adequate thought – as they did with G. re-armament. This isn't for U.S./U.K. alone. Wrong to do it on bi-lateral basis.  
ii) Mil. aspects. No disc<sup>ns</sup> even with U.S. yet.  
Portugal: in N.A.T.O., with similar regime. Can discriminate. P. is of no value to N.A.T.  
iii) Object of U.S. is to get bases in Spain.  
W'in N.A.T. they wd. need equipment - & we have too much of that already.  
Isn't it about time we tried to understand U.S. strategy. Is theirs an air strategy? They haven't gone v. far to build up strong land forces in W. Europe.  
Public opinion in U.K. – wd. be strong oppos<sup>n</sup>: doubt if there is any strong support.  
Conclude – talk this out in N.A.T.O.
- P.M. No. Make our pos<sup>n</sup> clear at once to U.S.

H.D. Agree. i) no arms to spare for Spain. ii) perimeter defence wd. ruin Europ. morale. In add<sup>n</sup> to over-whelming pol. obj<sup>ns</sup>.

P. I take opposite view. On mil. aspects we must have regard to C.O.S. Get Allies first & then see about the weapons. No one is keen on Franco. But are Yugoslavs or Turks any more democratic. Real ques: shd. we allow Spain to help us in war? Folly to decline to plan in advance.

R.R.S. What of E.Sh. idea?

E.Sh. Avoids saying "No" at once.

H.M. Don't want this troublesome ques. debated in N.A.T.O. W<sup>d</sup> sooner try to convince U.S. bi-laterally that this is off, pro tem.

E.Sh. Thght. you feared a bi-lateral U.S./Spain arrangemt. That wd. be much worse than talking in N.A.T.O.

H.M. I want to try to choke U.S. off altogether. If I fail, I may have to suggest N.A.T. disc<sup>n</sup>.

G.W. I want to keep Doms. informed. Agreed.

Naval Cruises in Spain.

P. W<sup>d</sup> be normal to resume such visits. Slow start, with couple of destroyers.

P.M. What advantage? Franco wd. exploit it. Our supporters wouldn't like it.

P. Adm<sup>y</sup> think there is naval advantage.

H.M. Gives R.N. experience of Spanish waters. Mght. influence Sp. opinion favourably. We shd. jump at a chance to do this in Soviet ports. May, however, be necessary to give way to the point of prejudice.

P. U.S. & Dutch have done it.

J.G. V. grave political disadvantages.

P. This will handicap R.N. in training exercises.

[Exit P.]

## 6. Staff for Defence Work.

H.G. i) Para. 9(ii). I wdn't order Tizard.

(ii) “released”

E.Sh. This doesn’t go far enough. I am proposing somethg. more drastic.

P.M. Ministers must take a line on this, themselves.

E.Sh. Tizard doesn’t want to do 9(ii). Prefers Adv. Council shall do it.  
We need compulsory powers to transfer people.

H.M. I have no obj<sup>n</sup> qua F.O.

H.D. Have the “offers” bn. accepted?

H.G. Under disc<sup>n</sup>.

H.D. I offered 15% of my staff: none have been taken up.

P.M. M/Works cd. do more.

H.G. The Minister will help on this.

{ Memo. approved.  
{ M/D. proposals awaited.

## 7. Persia.

H.M. Since Monday, message from Mason takg. less optimistic view of morale than Drake. Doesn’t expect to stay in Fields for more than 6 weeks. Staff prep<sup>d</sup> for gradual evac<sup>n</sup>: change of policy now wd. rattle them.

Amb. sugg<sup>d</sup> we shd. tell P. Govt. we are w’drawg. because their intervention has made pos<sup>n</sup> impossible. On balance, I doubt this. Hold on but protest. Alternatives i) Monday’s decision. ii) Pull right out & tell Persians. iii) Phased w’drawal.

Persian action. Mason “sacked”. Interference with officials generally. Search of aircraft. Staff under tension. Expectg. evacuation: will want good reasons for reversal, as well as 100% protection.

Policy of keeping going – approved by U.S. & Oppos<sup>n</sup> here.

I’m in favour of m’taining that. Tho’ staff morale may force us to get out before v. long.

Tel. fr. Franks, who saw Acheson at once on his return. U.S. Govt. much concerned. W’out oil revenue any P. Govt. wd. collapse. A.I.O.C., if they went out, wd. never return. What did we think of troops? O.F. replied: for Br. lives we cdn’t guarantee not to use force. A. asked how we cd. buy time? Truman considering intervent<sup>n</sup> by means of intermediary like Harriman. Only constructive idea: accept nat<sup>n</sup> in principle, but entrust managemt. to a Br. Co. at a fee related to old profits.

P.M. Dangerous to allow U.S. to “mediate”. We want them to support our line.

H.G. This “idea” is no different from what we have suggested.  
If U.S. will weigh in with Persians & support our line, it mght. help.

P.M. Sh<sup>d</sup> we let Persians know tht., if there’s more trouble, we have troops in readiness.

J. Wait for Hague decision.

H.M. Then we cd. begin to talk in stronger terms.

M<sup>c</sup>N. If Hague dec<sup>n</sup> is in our favour, U.S. cd. be pressed to come out in support of it.

\* Major mil. operation – to come up to Cab. on Monday.  
Read draft of statement to be made in H/C. to-day.

J. Too long, argumentative and stale.

M<sup>c</sup>N. Unwise to build up picture of humiliation.

E.Sh. Ref<sup>ce</sup> to Mauritius suggests she cd. do somethg.

H.D. Also “all other measures taken to protect staff.....”  
Not true.

H.M. Must say: “all practicable steps”.

G.W. Don’t use word “pinpricks”.

J. Omit “Needless to say”.

H.G. ‘Bringing install<sup>ns</sup> to high point of efficiency.’  
Make the point tht. we built it.

1. Plasterboard.

[Enter W.W. & Brown

- P.M. Lamentable failure to vote on Thursday. Discipline.  
Order not approved by any Ctt<sup>ee</sup>?
- G.B. No.
- P.M. Ques. of principle – different<sup>n</sup>
- G.B. W'in terms of 1946 statement.
- P.M. Not by statutory order.
- J. Bad to fix prices at wh. inefficient firms make profits.
- B. Only one competitor. If I drove him out, I wd. create monopoly.
- G.B. We encouraged firm to excessive expansion.  
Also, they have to buy raw materials fr. their competitor.
- R.R.S. Margins earlier too wide. Limit of 10% on capital – set by me.  
Now 17½% for smaller firm. The other wd. have made about  
22%. Hence differential.
- H.G. Diff. problem. In war, we shd. have done this – or worse, by cost plus.
- H.D. Strongly favour re-introducing this order. Vital qua housing costs.  
W'out this order, another £7 on Orlit house.  
This is unusual – but desperate remedies are required.  
Order lost, not because Tory arguments, but because poor Labour  
attendance.  
Don't weaken on any aspect of price control.
- T.W. Agree – if we recognise respons. to this firm because we encouraged  
their developmt.
- C.E. M/W made a good case in H/C. But arguments don't matter in H/C  
with our present vulnerable majority. This is matter of Party  
discipline. Shall need 3 line Whip, as over Cheese Order.  
This might cause H/L. to intervene. Must be certain we can carry this  
in H/C.
- P.M. This is innovation.

[Exit W.W. & Brown  
[Enter N.B., B., Att.G.

## 2. Persia.

- P.M. Proposing to accept Hague Court decision & appoint the 2 Bd. members – both shd. not be Co. men.  
Y'day's exchanges with Acheson.  
A.'s proposal to send Harriman to Tehran to press P. Govt. to accept Hague Ct. decision. P.M. decided, in my absence, to accept in principle but stressed tht. H. shd. not go as mediator but to press for accept<sup>ce</sup> of Hague dec<sup>n</sup> w'out modifications.  
W'ton 2098. gives A.'s views. Nothing more yet received. Wd. be helpful if I'm free to refer to this in H/C. this pm. Parl<sup>y</sup> sit<sup>n</sup> may deteriorate: Salisbury is out of line with W.S.C. U.N. inhibits us in f. policy. Att.G has advised tht. any forceful action wd. bring us in conflict with U.N.  
Co. ciphers (not now in use). Tehran offices raided: Co. rep<sup>ve</sup> refused to hand over ciphers: they are now in safe & Co. have the key.  
P. Govt. haven't yet told us they reject Hague decision. But must assume they will.  
More interference with Co. men.
- P.M. We need a memo. now on pro's & con's of takg. military action.  
Situation growing v. tense.
- G.W. We only said no overt action until Hague dec<sup>n</sup>.
- B. Shipping favourably placed now. Ship due at Pt. Said Wed<sup>y</sup>. Wd. take much longer if these chances slip. Shd. have to consult A. & N.Z. Govts. because these are migrant ships.
- H.D. i) Drake? Wasn't he wrong about morale?
- H.M. It's tactics. Co. want to use w'drawal as bluff to frighten P. Govt.  
That is their main motive.
- H.D. But also morale is not so good as D. sugg<sup>d</sup>.  
ii) Supplanting Mussadeq?
- H.M. That's not being overlooked.
- P.M. Diff. to tell wtr. a move from us wd. frighten P. Govt. or stiffen them.
- H.G. Shall be faced soon with need for dec<sup>n</sup> re evacuation of Co. staff.  
But must wait a) for Harriman b) for P. Govt. to reject Hague dec<sup>n</sup>.
- P.M. Tell W.S.C. or A.E. about Harriman.
- J. Memo. on  
i) appl<sup>n</sup> to U.N.  
ii) seizure of Abadan

iii) blockade.

- H.M. Courses.  
a) w'draw Co. staff, by Govt. dec<sup>n</sup>.  
b) Security Council: ask them to call on P. to honour Hague dec<sup>n</sup>.  
c) Ask Iraq perm<sup>n</sup> to send troops to Shaiba now.  
d) Ask Kuwait & Bahrain for leave to send troops there.  
Att.G. has advised tht. we have no legal power to intervene forcibly, to protect A.I.O.C. property.
- Att.G. Risk in b). Wd. not be procedural & dec<sup>n</sup> cd. be blocked by veto.  
Then by United Act<sup>n</sup> for Peace Resol<sup>n</sup> it cd. come before Assembly – doubtful if we'd get majority there.
- A.V.A. On J.'s (ii). Pol. feeling in Parlt. Salisbury means protectg. B. subjects at work. U.N. wd. make trouble over that. But no we have Hague dec<sup>n</sup>: cd. we not "protect" in that situation?
- Att.G. No. Court only recomm<sup>n</sup> by unlawful action.
- R.R.S. Tories (via Hare): Abadan must not be abandoned: we must protect chaps running it.
- E.Sh. No offl. ev<sup>ce</sup> of serious interference with B. personnel.  
No further action pro tem – while Harriman project matures.  
Mil. op<sup>ns</sup> – seizing Abadan – be sure what that means. What wd. next slips be.
- P.M. A. & N.Z. shd. be warned we {may need the migrant ships  
{ must hold the migrant ships in case they are needed.
- H.M. We may have to do a mil. op<sup>n</sup>. Midget is ready. In addition, I favour (c) forthwith.  
y| On further mil. action, I wd. like to be ready. Do we mind overt prep<sup>ns</sup> now?
- P.M. Do (c): don't ask Iraq first.
- E.Sh. That is our existing plan.
- E.Sh. On y/ we are held back by Cab. decision against overt action.
- P.M. We can go in quickly, if there's no P. oppos<sup>n</sup>.  
Mil. op<sup>ns</sup> req<sup>d</sup> against P. oppos<sup>n</sup> is a v. diff. pair of shoes.
- H.G. Economic Questions.  
i) Steel rails. Must go on now unless contract dates are to be missed.  
I'm inclined to give no advice to firm pro tem.

Agreed.

- H.G. ii) P. Govt. can cash sterling for dollar needs. They have little sterling save £18m. of their currency reserve. Now likely tho' P. will dip into that, tho' P. leg<sup>n</sup> wd. be needed. 24 hrs. notice, therefore. We shd. then have to decide quickly wtr. We allow that to be converted in dollars. We cd. suspend agreemt., in view of P. attitude, & take them off transferable a/c so they cd. use this money only in sterling area.

Agreed

Agreed: C.O.S. to make immediate report on need for ships.  
( ? ) Tell Doms. We may have to use them.

- H.D. Why not tell U.S. about major mil. op<sup>n</sup>?

- H.M. They have had a hint.

[Exit Barnes

3. Germany: End of State of War.

- H.M. Are announcing to-day tht., in conj<sup>n</sup> with France & U.S., we are ending state of war with Germany.  
In accord<sup>ce</sup> with earlier Cab. Dec<sup>n</sup>. Memo. dated 6/10/50.

- Att.G. Won't affect statutes exp<sup>d</sup> in terms of "emergency".  
Will affect only common law.  
It's mainly political.

- C.E. Will increase case for bringing emergency leg<sup>n</sup> to an end.

[Exit Att.G.  
[Enter G.S., H.

4. German Coal & Steel Industry: Ownership.

- H. Dec<sup>n</sup> has gone r. us.  
Shares can be put on market. Other cos. can follow same course.
- J.G. Stewart & Lloyd's has this interest. What effect on our nat<sup>l</sup> industry.
- G.S. None – none of public cos. had an interest.

Memo. noted: C.P. 165.

Law 27. C.P. 186.

- H. Shd. we apply compulsion? No-one agrees with us. But this ques. will go to High Comm<sup>n</sup>. We shall be voted down there. We ought to go on record as opposed: & reserve right to make our pos<sup>n</sup> clear publicly when the row breaks out.

- P.M. This = defeat of all our views on G. heavy industry.
- J.G. This will put the Germans of 1930 into power. We shall never export r. their subsidised compet<sup>n</sup>. – Westphalian Syndicate will re-emerge.
- N.B. I regret this too. But Schuman Plan shd. prevent what J.G. fears.  
We shall have to make workg. arrangemt. with Schuman high authority.
- H.G. Memo. lets out some units. Step away from nat<sup>l</sup>: but not in direction of centralisation.  
B/T. fear this may increase our diff<sup>ies</sup> over scrap – presumably because this attitude will offend G.
- G.S. Don't think it matters to offend G. We can only get things out of them by showing strength.
- H.D. How does this link with G. re-armament? McCloy is at work again.
- H.M. Social Democrats are gaining ground in Germany.

Equally reluctant note taken of C.P. 186.

[Exit H. & G.S.]

##### 5. Man-Power for Mines.

- N.B. Need for high out-put next winter. Methods –  
  1. morale
  2. machinery &
  3. men.
On a) – pensions scheme is through. N.C.B. appt<sup>mts</sup> have had good Press.  
On b) – C.E.P.S. etc., are helping.  
Their remains c). Housing: I'm in touch with M/L.G. & P.  
Irish: trouble with N.C.B. who find they don't stay. But I'll press it.  
Italians: a good start: pushing on.  
Forces: M/D. concessions wdn't suffice.
- P.M. What progress in increasg. productivity in mines.
- N.B. V. slow return for investment. £107m to date. But 210 m. now as cpd. with only 170 odd in 1945. O.m.s. has risen. 1.21 as cpd. 1.00 in 1945.
- E.Sh. Have stopped recruitg. in mining areas.  
Have undertaken to remind miners offering to enlist of import<sup>ce</sup> of mining.

Have refrained fr. re-calling miner reservists, incldg. class Z.  
 Effect: 2.000 men to mines. V. substantial cont<sup>n</sup>.  
 Why does M/F. & P. look always to Forces? What of redundant labour  
 in distribution trades etc.,  
 Ready to accept extension of these arrangmts. for another 2 months or  
 so.  
 But cdn't accept proposals in memo. Para. 18. On a) the man wd.  
 not be valuable miner. On b) he will be a valuable soldier.  
 Substantial recent drop in Army recruitment. They want a new  
 campaign. If we can't get regulars, we shall have to continue  
 calling up reservists, with all the pol. trouble it involves.

A.R. Support M/D. generally.  
 On recommns in para. 23.  
 b) we cd. help - £5.000: but we shall be £20.000 shy.

P.M. Home Inform<sup>n</sup> Services Ctt<sup>ee</sup> shd. consider this.

A.R. c) limiting factor is ability of N.C.B. to absorb. Up to them.  
 d) extension of Scheme for 2 months.  
 e) can't support this – agree with M/Defence.  
 f) we have told nat<sup>l</sup> ind<sup>ies</sup> the opposite: can't support this  
 recomm<sup>n</sup>.  
 g) we can pick them up now in 21 days: can't improve on that.  
 h) can work a scheme with Boland.  
 The men are not being up-graded to the face quickly enough. They are  
 leaving even while of mil. age. – riskg. mil. service instead of  
 mining. Reduce prop<sup>n</sup> on “day. tel” work: that shd. be  
 Houldsworth's first job.

T.W. Re-organisation p'pones increase in prop<sup>n</sup> of face-workers.

R.R.S. Absenteeism.

N.B. 1) Much lower than it has bn. 1 day a month per man is average.  
 A little higher with piece-workers.  
 Varies from district & pit. Some black spots e.g. in Yorks.  
 Pit-level campaigns are going on.  
 2) Wastage: much lower than in other industr<sup>ies</sup>  
 Personal management is answer.  
 3) Up-grading. 4.000 this year.  
 But takes time to plan face-room. Am pressing this. N.C.B. are  
 working at it.  
 Hope Cab. will accept all my recomm<sup>ns</sup> save (e) & (f) of para. 23.  
 On (e): I wd. only add tht. in autumn everyone told me there was  
 nothing in this. We have got 2.600 in fact. – 1.200 having  
 arrived. This helps to get N.U.M. lodges to accept Italians.

J.G. Cd. you get back 40/50 year old who went to other indust<sup>ies</sup> in the depression. By saying they wd. be under pensions scheme.

Agreed: Para. (d) for 2 months.  
Reject (e) and (f).

H.M. Stress for economy in use.

1. Parliament.

[Enter W.W.]

C.E. Business for next week.  
Debate on Persia. (Tuesday). P.M. and H.M. (latter opening). Might have to be p'poned, if situation so requires, in agreemt. with Opposition.  
In following week. sugg<sup>n</sup> of economic debate. 23-25<sup>th</sup> July: Mon. Supply formal + F.A. debate. Tues. F.A. again. Wed. Econ. debate – all on adjournment. Alternatively, 3 days on combined F.A. & Economic – for discussion.

P.M. Letter from H.G. Econ. ques. will crop up on first 2 days – embarrassing to wait until 3<sup>rd</sup> day. He therefore prefers one debate.

H.D. Timing with N. Ex. Mtg. H.G. shd. speak on 2<sup>nd</sup> day.

P.M. H.M. on 1<sup>st</sup> day: H.G. on 2<sup>nd</sup> day: P.M. on 3<sup>rd</sup> – in comprehensive debate.  
Whips to seek agreemt. of Oppos<sup>n</sup> to this time-table.

[Exit W.W.]

2. Persia.

[Enter E.E.B., Att.G., N.B.]

H.M. Mil. Op<sup>ns</sup>. Midget is ready. Shd. prep<sup>ns</sup> for larger op<sup>ns</sup> proceed? Wd. that bring us to Security Council.  
Shd. we go to Security Council on Hague dec<sup>n</sup>.  
Since memo. prep<sup>d</sup> Franks has told Acheson of proposals in it.  
His reply: Harriman is now to be received by M. [Fear U.S. will try mediation – incldg. some proposals unacceptable to us. Told U.S. we want pressure on M. to accept Hague dec<sup>n</sup> - & consult<sup>n</sup> in advance. on any proposals.] Urge us therefore not to go to Sec. Council m'while. Think that's right. Shd. we, however, announce phased w'drawal: on that U.S. have exp<sup>d</sup> no view – am askg. for it.  
That means we can't announce before to-morrow.  
i) They are w'drawg.  
ii) We shd. do it as act of strength, not weakness. Tactical move. All on spot now agree it's right tactics to force P. change of mind.

P.M. Must wait to-day.  
Talk with Leggett. He thinks Co. were slow in co-op<sup>g</sup> with Persians. He said M. thrown up as protest r. corrupt gang. Tudeh not wholly Comm. but includes many who want changes. New Govt. may be only old gang. M. reflects discontent with old gang. We

don't want to be identified with old gang. Cd. we get someone who isn't M. but isn't old gang? For best elements in P. support M.

Our pos<sup>n</sup> in Iraq. Looks as tho' we may get 50/50 agreement on Iraq oil. Not only ques. of money: nationalism also, with best elements backing it.

N.B. Co. have bn allowed too long to handle this on purely commercial basis.

M. has canalised discontent r. Co. & foreigners.

Shd. review powers (by minute) of Govt. directors, who haven't enough control.

Risk of Comm<sup>n</sup>, which wd. turn out Co. Seer is only hope: real reformer.

Harriman shd. press P. Govt. to accept Hague dec<sup>n</sup>.

Security Council – favour going there, but not now.

Phased w'drawal too. But can't announce that now.

P.M. Co. have stood on "concession". That's out of date: partnership basis is now inevitable. Think we shd. send out diff. type of man to Persia in future.

E.Sh. i) Harriman. If he can only Press P. to accept H. dec<sup>n</sup>, that's waste of time. Also wd. U.S. accept such limit<sup>n</sup>. What is he to do – if he can't "mediate"? Suppose P. declines H. dec<sup>n</sup>. Shdn't H. know our views on poss. solution? U.S. reject mil. approach: how then is this to be settled.

On memo. There are alternatives. Phased w'drawal = scuttle.

Serious effect in M/E. e.g. Egypt (Suez Canal). I feel no ques. of w'drawal, save fr. fields as necessary: but stay in Abadan.

Major mil. op<sup>n</sup>. 3 Batt<sup>ns</sup> ready to go to Shaiba: Guards Brigade also ready. Cd. risk puttg. that force in. But we shd. have to follow up with re-inforcemts. incldg. Z. reservists.

Harriman. A Govt. has right acquire property in own country.

We can't ques. principle: we can only ask for consid<sup>n</sup> of Company interests. If they have that right, we shd. admit it.

(P.M. We have)

All we want is to negotiate terms on wh. undertakg. can be handed over to Persians. Negotiate on basis of acceptg. principle of nat<sup>n</sup>. That wd. be acceptable to world opinion.

What alternatives? Sec. Council won't help.

P.M. We have accepted principle of nat<sup>n</sup>. But not the letter of their (bad) law.

E.Sh. We have shown resistance – apparently on financial grounds. Our acceptance has bn. grudging.

- J. W'drawal will be regarded, in U.K., U.S. & M/E., as weakness. This is what P. have bn. trying to get us to do. Don't announce it yet. H.'s visit provides excuse for delay.
- P.M. What of view of staff & Co.?
- J. May be inevitable, but won't look like "strength".
- N.B. Virtue of necessity – if men are coming away anyhow. Irrig<sup>n</sup> plan put fwd. by U.S. previously. Wd. H. put it up again.
- R.R.S. V. long-term affair. And P. Govt. wdn't make up their minds.
- H.D. Memo. is good – tho' overtaken by events. Try to make H. stiff on Hague. Welcome paras 2 & 3. No force to protect property. Arguments are overwhelming. Hope Cab. will endorse para 3 – exclude force for any other purpose than saving life. Phased w'drawal: p'pone announcement because H. mission.
- H.M. We have accepted nat<sup>n</sup>, but not breach of contract w'out compensation. We have offered means of enabling them to work nat<sup>d</sup> undertaking.
- P.M. We mustn't stand on lr. of our contract. Stress offer of partnership and joint working. Contract isn't sacred.
- H.M. M. won't discuss.
- H.M. I'm now convinced tht. w'drawal is right. M. doesn't want our chaps to go. Problem: how to make it appear tht. it isn't weakness. Must get H. view on it before we announce it.
- A.V.A. Shall we ever get back? Shd. we even be able to take mil. action.
- G.W. Tel. fr. Australia. They hope we won't evacuate – chaos, Communists, never get back. W'drawal as strength. Imp<sup>d</sup> by Drake's obj<sup>n</sup> to dribble. If we want to use w'drawal as weapon, much to be said for taking them all out at once. Security Council, I'm against going there. Doubt if we'd win: & it might turn on India's vote – v. awkward. Nat<sup>n</sup>. Have we ever used word "partnership". Wdn't it help to use it.
- R.R.S. Is a statement necessary? H. mission. Fact tht. they accept it is favourable point. H. cd. provide a face-saver: e.g. amendmt. of nat<sup>l</sup> law. If so, announcemt. of w'drawal – wd. it help him? Bad effect in M/E. Co. want it. Bad effect on U.S. On balance, p'pone announcemt. until H. has had a go.

- P.M.        \*    {Stand on H. mission. Say no more pro tem.  
                      {Dribble from oil-fields can continue m'while.
- E.Sh.        Can H. be told how far we are ready to go.
- H.M.        Yes: W'ton knew already. But don't want him to mediate.
- H.S.        i) No. mil. action save to protect lives.  
                 ii) P. has clear right to nationalise. We have no title to anything  
                 but compens<sup>n</sup>. And P. can't pay it w'out efficient oil operation.  
                 Hence our partnership plan. Tell H. that.  
                 iii) Lucky we have got Hague dec<sup>n</sup> behind us. Tell H. important  
                 not to weaken that.
- N.B.        i) Keep as many men as we can in Abadan.  
                 Court dec<sup>n</sup> is best basis for that. H. shd. hang on to that.  
                 ii) Eventual settlement: H. knows our plan.
- H.M.        P.N. Ques. by Deedes M.P. re Colin Reid, D. Tel. corresp.,  
                 expelled from Abadan. I've asked Amb. to protest. Shall let  
                 Under Secy. answer.
- H.D.        Do we endorse para. 3 of memo?
- H.M.        As at now. Not for ever.
- E.Sh.        No dissent fr. earlier idea of holdg. Abadan.
- P.M.        No agreement with him.
- \*    No force to protect property in present circs: but a Tudeh coup might change  
the circs.

#### Economic Pressure.

- P.M.        Read note from H.G. No need to suspend Memo. of Understanding.  
                 Views of B/E.
- H.M.        Had hoped we cd. brandish this weapon.  
                 Are we safe, w'out suspending.
- E.E.B.       They have to justify particular transactions. We shd. be able to look at  
                 each on merits.
- Agreed: no drastic step at this stage pending H. mission.
- Export licences.
- H.S.        Had intended to recommend stopping essential exports to Persia.

Now comes H. mission. We want him to urge compliance with Hague  
dec<sup>n</sup>. Can we m'while fail to comply with it ourselves.  
Rails are on point of being despatched.  
Denial of rails, sugar etc. wdn't damage P. economy v. much. But  
diff. to justify sending these scarce things.

H.D. Can't we hold it up by admin<sup>ve</sup> steps.

H.S. Cdn't be kept secret.

H.M. Never mind. Don't announce it.

A.R. Don't unload them. Delay ship & compensate for that.

[Enter W.W.

[Exit N.B., E.E.B.

### 3. Bamangwato Tribe.

G.W. Oppos<sup>n</sup> Parties won't send rep<sup>ves</sup>. We can't therefore.  
Pos<sup>n</sup> in tribe bad. Further police coming in fr. N. Rhodesia.  
Announcemt. re observers may steady them.  
Can't be sure tht. tribe can be persuaded to hold Kgotla

C.E. Incident y'day. Mtg. of Commrs. of H/C. after which I saw one of our  
men (Wilfred Bunce) talkg. to Cl. Davies: he was askg. Davies  
to raise ques. again in H/C. saying tht. our chaps wd. now vote  
the other way.  
Davies won't raise it this time: he mght do so later.  
Shd. Ch. Whip & I see Burke?

P.M. Yes.

C.E. Can we have assurance tht. Tshekedi's case will be put to Kgotla –  
either in person or thro' another?

G.W. I shall recommend tht. T. be invited to prelim. mtg. before Kgotla.  
And I'll let that be known to our supporters.

[Exit W.W.

[Enter T.F. & Wheatley

### 4. Tied Cottages.

H.D. In 1933 Act – (g) (ii) makes exceptional prov<sup>n</sup> enabling farmers only to  
create new tied cottages. About 1.000 new ones are said to be  
created annually. Not on farms always, but in villages.  
Sought admin<sup>ve</sup> means of dealing with this. Can't do it.  
Propose therefore to promote publicly leg<sup>n</sup> repealg. this provision: not  
this session.  
Debates on 1933 Act. T.W. then spoke r. provision. He was right.

T.F. Pity McN. wasn't consulted.

- H.D. I'm sorry: told Dpt. to consult you.
- T.F. In '46 we provided in Hill Farming Bill that cottages provided or improved under that wd. by un-tied. Oppos<sup>n</sup> wanted them tied. We said farmers had enough prot<sup>n</sup> under certificate procedure. 1949 Act justified on same basis.  
If we now w'draw this prot<sup>n</sup> will it be breach of faith?  
If cert. is not now regu<sup>d</sup>, our statements in '46 & '49 were ? unnecessary.
- Wh. We are open to charge of breach of faith.  
There's also the point re piece-meal fiddling with Rent Acts. Other problems are worse: e.g. tied cottage proper. Will be pressure to deal with other & more urgent problems.
- T.W. This isn't easy. Nor non-controversial. Union agitation is making our problem re tied cottages v. difficult. Union have now w'drawn their rep<sup>ves</sup> fr. certification panel. Secy. says this will satisfy them pro tem. I v. much doubt it.  
This is obvious pol. gesture.  
Can we anticipate King's Speech?  
Shall have to add – special permits to build  
No. of appl<sup>ns</sup> for cottages certs. 2,437 (1946) 1368 granted.  
318 (1951 1<sup>st</sup> quarter) 185 granted.  
Not all bought over tenants head & turned into tied cottage.  
Farmers won't buy unless they have to.
- C.E. But he can buy w'out, & then secure, vacant possession.  
Makes a stir.  
No. of appl<sup>ns</sup> granted is a bit high.  
Pol. advantage of makg. concess<sup>n</sup> on tied cottages.
- Att.G. Constant pressure for amendmt. of Rent Acts – we meet it by piece-meal argument. We can't go on using that, if we do this.
- T.F. Repeated need for excluding cases where cottage is on farm & has bn. improved with grant on cond<sup>n</sup> of creatg. tenancy.
- H.D. May come under g(i). Anyway, I'm ready to consult T.F. on this if genl. principle is approved.

Principle approved, subject to consult<sup>n</sup> on detailed points.

1. Persia.

[Enter P., B. & C.N.S.]

H.G. Met secretly in Paris – with Harriman. Friendly: sent personal messages to P.M. & H.M. regrtg. cdn't come to Ldn. first. Sees diff<sup>ies</sup>. I stressed obj<sup>n</sup> to mediation etc., He said: needn't worry: U.S. oil cos. are watchg. me: can't be too soft. Financially, he thght our offer reasonable. Wants convince M. he'll get nowhere on present basis – oil can't be sold w'out the Co.

Two points

- i) receipts. He cdn't see diffy. – nor cd. Acheson. I said must avoid implic<sup>n</sup> tht. oil doesn't belong to Co.
- ii) precipitate in w'drawg. our mission. Cd. we not have gone on trying. I said there seemed no hope.

He may raise these 2 points in Tehran.

I stressed Hague dec<sup>n</sup> as basis.

He wants close touch with Shepherd. F.O. have telegraphed S. to be friendly.

If Comm. trouble – he said tht. in that event we must secure Shah's invit<sup>n</sup> to go in. If we got that, likely tht. U.S. wd. support us.

He stressed risk of R. getting into north. Oil from there wd. help R. Doubt if he's right on that.

On M/E. generally he thght all of us had done too little on economic developmt. He was much concerned. But didn't get down to detail. Realises no progress on this with M.'s Govt.

He mentioned poss. need for someone to go out fr. U.K. – Minister or senior offl.

R.R.S. R. in north. They wd. then control whole country because the granary is there.

H.M. 

- i) Ref<sup>ce</sup> to U.N. Re-considering in light of Jebb's warning.
- ii) W'drawal. P'poning statement because Harriman. But Co. have discretion to w'draw individuals & are doing so. Prob. can't hold it for long.

P.M. 

- iii) Steel rails. Lr. from B/T. Ship has gone, on cond<sup>n</sup> they can be recovered.

B. Cdn't have stopped the ship w'out gt. hoo hah. All cargo wd. have had to be unloaded. Owners wd. do it, if desired, at some port en route, e.g. Gib. Malta. We can stop the rails at Basrah. About 3 weeks before ship gets there. The other 2 ships: loading is being stopped.

H.M. \* We must consider Thursday.

T.W. Tawton is making a point about sugar.

P.M. Why didn't you hold up ship itself.

B. There wd. have bn. a storm over that.

[Enter Att.G

2. Egypt: the "Empire Roach".

P.M. Sugg<sup>d</sup> naval escort shd. accompany ship to Akaba.

H.M. Strong protest made. E. replied tht. further answers wd. be given when Corvette returned. ??? was back on Sat<sup>y</sup> – but no reply yet.  
E. S of S. War has said this is prohib<sup>d</sup> zone.  
This is terr. water. They have right to stop, but not interfere as they did.  
They m'tain they are still at war, tho' armistice., with Israel.  
Not inclined to take any more insults from E. W'out saying anything, let destroyer be there: 10:1 nothing will happen.

P. Two channels  
a) Enterprise ch. nearest E. coast is ordinarily used.  
b) Another, Grafton ch., cd. be used we think.  
a) is w'in E. terr. waters. b) acc. to F.O. is not. Island of Tiran we say belongs to Saudi: but E. claim it: if they were right it wd. be terr. waters.  
Send ship, with naval escort, thro' Grafton channel.

P.M. Have T'jordan bn. moved to protest to E. r. this interf<sup>ce</sup> with supplies for Arab Legion?

H.M. They won't want to make open protest.

Att.G Escortg. merchant vessel is not peaceful errand & can't therefore be done thro' terr. waters. (Corfu channel).  
May I have time to consider.

E.Sh. Ridiculous pretence tht. these mght. have bn. arms for Israel: we wd. never put them in thro' Akaba. This is obviously only means of making trouble. And, in add<sup>n</sup>, they did unnecessary damage.  
Empire Roach due to leave Suez. Send her via Grafton passage & send naval vessel at same time. Not escorting.

P.M. Do that. Answer to E: this is necessary because you can't control your own Navy.

C.N.S. Naval ship must be given clear discretion to stop any nonsense if there is any. I wd. go thro' Enterprise channel, with naval escort.  
Govt. ships – cleared by E. customs at Suez.

[Exit P., B. & C.N.S.]

3. India.

G.W. ... L.A.K. convened Comm. Rep<sup>ves</sup> & said this was more serious than before & he was movg. his troops up. Situation v. dangerous. Nye due back to-night. P.M. & I will consult with him re action. P. may take it to Security Council.

P.M. Wait until we have talked to Nye.

4. Polish Tankers.

C.E. Comment on Tyne re seizing Polish tankers. Not quite all favourable to this continuing policy? Feeling generally supported it. Yards are full of orders.

[Enter Wheatley

5. Judges' Salaries.

H.G. J & I have worked on this. This is final joint view. He didn't press me for increases for High Ct. Judges, but convinced me re Co. Ct. Judges.

Views of H. Shawcross. Obj<sup>n</sup> to introd<sup>n</sup> of 2 rates. That was a compromise betwn. my view & J.'s. Suggest we settle English rates first.

G.T. Extra work on divorce varied from £50 to £1.100. Some will get less on higher fixed salary.

J. Only one case - a man who spent almost all his time on divorce. Average on divorce = £330.

P.M. Are there differentials in load of work?

J. No

Att.G. Based on assumpt<sup>n</sup> of "probation period": scale system. Is this right? Also doubtful wtr. value of Judge increases with time. Rather the opposite. This is a bad principle to admit. V. little money involved.

J. No case for it save as compromise betwn. £2750 (Ty) & £3000 (me).

P.M. Compromise w'out a principle may get you into trouble in H/C.

H.G. 50% increase will give rise to awkward repercussions. – as did Chorley. Will help to avoid these if we cd. hold this below £3.000.

- H.D. Support H.G.'s view. £2.750 wd. be fair. If scale is wrong on principle, settle on £2.750.
- G.W. I agree.
- P.M. No defence for the scale. Doesn't apply to top people in C. Service.
- R.R.S. Can't have a Judge who graduates to competence. I wd. give £3.000.
- A.R. Scale = service increment. But, if a fixed salary, not above £2750.
- H.M. £3.000 is not excessive – for a responsible job. Doubt if Met. Mag. shd. go as high as proposed: Co. Ct. Judge is a more diff. job. I wd. put Met. Mag. at £2.500.
- J. For a long time they were equated. Only Divorce paymt. gives them more. Don't want a disparity of more than £330.
- H.M. But many add<sup>l</sup> duties laid on Judges & none on Mags.
- J.G. But much taken away fr. Judge because W. Compens<sup>n</sup>.
- J. Rent Acts etc., have more than made that good. Also Leasehold. Also 50% increase in money limit.
- Att.G. We have added similarly to Mags. e.g. under Exchange Control.
- J. Real criterion: what is required to attract right type of man.
- Att.G. Good juniors earn more than these figures.
- H.G. Always have. Never possible to get fliers for these jobs. Men ready to take Co. Ct. jobs are not likely to succeed spectacularly at Bar.
- E.Sh. Need we be afraid of paying £3.000 to good men for these jobs?
- A.V.A. We must pay for competent men to staff the cheaper courts we want to make available to the poor.
- T.W. Don't be afraid of doing what is right, for this valuable Service, by reason of what criticism workers may make. Workers' restraint. These salaries haven't moved since 1937. What rises have workers had m'while.
- H.G.  $\frac{2}{3}$ <sup>rds</sup> pension after 20 years. That is v. valuable. £2.750 + this pension shd. get the right men. Above that, you'll have trouble with the Party.

J. Co. Ct. jurisd<sup>n</sup> is to be increased by 50%. This wd. justify 50% on salary.

H.M. Not a sound argument.

Agreed: Flat salary of £2.800.

Scottish Points.

Wh. a) Expenses for High Ct. Judges. They get none now, ever since salaries fixed at £3.500 in 1880.

H.G. I wasn't going to fix it at 30%. I'm ready to argue on detail.

Agreed: Ld. Advocate to discuss with H.G.

Wh. b) Sheriff Substitute.  
I find it diff. to get the chaps. Has always bn. paid less than Co. Ct. Judge. Can't defend the differential any longer. Can't find a good reply. They do so much more work. Concurrent jurisd<sup>n</sup> with High Ct. On criminal side, they go up to equivalent of Q. Sessions. Also bankruptcy.

Grades A & B be merged at £2.800.

Grade C, lower rate. But aim at re-distributing functions to shin off nos. in Grade C.

H.G. Six grades. 3 Sh. Substitutes, & 3 others. Wh. leave last 3 in pos<sup>n</sup> nearer others than now. Sh. Principals won't get nearly as much more than they did. Won't they ask for e.g. £3.500? Then you are in area of High Ct. Judges at £3.600.

x| Tho' scope is wider, much of their work is same as J.P.'s in E. & W. They are better off in pensions: they get <sup>3</sup>/<sub>4</sub>.  
What can Sc. barristers earn? Much less than Ldn. This justifies the differential. If criterion is: need to get right recruits: this must be conclusive.

Wh. Merits. Past injustice doesn't warrant present.  
The 6 grades. At £2.800 much of this diffy. disappears.  
Dispute x/.  
Pension. <sup>3</sup>/<sub>4</sub> only after 20 years. Doesn't qualify at all until 10 years.  
(as cpd. 5 in E. & W.)

P.M. This is not the moment to dispense with differential.

H.G. And the figures involved (e.g. increase of £1.100) will be v. striking.  
If you must drop the differential, time to do it is not when salary increases are being given.

Agreed: H.G., J. & Wh. to adjust figures on basis of preserving differential.

Wh. may say it's w'out prejudice to later argument  
re differential.

Met. Magistrates.

J. I'm in v. gt. diffy.

H.G. £500 is a fair rise.

P.M. I sympathise with J.

Agreed: £2.500

[Exit Wh., Att.G.]

6. Dunkirk Memorial.

P.M. Ships, not the men, are to be commemorated.

A.V.A. Shd. be 3 Service.

R.R.S. Need it be obelisk with names? Cdn't it be somethg. useful?

E.Sh. Not keen on having anything at Dunkirk, unless on beach.

Agreed: Nothing.

1. Parliament.

C.E. Business for next week.

W.W. Oppos<sup>n</sup> won't agree to 3 day debates on defence & economics.  
May not even want a one-day debate.

H.M. V. tiresome, when I have a big speech to make.

H.G. Tiresome also because my speech on economic affairs.

C.E. Forestry Bill. No. of Opp<sup>n</sup> amendmts. What if we are defeated on  
one – this is Rpt. Stage: no opportunity later to put things right.

T.W. Defeat on Monday p.m. was organised – not on merits of amendment.  
But another (on public enquiries) they (Tories) didn't press to  
Divn. tho' Liberals voted v. us. This was Ctt<sup>ee</sup>. It's down again  
on Rept. If it's called, we must resist it.

C.E. But do we abandon Bill if we are beaten.

T.W. If on that amendmt., yes.

H.D. Yes: but not necessarily on other amendmts. Depends on wh. we are  
defeated.

John Lewis, M.P.

C.E. Motion by Paget tht. Lewis' case be considered by Sel. Ctt<sup>ee</sup>. Shall be  
asked to find time for it. Propose to decline. Not much support.  
But Silverman will then put Motion saying Spker's ruling was  
wrong.

P.M. Better to give time & get Motion rejected, as it will be, after debate.

C.E. Various names w'drawn from Motion: we haven't much time.  
How cd. Ctt<sup>ee</sup> of Privileges consider & report before summonses  
heard on 12/9. W<sup>d</sup> you recall H/C. to consider report.

H.M. i) Too much claim to privilege.  
ii) This claim = snobbery. Won't do us any good to have this pressed.  
Support C.E.'s inclination to refuse time.  
But Silverman cd. then force our hand by challenging Spker's ruling.

P.M. Why not give time at 10 p.m.?

C.E. Dangerous w'out a whip.

P.M. Not a matter for whipping – ques. for the House.

C.E. Not on Order Paper for to-day. Next week, there are Prayers.

P.M. The Sel. Ctt<sup>ee</sup> motion.

Agreed: At 10 p.m. one day next week: C.E. & W.W. to discuss which.

Forestry: Dedication of Woodlands.

A.V.A. Ty. have raised ques. of dedication by King.

P.M. Must get L.O. view.

J. Add declaratory clause to Bill tht. King is a person for this purpose.

T.W. Crown Lands have never asked for grants.

P.M. Get L.O. opinion to-day.

2. Broadcasting: Beveridge Report.

G.W. Much criticism on 2 points – a) 85% b) Regionalism.  
Shall I say these are only provisional Govt. views. Or stand firm.

H.G. Stand firm.  
Shd. B.B.C. give their views on fiscal ques.

H.M. I told them they cd. make views known after Govt. had put out proposals. Less obj<sup>n</sup> to other than financial.

P.M. Moderate line: don't throw anything away: but don't be too firm.  
Let everyone express their views.

H.M. Special obj<sup>n</sup> to l.a. nomination to Reg. bodies. Cd. adopt Govt. nomination in lieu.

G.W. That wd. expose us to severe nationalist lobbying.

P.M. Listen to debate, be ready to be influenced by views expressed.

G.T. And we shd. consider again, after debate. [Exit W.W.  
[Enter N.B. & B.

3. Supplementary Pensions.

A.V.A. As in memo.

A.R. Agree with A.V.A. But final para. of draft lr. shd. be re-considered.  
Say, instead, “.... & wd. be very glad to receive views of  
T.U.C. ....” Don’t let T.U.C. hold us up on this point.

E.S. Agree, with both.

A.V.A. Also, want amendment of t. of r.

Agreed.

[Exit E.S.

[Enter Bottomley.

4. Persia.

B. i) Delay. Applies to other commodities. Can’t continue to delay  
w’out publicity. Want to be able also to promise compens<sup>n</sup>.  
ii) Stopping. We shd. have to requisition.  
This gets us near to econ. sanctions.

H.M. We are criticised for weakness. Don’t like this stuff going.  
Somethg. in Harriman point. Prs. avoid public disclosure until he is  
finished.

P.M. Favour requisitioning.

E.Sh. This = econ. sanctions. Isn’t it premature? Harriman still talking.  
Cargoes cd. be diverted at e.g. Gib. w’in next week or so.  
Aren’t we anxious to avoid creating Comm. unrest in Persia? May  
not these econ. sanctions create that.

P.M. P.Q.’s make us look v. silly.

H.M. Are we to do nothing at all?

R.R.S. Cdn’t we say: steps taken to divert cargoes if things don’t go well at  
Tehran.

E.Sh. Why not link this with our mil. time-table. These ships won’t get  
there before then.

P.M. What of loading?

B. Why stop that? Stronger action, if needed, can be taken before ships  
arrive. Otherwise, we muck up our shipping interests.

P.M. Don’t mind letting this loading etc. go on, so long as we can keep  
pos<sup>n</sup> under control.

- H.G.           Defer decision to make it public – until Monday.  
Finance. Propose order prohibitg. dealings in sterling by Persia w'out  
our perm<sup>n</sup>: as soon as P. Bill goes thro' empowerg. them to use  
their currency reserve. Avoids breach/contract betwn. 2 Banks.
- N.B.           Para. 10. No publicity is inevitable before Monday.  
[Exit B. & Bott.
- H.M.           Saw Oppos<sup>n</sup>. Told them of w'drawal plan. W.S.C. didn't object to  
that. But urged us to hold on to Abadan. If no staff left there,  
no excuse to send military in.  
Explained w'drawal fr. fields. Inform P. Govt. to-morrow & announce  
in H/C. same day.  
Inclined to add (as W.S.C. wants) no intent<sup>n</sup> to bring remaining  
nucleus out of Abadan.
- P.M.           W'draw from fields. If we delayed telling P., & there was trouble,  
they cd. say they had no time to prevent disorder. Therefore,  
tell them first.  
But may be trouble at Abadan. We have enough troops to hold Ab.  
Cdn't come in w'out overt act. If we went in, we mght. stay  
there. Mght. say it's consistent Hague decision. But it's tricky:  
can't forecast P. re-action. Must watch position: be ready to  
come in: but not on basis wh. mght. rally P. opinion round M.
- H.D.           Cab. ruled out use of major force.
- P.M.           If we went in to protect life, circs. mght. arise in which we mght. wish  
to stay on.
- H.D.           Don't want prot<sup>n</sup> of installations.
- P.M.           Oh, no! It's only for prot<sup>n</sup> of life.
- H.D.           Cab. shd. have chance to consider that point.  
[Exit N.B.  
[Enter M.W. & T.P.
5.   Slaughtering Policy.
- H.D.           Core of this is in para. 12: 250/400 houses as an aim.  
Must be nat<sup>l</sup> siting plan. Want authority to go ahead with that.  
Issue: para. 14(3). Shd. that be done, w'out leg<sup>n</sup>, by existg. auth<sup>ies</sup>  
under M/F; or by special slaughtering auth<sup>y</sup> under M/Ag.  
I favour M/F. proposal.  
Occup<sup>n</sup> & ownership: avoid prejudging ultimate future of meat  
trade – nat<sup>n</sup> ques. can be left open.  
But (14(5) para.) we want interim bldg. p'mme of 24 houses and  
7 in 1952, subject to investment p'mme.  
Compensation only in exceptional cases.  
Leg<sup>n</sup> in following Session.

Minister wd. be strengthened by recomm<sup>n</sup> of independent siting authority.  
As on White Fish, we cd. appoint shadow auth<sup>y</sup> to plan, in advance of leg<sup>n</sup>.

H.M. Paid?

T.W. Two or 3 part-time. Needn't be paid.

A.V.A. Livestock Comm<sup>n</sup> under 1937 Act?

T.W. Same sort of body – with wider scope.

A.V.A. Why not get M/F. & L. Comm<sup>n</sup> to have a Joint Ctt<sup>ee</sup> to get on with this instead of expense of new body.  
Don't want Govt. to build 24. There are Co-op. houses wh. were closed wh. cd. be used on interim basis.  
Reasonable compens<sup>n</sup> if we do nationalise later.

H.M. Use existg. managerial agencies – l.a.'s, Co-ops etc., - to maximum.  
With minimum nat<sup>l</sup> co-ordin<sup>n</sup>. No case for expensive new authority. Why not M/F. and M/Ag., with advisory Ctt<sup>ee</sup>.

H.D. That is view of majority of Ctt<sup>ee</sup>.

M.W. We can handle this w'out new organ<sup>n</sup>. M/F. have knowledge & contacts with other agencies.

H.M. Yes: we aren't going to build. This is only a planning function.  
Surely Dpts. can handle that.

T.W. Defer to view of Cab.

H.D. Then we shall need less leg<sup>n</sup> & none immediately.

J. Stress this as proper subject for l.a. management.

[Exit M.W. & T.W.]

[Enter 3 Serv. Ministers]

#### 6. Service Pensions.

E.Sh. V. small differences between by proposals & H.G.'s.  
Pensions not linked with pay, as in Civil Service.  
War Office. P.U.S. on retirement will have £2.000 p.a. pension  
C.I.G.S. .. .. .. £2.000 on my plan.  
I think this too sharp a distinct<sup>n</sup> (?) £1.900 on H.G.'s  
On diff<sup>ces</sup> as small as £25, surely I shd. have benefit of doubt.  
Agree, wdn't affect recruitment. But mght. affect views of senior officers on ques. wtr. he shd. go on.

P. Support this case.

J.S. Comparison is with Chorley. This is embarrassing to P.U.S. Much feeling over v. little money.

H.G. Are the pensions to rise disproportionately to pay increases? That's the point.

Comparison with P.U.S. C.S. pensions depend on length of service. Not strictly comparable.

A.H. P.U.S. also get gratuity.

E.Sh. Can't base Service pensions on length of service because many have to retire early.

H.G. They are not therefore comparable to C.S. pensions.

A.R. Percentage basis is important.

P.M. Settled (by casting vote) in favour of Services.

1. Parliament (resumed). [Enter & Exit W.W.]

C.E. Read out revised Business announcement.

H.D. This is much more satisfactory.

H.M. F.A. debate. K.Y. to speak as well as H.M.

## 7. Information Policy.

G.W. Need to educate public re re-armament. Discourage anti-U.S. feelings. This means more Min. speeches.  
B. Group. Will Ministers ask for their help.

H.M. Import<sup>ce</sup> of Min. speeches.  
Urgency of public educ<sup>n</sup> on defence.  
Ministers must be ready to take their share in this.  
Co-ordination? Ty. & F.O. will help with material.  
Ministers shd. take trouble. Hand-outs in advance.  
Duty of Ministers.  
Encourage G.W. to co-ordinate & develop all this.

E.Sh. Indoctrination of Forces. Have now got a pamphlet for offrs. takg. disc<sup>n</sup> groups.  
Also, thro' P.R.O., several requests for inform<sup>n</sup> on R. re-armament.  
Think time is ripe for auth<sup>ve</sup> & factual statement on this. Have this in prep<sup>n</sup>. Press conf<sup>ce</sup> proposed. Justific<sup>n</sup> for our defence policy.

- H.G. Warm support for G.W. memo. Case for re-armament must be made.
- i) R. record must be stated: nature of threat.
  - ii) inform<sup>n</sup> re R. strength.
  - iii) a little more inform<sup>n</sup> about our own strengths. We must be able to use some figures in order to rebut Bevan. U.S. give a lot of detail.
  - iv) Publicise U.S. effort in prop<sup>n</sup> to their national income.
- E.Sh. I favour doing more on iii) if security obj<sup>ns</sup> can be overcome.
- J.G. Stress 36/47 point. We must put content into this, as cpd. with “numbers”.
- H.D. i) Form of statements. Min. speeches are ephemeral. More useful if we cd. have some pamphlets. Prs. by Labour Party. Re-print speeches?
- ii) B. Group. What material will this be?
- H.M. Possibly on model of Econ. Bulletin.
- G.T. Ministers must talk about other things too. Esp. the good things we want to do. And the money we are still spending on social services, despite this.

[Enter 3 Serv. Min., 3 C.O.S. & B.J., N.B. & Att.G. & B.

1. Persia.

H.M. Tel. 914. Amb., Tehran reports Harriman believes P. are in more reasonable mood. Shah's pressure: Levy's techn. explan<sup>ns</sup>. H. believes they may now be ready to talk on basis of principle of nat<sup>n</sup> & tht. Govt. Mission led by a Minister may soon be required.  
Shepherd has pressed for pre-cond<sup>n</sup> of easing pressure on B. staff. H. is pressing for this & also for recall of Maggi.  
H. therefore favours p'poning announcemt. of w'drawal, State Dpt. endorse.  
To give H. a further chance.  
Seddon: revocation of permit now w'drawn.  
Cons. G. in south say w'drawal can't be delayed unless pressure on staff relaxed.

Mil. intervention. Views fr. Franks, Jebb & Shepherd. All unfavourable. Shepherd: more than 24 hrs. needed to get P. co-opn. Timing shd. allow more than 24 hrs. after notific<sup>n</sup>.  
Seems therefore announcemt. re w'drawal shd. be p'poned for at least 24 hrs.  
But mil. prep<sup>n</sup> should be kept tuned up.  
M/E. is disturbing, however. This: Egypt: Abdullah.

P.M. Advice fr. Persia is baffling. We 1<sup>st</sup> intended long notice: then Shepherd said 24 hrs. suffice: now he says it's too short.

H.M. Circs. change. Diff. to judge.

P.M. \* P'pone announcement for 24 hrs.

Att.G. H. may present us with ultimatum. Wise to tell him now what our terms are for Govt. Mission: in plain terms, all put together. What cond<sup>ns</sup> must be fulfilled before we can agree to send Govt. Mission.

N.B. We sent such a tel. W'ton before H. left. Repeat that.

H.G. i) P. stop pressure on fields & refinery  
ii) No receipts or interference with tankers  
iii) Accept principle of nat<sup>n</sup>. These are main points.

J. Leave them a way out – e.g. don't specify Hague decision.

C.N.S. Propose to move some destroyers up to Abadan etc., on 27<sup>th</sup>.

H.M. No harm in modified show of strength.

H.S. Econ. Sanctions. Must now either  
     i) refuse export licences or  
     ii) offer indemnity – to cover the firms who break their contracts.

H.D. In rel<sup>n</sup> to Persia: we must defer final action.  
 Promise to indemnify, if necessary.

H.S. M/F have loaded another ship with sugar, since last Cab. decision.

P.M. They must carry out Cab. decision.

Military Intervention.

Att.G. Para. 4 (a): 2<sup>nd</sup> Para. Can't agree with this view. Gave his own.

H.S. Nor can I.

H.D. Astonished by this statement.

P.M. Don't let's discuss substance of this ques. to-day.

H.M. May not have to be ruled by legal advice.

G.W. If we do go in, must start with clear aim of protecting life.

H.G. Financial move: shall p'pone for 24 hours.

2. Berlin: Movement of Goods from West.

P.M. 695 from Germany. Sugg<sup>n</sup> of air-lift.

H.M. Long standing agreemt. tht. auth<sup>ies</sup> cd. demand return of where raw material came from. R. has recently asked for these documents: eased off and then started again. Dislocates movemt. of goods from W. to Berlin.  
 We mght. have to air-lift again.

C.A.S. We haven't any. All immobilised in Fayid.  
 U.S. cd. put something in.

P.M. Cd. only be a token.

[Exit C.O.S., Serv. Min., N.B., B.  
 [Enter  
 Wheatley

### 3. Control of Sale of Rented Houses.

- H.McN. Dwellings, not houses. Mainly, these are flats.  
Forced sale of a single flat in a large rookery.  
I'm now prep<sup>d</sup> to put lower limit at £30 p.a. – thus excluding virtually all separate dwellings.  
Even so, there might be hardship cases. To meet that, had thght l.a. might have power to exempt. M/L.G. & P. doesn't favour that: I wd. be willing to give the discretion to Rent Tribunal.  
Pol. advantages of doing this.
- P.M. Understand about 70% rented dwellings had rents under £30. p.a.
- McN. Yes: but almost all separate dwelling wd. fall outside.
- P.M. But wd. include some flats wh. aren't slums.
- McN. Doubt it: wd. cover only worse 90% of rented dwellings. Now it wd be only 75%. Even so, it wd. cover many separate houses in small towns.  
i) Prohib<sup>n</sup> of sale, but no control over price. No such control anywhere in U.K. We missed this boat 5 years or more ago. Can't slip in now w'out injustice to those who have bought m'while.  
ii) Discretion to l.a. We didn't like that. Rent tribunal mght. be better.  
iii) Considering comparable leg<sup>n</sup> for E. & W. But doubt if we can frame it.
- Wh. Social problem. V. real & giving rise to discontent.  
Political. Many people pledged to support such leg<sup>n</sup> - incldg. some Tories.  
Legal. Tried to get l.a.'s to acquire. But a) lengthy, b) l.a.'s wdn't want isolated flats in big tenements. Thus, want leg<sup>n</sup>.  
This leg<sup>n</sup> won't cover many houses beyond those at wh. aimed.  
There are other legal diff<sup>ies</sup> Discretion to exempt: who and basis.  
But we shd. try to overcome them because of social & political pressures.
- H.S. Cd. the leg<sup>n</sup> be confined, by definition, to tenements: viz., lower rented parts of rookeries.
- McN. Ready to try on that basis.
- A.V.A. V. doubtful about the principle of prohibiting sale.  
Will rouse the owner-occupier. We shall lose on balance.
- McN. Owner occupier isn't touched by this – wh. is aimed at property wh. has always been let on tenancies.

E.Sh. This shd. have bn. done, if at all, 5 years ago.  
But, if limited to tenements, not gt. risk of repercussions in E. & W.

P.M. Let us see this on basis of Bill. (Limited to rookeries)  
Also more inform<sup>n</sup> on what is covered.  
Also criteria for discretion.

[Exit Wh.

#### 4. Order 1305.

A.R. May I go on with printing of Order – with a view to laying on  
Thursday.

C.E. Prayer, if any, wd. be on a day in final week. V. diff. to get good  
Whipping.

A.R. Alternative: lay at end & let the 40 days run after we come back.  
We shan't be beat: for employers favour it.

C.E. They may criticise parts of it: & vote against the whole.  
There isn't much room for disc<sup>n</sup> next week.  
Wd. like to discuss with Ch. Whip.

G.W. Why not lay on last day. You gain only 6 days.

No particular need to print now. Genl. feeling in favour of  
laying in middle of next week.

[Exit Att.G.

#### 5. Denominational Schools

G.T. R.C.'s were given reasonable deal under the Act. And in admin<sup>n</sup> I've  
tried to give effect to this.  
i) Conclude we cd. amend the Act by extending defin<sup>n</sup> of  
displaced person. Act provided tht. they must be substantial &  
tht. school fr. wh. they moved were not filled again. Since Act  
passed, much movemt. fr. centres of cities – but central schools  
have bn. kept filled because rising birth rate. Want, therefore, to  
include among "displaced" those who move because dec<sup>n</sup> on  
town planning or housing. This wd. help the R.C.'s.  
Also: want to pay twds. extensions of existg. schools.  
ii) Help to C/E School. Trouble because wane of village schools.  
Under Act as it is, when 2 or 3 village schools are closing, 1 can  
remain only if it is expanded or rebuilt. Take power in such  
cires. to pay grant to the 3rd, even un-altered.  
iii) Para.15.  
H.G asks wtr. this will settle whole ques.

R.R.S. No.

- C.E. Support G.T.'s plan. This arrangemt. with R.C.'s wd. be less than somethg. wh. I offered and they rejected. (i) is clearly fair. (ii) must be done if we are not to hinder replacement of old-fashioned schools. Will make for long-term economy, in staffing.
- H.G. Total cost mght. be £8-10m instead of £4-5m.  
Wd. pay that, however, for a settlement.  
But, if we re-open the '45 settlement at all, we may start everyone up asking for much more.
- G.T. Neither Party is likely to observe agreement to stand on '45 settlement.
- H.G. We must have agreemt. on this with Opposition Parties.
- R.R.S. This won't settle the ques. for ever.  
Wd. be acceptable: but wdn't settle the R.C. community.
- H.S. Favour this plan. But agree with Oppos<sup>n</sup> Parties.

Agreed: G.T. auth<sup>d</sup> to undertake consult<sup>ns</sup>.

[Enter J. Willey

#### 6. British Sugar Corporation Bill.

- J.W. As in memo.
- A.V.A. No obj<sup>n</sup> – on basis of last Oct. dec<sup>n</sup>, with wh. I disagreed.
- T.W. Folly to attack refining agreement, now.
- J. Don't even know how you wd. wish to break the agreemt.
- H.D. Promised to nationalise refining. That is p'poned in any event.  
Only ques. is wtr. we tack a refining prov<sup>n</sup> on to a simple Bill nationalising the Corp<sup>n</sup>.
- A.V.A. I'm against nationalising the thing at all – the losing part of the industry.
- H.S. This Bill is only whitewash. Doesn't do anything.
- J.G. And invites discussion of why we don't deal with refining.
- H.M. There is some point in the Bill. Chairman thinks his power to tackle the refining agreemt. wd. be increased if all shares in Corp<sup>n</sup> were Govt. owned.
- P.M. Chairman doesn't rate this inconvenience v. high.  
Act wd. not expire – cd. be renewed from year to year, as result of Supplies & Services Act.

C.E. May be driven to that.

P.M. Anyhow v. diff. to defend so slight a Bill as this.

H.G. Was in King's Speech. We shd. discuss this with Minister.

J.W. We do want this Bill.

Agreed: S.I. (M) Ctt<sup>ee</sup> to look at this again.

[Exit J.W.]

[Enter K.Y. & G.A.I.]

7. Japanese Assets in United Kingdom.

H.M. As in memo.

P.M. Why not confirm this to civilians?

x| In Services, not a good thing to be taken pt. and minimum  
compens<sup>n</sup> is accepted as oblig<sup>n</sup> of Services.

E.Sh. Tend to agree. Can't distinguish between. impt. by J. and by G.  
How assess damage.

A.V.A. Wrong to use such a fund for Service cases. Govt. shd. look after its  
Servicemen.

J.G. Col. Govts. say they wd. have to apply generally, as whole country  
over-run, not to special classes of ex p.o.w.

K.Y. Too late to raise x/; for neutral assets have bn. declared available for  
these purposes. With Cab. authority, and in response to heavy  
Parl<sup>y</sup> pressure.

1. Parliament.

[Enter Att.G & W.W.]

- C.E. Business for next week.  
Points of Privilege – likely to be discussed further on 1<sup>st</sup> Aug. Lady Mellor, r. attempt to discuss Barclay letter.
- H.D. Sooner have that discussed than New Valuation lists – on wh. we wd. prefer to stall.
- H.G. Oppos<sup>n</sup> interest will be on behalf of industrialists.
- R.R.S. Lady Mellor: is it recomm<sup>n</sup> tht. ques be dropped?
- C.E. Div<sup>n</sup> on Party lines: breach of Privilege, but H/C. shd. take no action. Tories object to finding that it was a breach.
- P.M. What caused y'day's trouble over Barclay letter?
- C.E. Kitchen Ctt<sup>ee</sup> asked for ref<sup>ce</sup> to Ctt<sup>ee</sup> of Priv. As they had 2 others, Ctt<sup>ee</sup> cdn't have handled this before end/Session. Tories supported by motion tht. it was a libel: I moved tht. he be called to Bar: thght. excessive: so I said prs. he wd. apologise. Then it was adjourned (Tues.). On Wed., lr. of apology received. Tories agreed we shd. accept that. Our supporters were told. But Silverman & Co. objected, when it was raised.
- P.M. But why did you stop debate? After adjourned prev. day. Shd. there not have bn. Motion acceptg. apology? That wd. have settled it.
- C.E. Might have bn. preferable. But awkward squad wd. object to any course.
- J.G. Largely personal. Our people are v. much enflamed v. this journalist. They were out for blood.
- C.E. Will come up at Party mtg. this p.m. They are now after my blood. May have to agree tht. it be discussed on Wed. next after the 2 other cases.
- P.M. At Bar he can only apologise. If he wants to argue or explain, he must do that before Ctt<sup>ee</sup> of Privileges.
- H.S. H/C. is getting far too touchy about Privilege. Brings H/C. into disrepute.  
Makes them look undignified.
- P.M. Yes: our people especially.

C.E. Dates of adjournment. [Exit W.W.]

2. Grocer's Margins.

A.V.A. Minutes of E.P.C. on 19/7.  
Statement untrue. Dividends halved.

P.M. If it was said, Minutes can't be altered.  
Write to Chairman & get fresh statement. [Enter N.B. Bowker]

3. Persia.

H.M. Tel 895. Para 5. P. has accepted apparently 2 of our pre-cond<sup>ns</sup>.  
But they couple this with their Cab. Minute.  
No indic<sup>n</sup> yet tht. other pre-cond<sup>ns</sup> will be accepted.  
This has bn. put to Persians & their re-action is awaited.  
Morale of staff: deterioratg. because of cond<sup>ns</sup> and also because  
p'ponement of w'drawal wh. they had expected. Worrying  
position.  
P. are willing to receive U.K. Minister. H. pressing for this – now is  
the moment. Told U.S. Amb. we wanted assurance re operation  
of Co. & no chivvying of staff.  
Have we now a basis for a Mission? Do we insist on latter pre-cond<sup>ns</sup>?  
If we don't send a Mission, must w'drawal proceed?  
Latest inform<sup>n</sup> from Tehran.  
1) Seddon agrees with Mason's estimate re morale of staff and  
prestige of A.I.O.C.  
2) Shepherd had put pre-cond<sup>ns</sup> to H. & will put them generally to  
P. Has stressed need to restore status quo in South. No firm  
response fr. P.  
Door now open for disc<sup>n</sup> of ques. how to implement principle of nat<sup>n</sup> &  
they might come to reasonable arrangemt. on 50/50 basis. That's  
better. But they are still makg. diff<sup>ies</sup> for staff. And staff aren't  
helping by making public complaints. Can't go on. We must  
w'draw them or do something.  
Do we insist on pre-cond<sup>ns</sup> before sending Minister. Or send him,  
insistg. on them. Or tell him to insist on arrival. I think he'd  
better go.

J. Diff<sup>ce</sup> betwn. 2 pre-cond<sup>ns</sup>. Can't expect Co. to resume full op<sup>ns</sup> at  
once.

P.M. Must have assurance re chivvying before Minister goes.

N.B. Found 42 & 45 show intolerable P. behaviour.  
Tel. 927. H. won't go into this with P. V. unsatisf.: it's at core of  
problem.

- A.R. Get Minister out w'out pre-cond<sup>ns</sup>. Let Minister insist on havg. this stopped.
- H.G. Humiliatg. if they refused.  
H. must be pressed to get assurances on this point.
- A.R. Do you suppose a Minister less effective than H. in getting it stopped.
- R.R.S. Don't press for re-starting refinery. But insist on inst<sup>ns</sup> being given by P. Govt. to stop chivvying. And, if they continue despite this, Co.'s employees must keep quiet.
- H.G. No sign of improvemt. in south.  
Mistake to dash after this at once. See what H. gets out of them.  
Wait until Co. has regained control over undertaking.
- E.Sh. And if P. refuse this pre-cond<sup>ns</sup>, what do we do?  
We have always asked for negot<sup>ns</sup>. Why draw back from it now?  
Most we shd. ask is for no further interference while negot<sup>ns</sup> are on.
- R.R.S. Inst<sup>ns</sup> be given for no further interference.
- P.M. Get that assurance before he leaves.
- McN. Suppose negot<sup>ns</sup> fail? W'out assurances fr. P. Govt. on this, Minister wd. in v. weak negotiatg. position.  
H. hasn't done well: no gt. risk of affrontg. U.S. by declining to negotiate w'out assurance.
- H.M. I disagree. Door seems open to negot<sup>n</sup>. H. has helped. He presses for Minister to go out now. If we lose this opening, U.S. will complain.  
Ques. i) Send a Minister accompanied by request for assurances.  
ii) Ask for assurance first.  
iii) Do we threaten to w'draw staff in x days.
- A.R. I favour i): this is the moment: don't miss it.
- P.M. I disagree. They will think we are yielding. Suppose sit<sup>n</sup> doesn't improve & Minister has to come home.  
Must insist tht. P. Govt. shall give inst<sup>ns</sup> tht. interference shall stop.
- G.W. Make it clear tht. we welcome chance to talk & want to send a Minister.
- H.G. Use, with P., argument tht. staff won't stay unless this stops.
- P.M. The things to stop. H.M. read out the pre-cond<sup>ns</sup>.
- H.S. They go too far. Can't expect P. to accept all those.

“Pushing around shd. cease. If it doesn’t Minister will return.”  
Say that publicly before he goes.  
Can’t expect P. to agree tht. Co. shd. resume control.

H.G. Tel. 301. On that basis I believe staff will go. They believe tht., unless Maggi goes, cond<sup>ns</sup> can’t improve.

J.G. What if we miss this chance & H. goes home. He thinks this is the moment for U.K. Minister to go.

P.M. [Welcome: want send Minister:] but he can’t negotiate while staff are being pushed around.

J.G. How much of staff’s complaints are due to their dislike of nat<sup>n</sup>.

H.G. They won’t serve a P. organ<sup>n</sup> – only B. agency managing it for P.  
Do you want staff to remain, during negot<sup>ns</sup>.  
Make it plain to P. privately tht. they must lay off our staff - & if not we may have to w’draw them to Abadan.

{ H.M. May I say to P. & U.S. Govts. []. But can’t send him  
{ while staff are pushed around. Must ask P. Govt. to  
{ assure us they have taken effective steps to stop it.  
Agreed { Mght. add request for w’drawal of Maggi.  
{ R.R.S. Don’t make Maggi point a cond<sup>n</sup>.

Agreed: an unofficial suggestion.

H.M. Avoid statement in H/C. if possible – before Monday.

Agreed: Co. to be told (N.B.) that staff must hang on &  
shut up.  
P.M. & H.M., with H.G., to settle which Minister.

### Economic Measures

H.S. Can’t go on as now. Sugar cargo gone: on basis of requisitg. later:  
doubt if this is possible. B/T. action was on understandg. tht.  
Cos. wd. agree to interception.  
Must now let things go or refuse licences.  
Must decide wtr. it’s all goods or scarce goods. E.g. licences for  
switch gear.  
My view: let these things go if a Minister is going out.

G.W. Agree: a new situation.

P.M. I suppose so.

Agreed: Relax this, when a Minister goes out.

[Exit Bowker. H.G.  
[Enter B. & Wheatley.

4. Order 1305.

- Att.G. What is a T. Union for the purpose of this draft?  
i) w'in Act of 1913. ii) they are a T.U. wh. have habitually resorted to the negotiatg. machinery or iii) tht. they represent a substantial no. of workers in the industry.  
For Town Clerks the task is to bring themselves under I).
- H.S. I don't think they cd. do that.
- A.R. They wd. fail under iii) for "the industry" = whole of Local Govt.
- J.G. We shd. not seek to prevent any organ<sup>n</sup> fr. becomg. a T.U.  
This was a bad affair because l.a. assoc<sup>ns</sup> handled it ill. We can't legislate for this idiocy.  
Can't take the line tht. professional people can't have Unions.
- A.V.A. They cd. affiliate for these purposes with N.A.L.G.O.
- G.T. Most of them are members of N.A.L.G.O.  
Don't lose substance of this Order for sake of Town Clerk shadow.
- P.M. Section 4. Rep<sup>n</sup> of nat<sup>d</sup> ind<sup>ies</sup>?
- A.R. Sugg<sup>d</sup> incl<sup>n</sup> in order of requiremt. to consult them. Discussed with Benfield. Don't believe cases wd. go to tribunal. B. said we wd. prefer nat<sup>d</sup> ind<sup>ies</sup> rep<sup>ve</sup>, if they had to go, than rep<sup>ve</sup> of private industry. But wd. open door to L. Govt., I.C.I. etc. Asked B.E.C. if they wd. include rep<sup>ve</sup> of nat<sup>d</sup> ind<sup>ies</sup> among their nominees. They agreed, on understandg. I promise not to put that man on Bd. when it was hearing private industry claim.
- H.S. Support this. But note there is no sanction for comp. arbit<sup>n</sup>.  
They can strike before arbit<sup>n</sup> & go on doing so afterwds.

Approved.

[Exit Att.G. & Wheatley

5. Man-Power for Railways.

- B. See force of obj<sup>ns</sup>. Applies only to limited no. of rlwaymen.  
Executives & men are considerg. v. onerous proposals. Some cont<sup>n</sup> by govt. wd. help.  
Freight next winter is threatened with disruption. If we get this in autumn (instead of end/winter as in '51), much more drastic action will be necessary. Can't promise to move coal, steel & timber this winter: all expert opinion agrees. Loss of prod<sup>n</sup> will far exceed this 3.000 deferments.

Covers only individuals in diff. areas – when wastage worst & traffic heaviest.

P.M. What do you propose to do to arrest drift of others to other ind<sup>ies</sup>.

B. Can't do anything.

P.M. Wd. it be cond<sup>n</sup> of deferment tht. they stay with rlways.

B. Yes.

A.R. Depends at what age they drift away.

My reason for rejection

a) General. Universal liability to service. We wd. never have got it on selection basis. Mining & agric. later expected. But agric. exempt<sup>n</sup> is being w'drawn. And most people think mining is diff. (& unique) because dangerous.

Cdn't do this for 12 months only.

What industry wd. come next? Draftsmen? Key men in munitions factories? Examples cd. be multiplied.

About 25.000 a month called: only 17.000 get thro' because medical etc.

We shall be 17.000 down on call-up.

b) Special. Deferment shd. not be cond<sup>l</sup> on changes introduced.

Alleged short of operatg. staff. But look at Biff/Buff advertising – wh. says more passenger seats than any year since war. Special trains.

Fall in their nos. coincided with argument over wages. Has bn. arrested since settlement.

Rlway Tribunal Rpt: Executive ev<sup>ce</sup> was v. different than what they say to us now. On wastage they then said they were no worse than other industry. Overtime & rest-days also: ev<sup>ce</sup> conflicts.

Wagon-shortage for coal – 150.000t. A minimal amount: they steal more than that in a year. Never have bn. enough wagons in winter.

Solution to this is re-organ<sup>n</sup> w'in industry. Can't agree to make this cond<sup>l</sup> on deferment.

Lodging turns. High prop<sup>n</sup> of men working trains one way & travelling back as passengers.

N.B. Rlway pos<sup>n</sup> is v. serious – esp. for coal. Trains embargoed round Ldn. for wks., when house coal stocks are v. low.

Hoping for 4m tons more prod<sup>n</sup> in winter. Will rlways carry it? Must move max. before winter weather.

N.C.B. & Exec. had joint w. party. Did v. well. Our margins are so small tht. we shd. soon reach crisis.

Something must be done. Hope deferment can be agreed. Hope training on rlways can be arranged.

Long-term sol<sup>n</sup> = continuously braked freight trains – to run at higher speeds. Shd. get more of them, at expense of passenger rolling stock.

B. Answer to M/L. Lodging turns: we wanted this part of settlement but M/L and Cab. urged quick settlement because cdn't risk major stoppage.  
This is only one cont<sup>n</sup> to major problem.

P.M. But there seem to be many alternatives wh. wd. be more profitable.

E.Sh. If M/T had discussed with me & A.R. in advance, we cd. have shown him diff<sup>ies</sup> of his plan.  
Large wastage on rlways. That's the thing to tackle. Not keep back 2/3.000 men who aren't necessarily key men.  
2.900 is a Brigade. And we aren't getting our nos. on call-up.  
Further economies in use of man-power – throughout industry.

B. And in Army!

E.Sh. We did go into that. Have you done the same?

E.Sh. This violates principle of universal liability. Defer in one depot & not in another. Think of trouble that will cause.

x| We will seek alternative proposal re training w'in rlways.

P.M. { Reject main proposal.  
{ Consider x? (by officials as urgent ques).

C.E. Party mtg. at wh. rlway rep<sup>ves</sup> made v. gloomy prophecy re state of rlways in early autumn, in relation to a Genl. Elect<sup>n</sup> in Oct.

[Exit [sic]]

H.D. Some greater effort shd. be made re lodging turns.

E.Sh. Can we not approach T.U.C. re waste of man-power in industry.

J.G. Excess of supervisory posts. Cover that.

E.Sh. Hope P.M. will have that considered e.g. my M/L. or otherwise.

## 6. Assisted Passages to Australia.

G.W. Cab. decision of 28/6. In my talks I have taken that line.  
My main motive was economy. This was only cont<sup>n</sup> I can make.  
Also object to paying people to emigrate.  
Austr. counter plan to offset £100.000 won't come off. My plan wd. be 250.000 vice 1m.

M'while Menzies has said he will leave to cut exp<sup>te</sup> on migration because it's inflationary.  
We cd. keep our <sup>1</sup>/<sub>4</sub>m going thro' the year.  
Other countries may ask for same facilities. I want bring whole assisted passage scheme to an end, over 3 years.  
Renewg. Emp. Settlement Acts fr. year to year.  
Can get consult<sup>n</sup> with Doms. re advertising, w'out our paying.

P.M. General shortage of man-power. Yet we do this.

H.M. x| Must keep Anglo-Sax. stock high in Doms.

P.M. Tho' why shd. we pay for providg. them with their best asset.

A.R. My memo is by Dpt. [G. Ince]. But I agree with x/. Can't we reduce the amount? It's v. high now.  
Don't announce now we are going to end this.

G.T. Policy originated in unemplt. here. Situation is quite different.  
Play it down: cut down expense: leave it to Doms. to entice.

H.S. Sympathise with M/L. Why announce?

G.W. Agreemt. runs out this year, & Acts next.  
Must give warning ahead – to avoid letting people down.

P.M. Act doesn't expire until May.

H.D. Right tht. more Anglo-Sax. people shd. be in Austr.  
But reduce to £10 & let it run on.

G.W. £10 with a ceiling of £250.000?

A.V.A. Return traffic is beginning because cond<sup>ns</sup> are so bad there.

G.W. £800.00 ceiling now.

H.G. I wd. accept. £10 and ceiling of £500.000. [Re-enter H.G.

Agreed.

#### 7. Works Staff for Defence Programme.

[Exit B. and  
[Enter A.H., J.S., Brown, Edw<sup>ds</sup>.

E.Sh. H.G.'s plan doesn't give us the men. Other Dpts. won't yield them up.  
Action I recommend is drastic. for sit<sup>n</sup> is v. serious.

- i) Compulsory transfer from civil Dpts. Not easy
- ii) Suspension of recruitment by civil Dpts.

iii) Pay increases.

P.M. Have nat<sup>d</sup> ind<sup>ies</sup> been milked? How many in mines, rlways etc., workg. on long-term projects.

N.B. In mine, we need them: for capital investment.

H.G. On (i): no obj<sup>n</sup> in principle. But clear Cab. directive needed on principles e.g.  
a) w'draw fr. Dpts. with cuts on investment P'mme.  
b) ... Clear backing from Cab.  
(ii) is not appropriate. G.P.O. might e.g. need more people.  
Recruitment is organised centrally: & C.S.C. can be instructed to give highest priority to Defence work in allocatg.  
No temp. staff shd. be recruited w'out Ty. auth<sup>y</sup>.  
(iii) Await Gardiner report – due in a few days.  
(iv) No obj<sup>n</sup>.

H.D. I support this.

G.B. Mtg to-day: but much turns on what you will tell l.a.'s not to do e.g. developmt. plans.

McN. Exemption for housing?

H.G. Can't start on exemptions.

H.D. We can find other means, w'out damage to housing.

H.G. (v) or (vi). No obj<sup>n</sup> to (vi), after consult<sup>n</sup> with Ty., tho' expensive.  
But bounties under (v) are too difficult. Prefer to use physical controls.

N.B. Hope open-cast coal will be regarded as "defence".

T.W. And food production.

H.G. Must have a clear line from Cab. Dpts. will be able to argue.

G.B. a) If Civil Ministers abate their claims, we can do more to help.  
b) Hope Prod<sup>n</sup> Ctt<sup>ec</sup> concl<sup>ns</sup> will be followed up – on standards.

E.Sh. I accept b).

[Exit Serv. Min.]

## 8. Merchandise Marks.

A.R. Look at penalties. Make them high enough.

C.M. 56(51).

30<sup>th</sup> July, 1951.

1. Leasehold Reform.

[Enter Sol.Genl.

J. Went thro' memo. Laid down lines on wh. to proceed.  
Enfranchisement: can't discuss in vacuo: scheme to be worked out.  
Att.G. agreed, & is convening his officials. Shall submit to  
Cabinet.

H.D. Agree.

M<sup>c</sup>N. L<sup>d</sup> Advocate agrees.

Memo. approved.

[Enter P. Wheatley.

2. Naval Discipline Act.

P. Literalising proposals. Roughly in accord with Army & RAF.

C.E. No comment. No bearing on civil penalties.

J. i) No proposal casting on Judges a discretion wtr. or no to sentence  
to death. Always thght. this an unfair discretion to give to an  
individual. Diff. for a ct. martial. Can't accept this for a Judge.  
Only want to make this plain. Adm<sup>y</sup> to check up.  
ii) Section 6. Enables R.N. to try by ct. martial any spy. This will  
be raised in Parlt. Ad<sup>my</sup> shd. look into this.

Solr.G. Agree re i) – but can it arise.

P. 3. Ref<sup>ces</sup> to acting traitorously. Treason = death, mandatory. Can  
it be said this will make treason less serious in R.N. than  
elsewhere. Repercussions on civil cases.

E.Sh. Let us discuss with L.O.'s before introducg. leg<sup>n</sup>.

Wh. No comments.

[Exit L.O.'s & P.

3. European Defence Effort.

G.W. No ref<sup>ce</sup> to Comm. Explicit reference to it shd. be included.

H.G. That was intended. Memo. looks at Europe.  
Need to raise morale in Europe, esp. Italy & Fr. – where Comm.  
prominent & anti-N.A.T.  
Hope Sept. mtg. will present N.A.T. in more fav. light. Comms. are  
gettg. too much scope. "N.A.T. burden imposed on Eur. by U.S."  
Assoc<sup>te</sup> N.A.T. with social progress.

Rel<sup>n</sup> betw. OEEC & N.A.T. Past hostility – Paris focus disaff<sup>n</sup>  
r. N.A.T. Econ. Min. trying to prevent Def. Min. doing  
anything. Sit<sup>n</sup> improved by F.E.B. & staffing. Moving better.  
Marjolies to help in F.E.B. work. Tho' still Fr. tendency to  
prevent N.A.T. doing econ. work.

- E.Sh. We did this – thro' W. Union. More diff. with N.A.T. because  
12 countries incldg. some reluctant to go on.  
Trouble not with mil. but pol., esp. Fin. Ministers.  
Oscill<sup>ns</sup> in U.S. policy make it worse. E.g. U.S. promised to equip Fr.  
Forces, materials & money. Fr. promised 10/15/20 Divns. on  
that basis. But U.S. haven't come along with more than a  
trickle of equipmt. Shan't now get more than 5 Fr. Divns. this  
year.
- P.M. Incoherence of U.S. thinking. Raisg. too many men in U.S. rather than  
strengthening screen in Europe. Many think Europe expendable:  
many preparing for war vice averting it. Not in Admin<sup>n</sup> perhaps.
- H.D. V. disturbing news re France.
- E.Sh. Fr. were waitg. for training cadre fr. Indo China. They haven't got  
them back yet.
- P.M. Also short period of training. Adopted 18 mos. now, but not yet  
introduced.
- H.G. Delay due to Fr. Govt. or shortness of equipment.
- E.Sh. Both.
- H.G. Can't press first w'out assurance of U.S. equipmt. Must press U.S. on  
this at N.A.T. mtg. in Sept.
- C.E. At C.D. Coll., Commandant told me people comg. fr. Eur. countries  
either assume C.D. a form of organising Maguis (assumg. they'll  
be over-run) or tht. our prep<sup>ns</sup> indicate we expect them to be  
over-run. Diff. to persuade them C.D. is part of active defence.  
Is there any real will to resist in W. Europe?
- A.V.A. Hope timing in memo. will work: delays in Eur. are disturbg:  
& Spaak etc., are trying to lay blame on us: on pretext of  
Europ. Army delay. Tho' we've done more than anyone.
4. Geneva Conventions 1949. [Enter L.O.'s & H. & J.S.]
- H. Four conv<sup>ns</sup> signed by us 4 yrs. ago, subj. to a reserv<sup>n</sup>. Other countries  
are ratifying. We shd. do so, too, (subj. to prev. reserv<sup>n</sup>) as soon  
as leg<sup>n</sup> can be passed.

- Reserv<sup>n</sup>: re death penalty for sabotage etc. W.O. insist tht. we must reserve right to impose death for these offences (?).
- C.E. Can't see how this leg<sup>n</sup> can be promoted here. Involves amend<sup>mt</sup> of extrad<sup>n</sup> law: & abandonmt. of princ. tht. we won't surrender pol. refugees. V. diff. issues. We have Extr. Treaties with R. & many satellites: but long regarded as not operative. Case of 2 Poles involved in murder in Hunts.: one removed on R. ship fr. our jurisd<sup>n</sup>. We took no steps to get him back because we think it so important not to have mutual extrad<sup>n</sup> with R. We want to secure (but can't enforce) tht. a man be not tried for any offence other than that on wh. he was extradited.
- With some other countries involved we have no extrad<sup>n</sup> treaty.  
E.g. Abyssinia, we have refused a Treaty with them because not satisf. with their crim. jurisd<sup>n</sup>.  
Mustn't allow extrad<sup>n</sup> to be subject determined for us by other Powers.
- J. I don't like it either. But gather tht. internat<sup>l</sup> reasons for ratifying are v. strong.  
Death penalty to be delayed for 6 months. Appalling.
- S.Genl. Para. 15. gives alternatives – seems to satisfy C.E.'s difficulties.
- C.E. Is that so?
- P.M. Yes: para. 14.
- Wh. i) Para. 12(b) suggests reliance on Prerog. of Mercy. In debate over cap. punish<sup>mt</sup> doubt raised re promising in advance to use Prerog. Is this constitutionally right.  
ii) Para. 18. How cd. we sell this to our Parlt. Other countries cd. take power to try offences comm<sup>d</sup> in U.K.
- H.S. Not universally accepted rule of intern. law.
- P.M. On i) danger is sugg<sup>n</sup> of using Prerog. on foreign policy grounds.
- J. Art. 118 of Civil Conv<sup>n</sup> doesn't oblige us to use Prerog.
- P.M. We are bound to ratify. Does C.E. suggest any further reservations?
- C.E. No. My trouble is: can Parlt. be persuaded to agree to nec. amend<sup>mt</sup> of our extrad<sup>n</sup> laws.
- M<sup>c</sup>N. Parlt. will be reluctant to make new offences.
- J.S. In event of war, this wd. be of real help to us.
- H. France & U.S. are ratifying now.

H.S. {Can we not ratify first & see what leg<sup>n</sup> is really needed.  
 \*{Concert with Fr. & U.S. on this policy & Comm. Govts.

5. Persia. [Enter H.M., C.O.S., A.H., P., N.B.  
 Bowker, Shepherd.

H.M. Tel. 974 is specially secret.  
 Mtg. on Saturday.  
 “Pushing around” – as condition or assume it.  
 After disc<sup>n</sup>, these points were put to P. by H.: as proposal of H.M.G.  
 H. has rec<sup>d</sup> this (v. secret) reply. Pleased to note tht. in acc.  
 with formula H.M.G. recogn. princ. of nat<sup>n</sup>. P. expects this  
 [will be publicly declared.] Glad to receive mission. Which will  
 discuss method of exec<sup>n</sup> of the law in so far as it refers to mutual  
 interest of the 2 countries. P. believes no tension in south: & is  
 sure [ ] will enable disc<sup>ns</sup> to be conducted spirit friendliness.  
 H. told P. he cdn’t pass this on to H.M.G., since not responsive to  
 H.M.G. offer. M’while, B. offer must be regarded as not made  
 because dependent on favourable P. offer re South.  
 If we are content with re-phrased P. reply, we can send mission.

P.M. First P. reply is hopeless. Doesn’t go any way to meet us re South.  
 Bring back the law, as well as principle, of nat<sup>n</sup>.  
 V. unsatisf. on both points.

Bowker. i) Invit<sup>n</sup> of P. to U.K. Govt., transmitted thro’ H.  
 ii) Cab. Minute (Persian). Recorded invit<sup>n</sup>. Said U.K. wd. be  
 expected publicly to accept principle of nat<sup>n</sup>. Quoted  
 Jackson Mission offer.  
 iii) H. said he wd. advise H.M.G. of invit<sup>n</sup>; of Cab. Minute.  
 Thus, the “law” referred to is the earlier, general, law. – not to the  
 detailed (objectionable) law.

H.M. Real argument for going on is to chance it, & rely on getting it  
 straight in discussion.

H.G. Talks by officials with Levy.  
 L. said he’d had many talks with P., had frightened them, but they  
 still are ready to take suicidal steps. They have agreed:  
 i) not to insist on later law ii) to negotiate on basis of 1<sup>st</sup> law.

Read out from official minute of mtg .....  
 Thus, any managing Co. can’t be A.I.O.C. only. Other oil cos. wd.  
 have to come in. That Co. wd. sell the oil, partly to P., partly to  
 A.I.O.C. for distrib<sup>n</sup>.  
 Role of Co. will be smaller than I had thought. Diff<sup>ies</sup> for us with  
 A.I.O.C.  
 Nor do P. want U.K. Govt. too closely associated with a new Co.

Fr.Sh. Believe P. are raisg. their asking price.

These points are in P. minds. But we mayn't have to yield on all.  
 A no. of P. wd. accept somethg. much less than this.  
 Most members of Govt. wd. accept compromise. But they are  
 intimidated by extremists. Oppos<sup>n</sup> to M. is growing: includes,  
 however, extremists, toughs & religious fanatics.  
 If we stand firm, we may not have to concede all this.

H.G. Levy has said we shall. H. therefore thinks so. We shall be pressed to go thus far.

R.R.S. Had long talk with L., alone & with H. He said this was the kind of thing: & most vital point is A.I.O.C. must go.

P.M. Attitude of Co. staff. If mission goes w'out any satisf<sup>n</sup> re south, our staff wd. be outraged.

R.R.S. H. must go back. We can't send mission w'out more assurance than this.

Agreed { Tell H. we won't send on this basis.  
 { Wait until H. gets reply to his earlier message.  
 { No need to object to H. sending a further message  
 { if it's face-saver.

C.N.S. Message that things are quieter in Abadan. And Maggi is quiescent.

H.G. Suggested word "essential" vice "helpful" that tension in south be relieved.

E.Sh. Is it wise to pitch our demands so high.

E.Sh. Only point of substance is wtr. settlement is acceptable to B. staff.

P.M. I favour includg. "essential".

Fr.Sh. Tension in South exists & is getting worse. Includg. ques. of discipline among labour force. Tension provoked by P. Irrit<sup>n</sup> on part of B. staff is such tht. there may be an incident. Reluctant to keep them much longer unless some assurance tht. tension will soon be relieved.

E.Sh. W<sup>d</sup> dispatch of mission relieve it?

Fr.Sh. P. Govt wd. seek to diminish it. But B. staff wd. despair if mission went out w'out any prior P. assurance re reducg. tension.

N.B. Negot<sup>n</sup> frustrated ab initio if B. staff won't stay in Persia.

Agreed: R.R.S. to see H. & suggest some formula includg. "essential".

Statement in H/C.

P.M. Say as little as possible, for we are in middle of negotiations.  
Ask people to refrain fr. comment on P. because Harriman's visit.  
Can announce tht., if mission goes, it will be R.R.S.

Financial Questions. [Exit Bowker., R.R.S.

- |                                                            |                           |
|------------------------------------------------------------|---------------------------|
| 1) Not heard.                                              | } Disposed to             |
| 2) P. have now passed leg <sup>n</sup> <u>re</u> sterling. | } p'pone both for 24 hrs. |

Agreed: P'pone for 24 hrs.

L.O.'s to consider first ques.

R.R.S: Favour paying, in interest of negot<sup>ns</sup>.

[Exit N.B., Sol.Genl.

#### 6. German Contribution to Western Defence.

H.M. Cab. accepted principle, about 7 mos. ago, but reserved time & method.  
M'while, disc<sup>ns</sup> on G. cont<sup>n</sup> and on Eur. Army.  
Need for quick decision – views of Eisenhower & U.S. Govt. – wh. wd. be followed by constit<sup>n</sup> & training of a G. force.  
Oppos<sup>n</sup> in Labour Party – diminishing. Comm. campaign v. it, too.  
This will come up at N.A.T. in Sept. We shall be in diff<sup>es</sup> if we take a negative line. If nothg. done re Germany – R. have more troops in E. Germany: R. have armed Police in E. Germany: W.G. are in mood to help, but if it passes R. might walk in.  
No prov<sup>n</sup> to R. if we did it Eur. Army method.  
No solution by seekg. disarmament in E. & W. Germany.  
My concl<sup>n</sup>: this is in B. interests. G. more likely to go wrong way if disarmed. Bad for us if defence line is nearer west.  
Only dec<sup>n</sup> of principle requ<sup>d</sup> at this time.  
Method: direct cont<sup>n</sup> or by Eur. Army. Eur. Army wd. be easier for French: less provocative to R: U.S. disposed to favour it. But no final commit<sup>mt</sup> yet because details not all known.

P.M. Views of C.O.S. on ques. of provocation. Can we risk that at this time of weakness. Saw memo. suggestg. if this done we shd. y/ have to mobilize next year.

C.N.S. We believe R. fear G. re-armament. But, for next 2 yrs, we believe R. won't want to go to war. Atom.  
x/ Risk of not re-arming G. is greater/x 10 Divns. short. Can't defend G. w'out G. re-armed.  
Details: rough p'mme made. Oct. '52 will be first recruitment of rank & file: div<sup>ns</sup> training by Apl. '53.  
U.S. have assured us re-armg. of G. will not delay N.A.T. equipment.  
Repeat x/.

- P.M. Do C.O.S. believe y/?
- C.N.S. No. We have no indic<sup>n</sup> tht. R. will want to start major war.
- H.M. F.O. view: G. cont<sup>n</sup> to Eur. Army wd. not increase risk of R. aggression.
- H.D. We are comm<sup>d</sup> in principle to re-arming G. at some stage. E.B. was reluctant.
- a) G. are dangerous. Different fr. any Europ. G. have an interest in fighting a war v. R. We only in defending ourselves.  
Who will join the colours in G.? They celebrate release of Ramke.  
I don't trust G. as Allies. They are not a peace-loving nation.  
And they have reason to fight R., many of them to recover lost homes.  
Germans also differ fr. others in that they cd. work with R.  
(paras. 9 & 14.) and join them against us.
- b) Provoc<sup>n</sup> to R. Risks either way. Def. Ctt<sup>ee</sup> thght. 1954 a danger year because atomic stocks. But C.I.G.S. thght., if G. re-armed, it wd. move fwd. to 1952.
- Deplorable weakness of remainder of Europe. Makes it even more risky to add a G. force. Invites R. to strike before it gets stronger.  
My concl<sup>n</sup>. We can't go back on principle. But play it very slow.  
Will there really be arms for all, from U.S.? In P.M.'s speech: N.A.T. re-armament must precede that of G. Wrong to give G. arms before all other Eur. have all they want.  
Para. 28. 1)-3) wrong because suggest more speed. I want less.  
On 2): don't be rash enough to do this outside Eur. Army.  
Make that essential.  
On 3): don't put any pressure on French.  
Planning wd. be safer.
- P. H.D. hates the Germans: that influences his judgmt.  
Most of his arguments were v. the principle – wh. we have accepted.  
We can't defend Eur. w'out Germany.  
Issue is: do we go on or not. Can't dilly & dally.  
Militarily it's obvious. G. are best fighters in Europe & in front line.  
They wd. be last to get arms.  
Provoc<sup>n</sup> to R. They have had a year to think about it & done nil.  
They have armed E. Germany. They have no logical ground for provoc<sup>n</sup>.
- E.Sh. All the arguments of H.D. are against the principle. Why don't they advocate reversing our earlier decision.  
If we are going to re-arm G., we must make a start sometime on planning & prep<sup>n</sup>. Now or in 18 months? Better do it now.  
Provoc<sup>n</sup> to R. Cab. have accepted inclusion of Turkey in N.A.T.O. on R. borders & her hereditary enemy & with 20 Divns. in being.  
Was not that provocative? Surely more so.  
N.A.T.O. itself is regarded by R. as provocative (4 Power talks).

Arms. Not certain U.S. will be able to supply the arms. But I agree G. shd. not be re-armed at expense of N.A.T. Powers. I accept that. European Army. Cock-eyed scheme: but for pol. reasons may be desirable to accept the concept. There is a risk. Best safeguard is N.A.T. strength.

J.S. I accept the principle. But this is a challenge to R. Quote C.I.G.S. in mtg. of Comm. Def. Ministers – one factor more than any other wh. mght. provoke R. to action. Must therefore be careful to judge when we make this challenge. Rash to do this before we are ready. Quite diff<sup>erent</sup> to risk this 2 yrs' hence. Essence is timing. "Insanely rash" to do this now. Believe it will be 1953 before we are ready to run that risk. Re-affirm principle: say we don't favour doing it before '53: & it will then fit in with Eur. Army concept<sup>n</sup>.

C.A.S. May I state views of C.O.S. as a whole? Read out a) to e) of para. 15 of C.O.S. memo. of 23/2/51. D.O.(51) 17.

J.G. We accepted G. cont<sup>n</sup> to w. defence – not G. re-armament as such. This memo. suggests tht. we shd. join U.S. in pressing French to agree to somethg. they don't want viz., G. raising cont<sup>ns</sup> before Eur. Army formed. Who will join these G. units? And who command them? If we press Fr. on this ques., we may brk. them at hands of Comms. Suppose we lose Fr. by re-arming G. Only safe way of allowg. G. to re-arm is to make them part of Eur. Army.

M<sup>c</sup>N. Support H.D.  
i) This is real fear of R.  
ii) What is G.'s most effective contrib<sup>n</sup> to Eur. defence? Merely to re-arm G. won't solve that. G. is impeding our own defence p'mme e.g. on steel scrap. This wd. draw on genl. pool of materials & equipmt.  
iii) Can't expect political stability in Europe if we allow G. Army to emerge while Fr. etc., are so weak. No Fr. will believe tht. G. forces will come in to Eur. Army "eventually" if allowed to start outside it.  
iv) Announce this in Sept. – at variance with French? What a time to choose?

G.T. What is our answer to re-arming of E. Germany?

J.S. Only 60.000 in E. Germany. I wdn't mind [Re-enter R.R.S. that amount of re-armament in W. Germany.

G.W. Mil. view: Europe indefensible w'out G. Must therefore be only timing. Must therefore be safer to do it now, when we have atomic superiority.

Arms: only those needed for training & not at once.

- H.G. Basic ques: defence line. If w. of Elbe, v. serious for us. Can't do it on Elbe w'out G.  
This proposal is easier for our pol. angle. Eventually w'in Eur. Army. Much turns on disc<sup>ns</sup> re Army. Told they had gone v. well. G. cont<sup>n</sup> w'in Eur. Army much less objectionable – more control over them & silly to have Eur. Army w'out G.  
Econ. consequences. £130 m. p.a. if G. refuse to pay our occup<sup>n</sup> costs. Shall have to take a/c of that in def. exp<sup>re</sup> in future.  
Scrap. In our interests tht. G. shd. use their steel for arms rather than exports wh. compete with ours. Can't expect them to go on sendg. us scrap & keepg. their steel output low.  
Recommend: go fwd. reasonably fast on basis of Eur. Army.
- P.M. I wd. prefer to play this slow.  
Get Eur. stronger before you start G.  
They will go v. fast when they are allowed to start.
- E.Sh. Read time-table.
- H.M. Can we go slower than that.
- P.M. Don't want them to start before its agreed they shd. form part of Eur. Army.
- H.M. French can't have it both ways. Slow in armg. themselves: & say G. can't re-arm until they are strong.
- E.Sh. Fr. have accepted principle of G. cont<sup>n</sup> to a Eur. Army.
- P.M. But many ques. out-standg. on E. Army.
- H.G. If this comes up as part of E. Army, many diff<sup>ies</sup> disappear.
- A.V.A. Para. 28(3) is essence. Mil. view now favours Divn. Dec<sup>n</sup> wd. commit us.  
We have bn. blackmailed by G. (with U.S.) into going too fast with liberation of G. w'out assurance of her good faith.
- H.M. They must pay either occup<sup>n</sup> costs or cost of their own Forces.
- J.S. If we knock out 28(3) we can all agree.
- E.Sh. That won't work. Someone must raise forces before we can have Eur. Army.  
Must raise a unit before it's incorporated in Eur. Army.
- H.M. Time-table complies with P.M.'s point of view.

P.M. Let Eur. Army be discussed first.

J. If H.M. can carry Fr. with him, we shall have all our guarantees.

T.W. Delete “as rapidly as poss.” fr. 28(1).

H.S. Support H.M. On C.O.S. view, we can’t defend W. Eur. w’out G. help. Can’t expect too much fr. other Eur. – they have the “palsied will”. G. re-armament mght. urge them on a bit quicker. Fear of G. re-armament is v. real in E. Europe. Will give R. a prop. weapon to consolidate their pos<sup>n</sup> there. But doubt if it wd. launch R. on a global war. Risk of a re-armed G. allying herself with R. is less than Yugoslavia or even France.

G.W. If we delete 28(3), Fr. can block us for ever on Eur. Army.

H.G. Leave 28(3): but let H.M. try to get this into E. Army fr. outset.

P.M. Give H.M. discretion, in light of views expressed.

5. Persia (cont<sup>d</sup>).

R.R.S. Formula went on Sat. p.m. – Harriman tells me. No more now contemplated. Gifford formula wd. succeed: I said we wdn’t support that.

H.M. That was sending out on assumpt<sup>n</sup> they wd. relieve tension.

P.M. Not prep<sup>d</sup> to accept that.

R.R.S. Harriman returns this p.m.

1. Secretary of Cabinet.

P.M. Thanked N.B.

2. Parliament.

Dates of Summer Recess.

[W.W. in & out

3. Fruit & Vegetables.

[Enter M.W.

H.D. Ask only for approval in principle.

H.G. Keep open wtr. it's a public company or not.

A.V.A. No consult<sup>n</sup> with distributors?

M.W. Only with growers – distribution now, after settled in principle.

H.G. Must do something. Don't be comm<sup>d</sup> on detail.  
Announcement – what will it cover?

H.S. Capital of Co.

T.W. 5 centres wd. cost £1<sup>1</sup>/<sub>4</sub>m – capital. But no need to start with 5.

4. Egypt.

[Exit M.W.

H.M. Progress report. I've bn. playing it slow. Want to get away from  
phased w'drawal startg. in a year.

Danger – break by E. Foreign Minister. P.M. & King are trying to  
restrain him. Strong stand over Emp. Roach has done good.

P.M. | Want memo. summing up factors (of strength) if we had a row.  
x| With Ty & M/D & econ. Dpts.

A.V.A. i) No recent apprec<sup>n</sup> from Sudan itself. Cd. we get one?

P.M. Pro-Egypt Party of rich: but masses hate Egyptians.

H.G. They don't like E: but may climb in on their side if they seem to be  
winning.

McN. Stevenson says E. Party has lost ground recently.

A.V.A. ii) What is U.S. attitude now? In view of M/E. Bd. etc.

H.M. They are “peace & quiet” over E. Drawg. them in to M/E. for their own educ<sup>n</sup>.  
Wd. like to settle E. ques. Wonder wtr., with new M/E Bd., I cd. get E. to move over to new idea of partnership (equal) vice occup<sup>n</sup>.

P.M. That was E.S.’s line.

G.W. U.S. don’t want M/E. H.Q. in Egypt. Fight them on that.

5. Japanese Ship-building.

[Enter B. & P.]

H.M. Recognised diff<sup>y</sup> of writing this into Treaty.  
Don’t wholly accept figures given. Propose to follow this up with U.S. & getting A. & N.Z. to join with us – as a matter for rest<sup>n</sup> outside the Treaty.

P. No naval obj<sup>n</sup>. But econ., build-up is greater than is needed.  
Support memo.

B. 145.000 gross t. until 1927. Then 400.000t. Gave fleet of 5m tons.  
Support memo. Capacity is more than enough.

B.E. On Approp<sup>n</sup> Bill y’dag Ellis Smith raised ques. of J. compet<sup>n</sup>. Echo-ed by our supporters on all trades, incldg. ship-bldg. Most of them were Left Wing. Evident there’s misgiving in Party about Treaty. I promised to draw H.M.’s att<sup>n</sup> to debate.  
Feeling less now because ship-bldg. have full order books for 3 yrs. But fear for future there.

McN. Tho’ speakers were left, speeches evoked more genl. sympathy. Thought Allison was expert. How came he to put these figures. A. & N.Z. views based on security not compet<sup>n</sup>.  
What sanction for rest<sup>n</sup> outside Treaty?

H.M. Can only try to get U.S./U.K. pressure on J. for voluntary limit<sup>n</sup> of their ship-bldg.

McN. Not optimistic of U.S. co-op<sup>n</sup> on this.

H.M. I expl<sup>d</sup> this Treaty to a full House – and it went over pretty well.

J.G. Where is J. to find outlet for her pop<sup>n</sup>? That pressure will mean vol. agreemt. will break down. We can’t w’sand J. compet<sup>n</sup>.

H.M. What wd. you do? Pop<sup>n</sup> of 80m, rising at 1m a year: they must live: if you impose econ. cond<sup>ns</sup> you drive them into Communism.

- H.S. W'spread anxiety re J. (and G.) compet<sup>n</sup>. Not limited to ship-bldg.  
But industry has no idea of countering that by the Treaty.
- [Exit B.]
6. Libya.
- H.M. As in memo.  
Pol. pos<sup>n</sup> not wholly satisfactory, in U.N. & outside. But may be possible to get this Treaty.
- P.M. Wanted bases in Cyrenaica. Now asked to under-write state of Libya.  
Goes beyond C. And may be a big financial commit<sup>mt</sup>.
- H.G. Details still outstanding. Sugg<sup>d</sup> ceiling of £1-1½ m. Worth while for strategic gain & gettg. them in sterling area.
- P.M. But demands for higher living standards will come along - & we'll be under pressure that will be applied to us.
- H.M. Cd. U.S. contribute?
- H.G. Needs some thought.
- P.M. "a U.K. monopoly for the support of Libyan Budget"!! Para. 6.
- G.W. i) Wording shd. make it clear tht. Comm Forces are included in "British".  
x| ii) Treaty will come to U.N. Assembly. Shd. now tell new Doms as well as old – restricted to what is comg. up in U.N.
- P. Support i).  
Duration of Treaty – C.O.S. views shd. be taken into a/c.

Memo approved.

## 7. Future of British Council.

- H.M. Exp<sup>re</sup> has bn. trimmed. Now not unreasonable.  
Can we regard it as permanent body – subject to 10yrs. review.  
Para 3(2) – as in memo.  
Para 3(3) – some financial stability over a period. They suggest £3m – prob. too big. But in principle some stability is desirable.  
Have sought to protect in principle Ty. interests & rights.
- P.M. Have Doms. done anything to support them. Shd. we pay for it all?
- G.W. In Doms. we are presentg. U.K. way of life.  
Canada thinkg. of somethg. similar – but they wd. present Canadian way of life.

In old Doms. it is really anti-U.S. work.  
In all old Doms. now save S. Africa.

J.G. Support in principle. In colonies they do valuable work.

H.G. Agree Council shd. go on. Can in talking about permanence.  
Accept 3(2).  
Finance. Ready to discuss. But if any firm commitment it cd. cover  
only small part of total expend<sup>re</sup>. £3m is larger than total grant  
for this year. Much smaller “basic” figure.  
They look for establ<sup>mt</sup> & pensions for staff – doubtful about that.  
H.Q. staff shd. be vigorously primed.

H.McN. Against this. It’s sensible activities cd. be done by Universities.  
Nonsense to pretend 3(2) deceives anyone.  
If permanent, bring it into direct Govt. control.

8. Project for a New Hotel.

[Enter A.  
[G. Brown

P.M. Much p’ers made & money spent by Hylton (£50.000)  
Diffies over steel – some over labour. Public doubts about doing it  
now – psychological – luxury hotel. Esp. if dollar implic<sup>ns</sup> aren’t  
understood.  
Cd. they import their own steel? Outside alloc<sup>ns</sup>.

H.S. Dollar shortage. Lack of 1<sup>st</sup> class hotel has limited U.S. tourists.  
This wd. earn £1m p.a. in dollars.  
E.C.A. support it. Embassy will press it. They have bn. led to  
expect they cd. go on – tho’ in form bldg. licence was not  
promised. Assured by offls. no labour or materials diff<sup>es</sup> save on  
steel.  
If they were to have bn. put off, shd. have bn. done 6 mos. ago.

A.R. In S/E. England short of labour. Can’t get spare Ldn. men out into it.

G.B. I was asked y’day to get H/Q. Bldg. Ctt<sup>ee</sup> to cut projects out of app<sup>d</sup>  
p’mme. because steel shortage.  
Labour: gt. shortages in E. Region. Bringing starting date procedure  
back. Reducg. Ldn. p’mme by £1m p. m. To put in £2 m  
project, it will undo all this. Vacancies: 250 for defence & 500  
for new towns in E. Region: can only be met from Ldn. Can’t  
begin this w’in next year or so.  
Dpts. are mis-using sponsorship. New project by Llyod’s auth<sup>d</sup> by  
B/T. costing £3. Want to discuss how Dpts. are moving their  
allocations for sponsoring big projects.

H.S. Lloyds was old commit<sup>mt</sup>, well known to Cap. Inv. Ctt<sup>ee</sup>.  
And Hilton project was mentioned by me in Prod<sup>n</sup> Ctt<sup>ee</sup>.

Only 1/2m this year, 1m in '52.

- P.M. x| Explain to Hiltons it's because of Defence p'mme.
- H.D. Yes. We can't let this go on. Gt. shortage of structural steel.  
Housing & defence projects being delayed.
- J. If dollar problem is to be crucial, this is most certain dollar earner.  
Shd. we not explain that? Deserves a v. high priority.  
We haven't had as many U.S. visitors this (Festival) year as last.  
Get the steel from U.S. & go ahead.
- P.M. But labour pos<sup>n</sup> is, apparently, equally serious. Repeat x/.
- H.S. If it were a dollar-earning factory, labour wd. have bn. found.
- G.B. We shall now have to retard factory projects.
- H.S. Not dollar-earning projects.
- A.R. You will have to decide which defence or housing project shall be held  
back.
- McN. Take a chance on basis of U.S. steel. Paper estimates on bldg. work  
aren't 100% reliable.
- H.M. Don't let defence blind us to need for earning our living.  
Have pressed for years for more good hotel accommod<sup>n</sup>.  
Take McN.'s course.
- T.W. I agree. If this is right, let's do it – despite pol. diff<sup>ies</sup>.
- H.G. P'mme is overloaded. If this were pure dollar-earner, it wd. qualify.  
But it won't be wholly a net addition to dollar-earning.  
Not quite same as dollar-earning factory.  
Ty. advice is £1m vice is more likely revenue.  
All in all, incldg. pol. reaction, I favour x/. Play for a p'ponement.  
Try out their views on importing steel.
- J. Don't upset Hilton group.
- A. Put it off – play for delay.

[Enter Sol. Genl., N.B., Bowker

9. Persia.

- H.M. U.S. Amb. has called & is waiting. H. has sent drafts of messages  
from U.K. Govt. & reply from Persians.
- P.M. No mention of Abadan. "atmosphere of friendliness" doesn't cover it.

We can't defend that to U.K. public opinion.

- H.M. H. knew our view on that. And this is evidently the best he can get.  
Hope tht. pos<sup>n</sup> in South wd. improve, if R.R.S. went.  
If we don't accept this, what happens next?
- R.R.S. This reply may not be as bad as P.M. suggests.  
M. wd. be bumped off if he admitted tht. things had bn. wrongly done  
in the south.  
"Both Govts. creating friendly atmosphere" implies action by P. Govt.  
H. thinks any further argument over draft will prejudice negot<sup>ns</sup>.
- H.G. We are in a spot. Accept P.M. fears. But what can we do?  
If we cd. make it plain tht. this formula was proposed to us by H.,  
it wd. help to spike Oppos<sup>n</sup> guns.
- H.M. We must take responsibility for our own Notes.
- R.R.S. Cd. we state to H. tht. we understand he has made clear to P. Govt.  
y| tht. "creatg. etc" means relieving tension in South.
- N.B. Phrase can be taken to refer to South. And we cd. publish y/ if the  
worst came.
- McN. P. are realising they can't sell the oil. This is only sanction. It's that,  
not H. tht. has brght. them round. Wd. they come round still  
further if we hang back for another 24 hrs. It's they who are on  
the move.
- P.M. Failure of H. mission mght. bring M. down.  
No good crawling to M. if he can't deliver the goods.
- H.G. But what will U.S. say if H. fails?
- G.W. World opinion turning against us.
- A.R. Get talking. Let it be clear tht. it's M. who's responsible for a break.
- J.G. I agree.
- P.M. Cd. we make Press realise tht. behind this is acceptance of our cond<sup>ns</sup>.
- H.M. May get somethg. of that across.  
Can't put it before H/C. rises because messages have to be exchanged.
- A. I agree with H.M.
- H.S. & J. also agreed – because world public opinion.

[Exit A.]

Agreed: accept the proposed exchange of notes.

Bowker            Tel. 925. "Formula"

R.R.S.            But also 926.

P.M.              No diffy. in accepting that formula.

H.M.              Persuade H. to get this quoted in Br. Note & a reference to earlier nat<sup>n</sup> law.

Agreed.

H.G.              i) Payment of £1m. Sol. Genl. disagreed with Co.'s lawyers. I thght. it must be paid. Co. have £3m in a Persian bank. But that wd. have whetted P. appetite for the other £2m.! So I advised Co. to pay the £1m in ordinary course. Said, if nec., we wd. indemnify them. They have paid.

[Exit Bowker

ii) Control of balances. I am still stalling. Until we see wtr. they misbehave.

iii) Levy's idea tht. P. will never accept A.I.O.C. as operating co. in Persia tho' they may market  $\frac{3}{4}$  of oil. Idea of mixed Co., incldg. U.S. We need not lose money by such a plan, so long as good arrangemt. made for division of profits. Don't therefore reject it out of hand.

H.M.              Critics will say – this lets U.S. in. But there may be advantage in that.

P.M.              Bring in India & Pakistan, perhaps, or Turkey.

R.R.S.            Co. are now prepared for that.

N.B.              Must retain B. control over Abadan.

R.R.S.            i) P.M.'s speech which contemplated partnership in wh. Persians "manage" the operations & plant in interests of all. I thght it was our settled policy tht. operation shd. be under our control.

P.M.              I was speakg. w'out notes.

H.S.              v) Exports. Embargoes to be raised if R.R.S. goes. The rails (2 ships) reach Basra on 4/8. Also export licences will reach a critical point in a few days.

R.R.S.            Mistake to stop anything now.

H.S.              Let the 2 cargoes go fr. Basra.  
If R.R.S. has gone by Fri. pm. – deliver. If he hasn't, hold it.

R.R.S. H. understands the whole thing may break down. But he believes that  
may change Govt. And he's ready to go – with that in view.

(resumed) British Council.

[Exit R.R.S., & H.M.  
N.B. Solr Genl.

P. C.O.S. regard Council as v. valuable.

G.T. I've changed my view on closer acquaintance.  
Venezuela – watch that.

H.G. No announcement? For I don't like "indefinite."

G.W. Might have to answer a P.Q.

McN. If no announcement, I w'd draw my oppos<sup>n</sup>.

10. Report of Broadcasting Committee.

P.M. What hurry?

G.W. Charter etc., has to be law by 31/12. Much drafting to be done.  
G.P.O. want to go ahead.

P.M. They won't do much in Aug/Sept.  
If they must, let them work on alternative bases. The points in dispute  
are small, in relation to all the rest.

[Enter D/Ch. Whip, K.Y.]

1.

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

2 General Election: Use of Television.

P.M. Tories, Liberals & B.B.C. favour use of television. Divided opinion  
w'in Labour Party.  
Don't like it. But doubt if we can avoid it.

C.E. Now conclude no obj<sup>n</sup> to it.

H.M. Proposal is for one showing for each Party.  
Didn't like it. But believe it's inevitable.

H.D. Not to be done by any member of this Cabinet.

Agreed.

[Exit D/Ch. Whip]

3 Parliament.

P.M. I must say somethg. about King.  
W.S.C. may want debate on Persia.

2 Cont<sup>d</sup> Germany.

P.M. Adenauer shd. not come over here during Election. Visit shd. be  
p'poned.

H.M. I agree.

[Enter A.]

4 Washington & Ottawa Meetings.

H.M. ... M/E Command. French claims: there and in Med.  
Risk tht. Turks may wish to come under Saceur. Fr. are weak on that.

Acheson – able, helpful and reput<sup>n</sup> is rising in U.S.  
N.A.T.O.

- a) too much talk in Council – inevitable.
- b) need for more speed in executive machine.
- c) E.Sh. succeeded in getting separate mtg. of Def. Ministers.

E.Sh. Haven't finished with T. & Greece business. Oppos<sup>n</sup> by small countries overcome with gt diffy. They fear it will mean less help for them in equipment. Also fear extension of oblig<sup>n</sup> under N.A.T.O. will lead to M/E. countries demandg. incl<sup>n</sup> in N.A.T.O. Thus, on ques. of T.'s pos<sup>n</sup> vis-à-vis Saceur, diff<sup>es</sup> may break out again. Immed. availability of forces in west. More important than big build-up by '54. We made some progress in persuadg. others to bring existg. units etc., into state of readiness. Infrastructure. Essential to operations of Saceur. Met U.S. & French Ministers & with diffy. agreed to split of £80m. (14m by U.K.). In determining next slice we shall take a/c of any advantage thereby secured to Fr. civil economy.

H.G. Set out facts in memo. pretty fully.  
Ministers (E.P.C.) have considered dollar balance. Deficit in 3<sup>rd</sup> qtr. now likely to be 600m. because movemt. of capital.  
Handed in memo. on arrival (Annex I). Warned of consequence on our def. p'mme. Public; we go ahead with 4.700m p'mme relying on aid fr. Allies. Private; warned U.S. Ministers we mayn't be able to do it.  
Later, handed in Ann. II. Cdn't have expected a reply. But their attitude was sympathetic.  
U.S. have taken M.T. Def. Plan much more seriously than we have. Regarded it as a firm p'mme. Capped by Eisenhower Plan wh. involves even more. These go beyond economic realities. Talked with French, who put fwd. idea of wise-man committee. I scouted any idea of ref<sup>ce</sup> to independent experts. U.S. put up Harriman: Fr. prob. will propose Monnet.  
Have made it clear tht. these mil. requiremts. imply fresh financial basis e.g. Lend-Lease.  
U.S. now talk of screening mil. demands.  
Ctt<sup>ce</sup> of 12 will offer opening for pressing this.  
Waiver. We shd. do nothg. until after Election. Any dec<sup>n</sup> wd. bring this into Br. domestic politics.  
I have said publicly in U.S.

- a) we will pay our legal debts
- b) we have provided for it in Budget
- c) Dollar balance worsening
- d) No Cab. dec<sup>n</sup> on waiver
- e) I like to pay my debts if I can.

Prov. unwise to ask for it. (Abbott's view).  
But pro tem defer decision until after Election.

H.D. Formula shd. be prepared for use in Election.

- H.G. Represent<sup>n</sup> on Ctt<sup>ee</sup> of 12. Recommend apptmt. of Ch/Exch. I can't be active in immed. future. Alternate: Plowden or Brook in preliminary stages.
- P.M. How can Ch/Ex. do it? If official is to be there most of time, why nominate Minister. Pos<sup>n</sup> of offl. wd be weaker as alternate.
- H.G. I took this line publicly in Ottawa.
- P.M. Alternate: another Minister. They intend apparently to meet full-time.
- A. Drifting into system of govt. in wh. a no. of nations act together in closest consult<sup>n</sup>. Ch/Ex. wd. have to be in 6 places at once if he were our rep<sup>ve</sup> on all these occasions. H.G. shd. consider other methods – or we shall face sit<sup>n</sup> in wh. most important of our Ministers are never here. Don't commit ourselves to havg. Ch/Exch. as rep<sup>ve</sup>.
- E.Sh. Consider in this conn<sup>n</sup> progress of Deputies. They have bn. on fringes of subject for Ctt<sup>ee</sup> of 12. Have tackled subjects which wd. ordinarily be handled by Ministers. They can't get anywhere. Ch/Ex. shd. therefore be there.
- P.M. Prob. need a M/State at Ty., as at F.O.
- Agreed in principle: Ch/Ex. to be main rep<sup>ve</sup>. Consider further who "alternate" shd. be.
- P.M. Memo. (Annex I) may be a little pessimistic.
- [Enter N.B., G.S., & Solr. Genl.]
- 5 Persia.
- P.M. Exp. Order. Strong rep<sup>n</sup> to Shah made. Amb. seeing him this p.m. Message to Truman. Read reply (3115). Takes us no further. U.S. refuse to support use of force. Have to see Opp<sup>n</sup> leaders this p.m. I said: "We have no intention of leavg. Abadan." Didn't say we wd. stay there in all circs. What is legal view?
- Solr. G. Read A.G.'s opinions (Tel. 153 Hague).
- P.M. That is the law. What are possibilities?
- i) Effect on P. opinion. Doubtful wtr. it wd. be salutary in '51. – risk of uniting nationalist feeling behind M.
  - ii) Wd. have to stay on. Work refinery. Cdn't do it w'out co-op<sup>n</sup> of P. people.

I don't favour use of force. Shd. lack support of U.S. & others - & success is doubtful.  
Humiliatg. to be pushed out. But we still control tankers & dist<sup>n</sup>: & we cd. hope still to bring P. to reason.

H.M. P. tear up contract without consult<sup>n</sup> with us. Push our people around. Steal their personal property. Pinch Br. asset – now propose to push B. personnel out. Defied decision of Hague Ct.  
Humiliation to Br. throughout M/E. Talk now in E. of nationalisg. Suez Canal.  
Shd. go to Security Council either to report use of force or to complain of expulsion. But no warrant they wd. do anything effective.  
Truman's message isn't helpful.  
Shd. we threaten use of force? Mght. make M. hesitate.  
Effect on Br. public. "Under this Govt. foreigners are flouting Br. interests & trampling on Br. rights. We are weak." I wd. prefer action. Favour telling M. we won't have this & shall stop it (implied 'by force').

McN. This wd. please Br. public in Election. But we wd. be in a jam thereafter.  
H.S. makes d.o.'s daily. We shd. be brght. to Sec. Council.  
Favour our going to Sec. Council askg. for action to enforce Hague dec<sup>n</sup>. If Sov. veto that, pos<sup>n</sup> of Truman & U.S. public opinion. wd. be v. diff<sup>t</sup>.  
[Exit McN.]

H.D. Truman's para. (2) is explicit. We can't flout U.S. – on whose aid we depend so much.  
Tell W.S.C. & A.E. what Truman has said. He wants to march with U.S.  
13/9 tel. U.S. deprecate any mil. measures save to protect Br. lives or against a Comm. P. Govt.  
Force wd. be illegal unless ev<sup>ce</sup> of danger. There is no such danger. Support advice of P.M. Bring the people out. Go to Sec. Council.

J. Sympathise with H.M. But U.S. attitude is of gt. importance. Doubtful about legal advice. Goes too far.  
We can't do nothing. Choice: drastic action or immed<sup>te</sup> ref<sup>ce</sup> to Sec. Council. Then, if R. veto, we mght. use force.

E.Sh. Buccaneer cd. go in w'in 12 hrs. } C.O.S.  
But, if our object is to protect lives, evacuate them first } view  
For arrival of Br. troops will occasion danger to Br. in Abadan.  
Don't go to Sec. Council. P. wd. flout an unfair dec<sup>n</sup>: & a fav. dec<sup>n</sup> wd. not help us.  
My plan: Mexico. No-one suggested use of force. Br. & U.S. personnel had to leave. But we broke off dipl. rel<sup>n</sup>. That, I think, is only action we can take. Followed by economic sanctions.

- R.R.S. Can't use force w'out U.S. backing in absence of violence to Br. lives.  
Use force & we shan't succeed.  
But, if we have, we shan't get back.  
I favour Truman (3) viz. feed in a better alternative proposal thro' the  
Shah & leave him to deal with M.  
50/50 won't do in Persia because they've had a worse basis for so long.
- H.S. Can't use force w'out U.S. support. Reject that.  
Tell Shah tht. we are not rigidly tied to 50/50 basis, if that's real  
trouble. But if Br. expelled, we shall on same day w'draw  
Ambassador, go to Sec. Council & apply extreme econ.  
measures.
- A.V.A. Public here wd. not understand it if we did not go to Sec. Council.  
Favour J's course. If we can't use force (wh. I regret) we shd. go at  
once to Sec. Council.  
If we don't, what next? Will R. come in? Will U.S. Cos. be free to  
supply technicians.
- P.M. If R. came in, it wd. be easier for us to act – and U.S. also.
- T.W. Support H.S. view.
- C.E. Must go to Sec. Council. Favour fresh offer.
- N.B. No use of force in these circumstances.  
New offer. We can improve on earlier one. But don't make the offer  
to M. Do it thro' the Shah.  
Go to Security Council. Statute of Hague Ct. gives us right to ask Sec.  
Council to enforce their decision.  
But, before going there, await result of U.S. demarche in Tehran.  
And tell U.S. first.
- H.G. Go to Sec. Council if we can be assured we shan't get slap in face.  
W'drawal of Amb. wd. cut us off fr. Shah.  
Don't make fresh offer until we have Truman's next message.  
Or prs. until U.N. mediator appointed.
- A.R. Sec. Council. No further offer. If we break off dipl. rel<sup>ns</sup>, use force to  
prevent P. use of our plant.
- H.S. State publicly tht. if Br. prs. expelled, we shall go to Sec. Council etc.  
etc.  
And tell Shah privately we will go better than 50:50.
- G.W. 1) Force wd. upset Comm.  
2) Mayn't get fav. dec<sup>n</sup> in Sec Council. Depend on India.  
1) Go to Sec. Council w'out delay.  
2) Tell Shah as H.S. proposes.

- H.G. Work out cost of new offer.  
Compens<sup>n</sup> is prs. a better thing to make concession on, rather than 50/50 principle, wh. affects other fields.
- P.M. Tell Shah  
 x | a) going to Sec. Council  
 b) we are prepared to consider better offer if we have reasonable people.  
 c) canvass support of other countries.  
 d) tell Shah what we'll do if it breaks excludg brkg. dip. relns.  
 e) enlist interest of Aga Khan (R.R.S.)
- H.M. Comments: don't put ourselves in pos<sup>n</sup> tht. we can't act anywhere w'out U.S. consent & approval.  
 don't rely too much on the Shah. He hasn't much authority or influence.  
 don't depart from 50/50 principle.  
 don't bring B. personnel out before last day.  
 don't break off dipl. rel<sup>ns</sup>: useless.  
 Go quickly to S. Council.
- E.Sh. Must state my dissent.  
 We have floundered around all thro'.  
 Suppose we "succeed" at Sec. Council, what then? Will P. give way?
- P.M. Council is enforcement body. U.K. mght be auth<sup>d</sup> to enforce Court's decision.
- E.Sh. Still favour breakg. off.
- P.M. Don't w'draw until last moment.  
 No force save to protect lives [unless Sec. Council ruling helps us]  
 Go to S. Council – telling Truman in advance.  
 Tell Shah we are going to do so: & ready to talk to reasonable Govt.

P.M. (with H.M. & H.G.) to see W.S.C. & A.E.  
Locomotives Memo. approved.

[Exit 3 invitees]

## 6 Prorogation Speech.

Order: Peace first & re-armament later  
 Malaya: "further" progress.  
 P. 2. third para. B/T. to consider.

J. to revise.

[Exit K.Y.  
 R.R.S.]

## 7 Tshekedi Khama.

H.M. Wise to excite pol. feeling about this before Election.

P.M. What excuse for not publishing?

G.W. None.

A.V.A. Unusual to publish a decision in course of Dissolution.

G.W. Local diff<sup>es</sup> in Bechuanaland if this is delayed.  
The reports support our policy.

P.M. Get Election running & it won't be noticed. Somewhere after 10<sup>th</sup> Oct.

Agreed: no publication.

[Enter M.W.]

# 8 Agricultural Prices.

T.W. Can't avoid special review.

H.G. Nothing need be done until 10/10. Doubtful if sp. review is justified.  
If we say there will be, it's known that prices will rise. Why say  
it before election.

H.D. Promise of a review doesn't commit us to conclusion.

M.W. We must on 10/10 say that we accept or reject principle of a special  
review.

H.D. Avoiding commitment to any specific increase.

Agreed: T.W. and H.G. to find a suitable formula.  
Failing agreemt. another Cab. next week.

This was the last Cabinet meeting before the General Election of October, 1951, after  
which M. Attlee resigned and M. Churchill was invited to form a  
Government.