



CAB 195/10

Cabinet Minutes

C.C.(51)1st Meeting – C.C.(52)100th Meeting

1. Procedure etc.

P.M. Welcomed Simonds as L.Ch. designate. And Thorneycroft.
No smoking rule.

Speaker. [Enter Ch. Whip

Socialists have proposed Milner – and decline to support W.S. Morrison, or to offer Chairman of Ctts^{ees}.
Doubt if they will divide v. W.S.M. on a vote.

A.E. Offer a Liberal as No. 2.

P.M. Or McAndrew No. 2 and H. Morris as No. 3.

B.H. They prob. won't divide it.

P.M. We must then provide other 2. Indicates desire to reduce our voting strength.

McAndrew as Chairman of Cttes. and H. Morris as Deputy Chairman.

B.H. I will consult A. Davies?

P.M. Leave it to me.

King's Speech.

P.M. University Franchise. Steel. Road haulage.
Won't make Univ. vote applicable in this Parl. Applicable then, and on basis of alternative vote. Announce this, to assuage bitterness.

S. Times today. Even then, Univ. constituencies v. small. ? One Member for each Univ.

P.M. Consider this in drafting of Bill.

P.M. Steel. Duncan's plan. New Bd. wh. wd. obey our orders. This is good. But Bill may be diff. If a short Bill, we cd. do it at once before Xmas.

Debate on Address shd. finish on 12/11. A.E. must be in Paris.
Necessary legⁿ? A few supp. Estimates. Hope Parl. cd. rise before end/Nov. S. Session on Defence. Nakedness of the land – 6th Arm. Divⁿ shd. be w'held fr. Germany. T.A. Divns. shd. be called up in rotation. 3 on duty at a time. Home Guard shd. be constructed.

Road haulage. Nos. of little men turned out on eve of election, on payment on a/c.

Adjourn from end/Nov. to 15 Feb.

- O.L. Change controlling body.
King's speech Ctt^{cc}. M/H. with 2 others. Submit draft to P.M. and Cabinet before end of this week.
Agreed. M/H. with Salisbury and Macmillan. Report Thurs, p.m. or Friday.
- R.A.B. Mention of some social legⁿ if possible. Old people remaing. at work. Revision of factory acts. Will put sugg^{ns}. to M/H.
- P.M. Steel Committee. Can it be a short Bill before Xmas.
M/Supply : Att.Genl. Swinton : with M/H. in Chair. Agreed.

2. Financial Situation.

- R.A.B. Gravity of situation.
Deteriorating during Election – and for 6 weeks.
Tho' H.G. made some statements, late Govt. let it slide.
Indicate remedies.
- a) Need for early statement : swerve of policy because of new Govt.
Election result alone has made slight improvement. Slide has bn. held not reversed. Based on fnl. rate in N. York.
Can't avoid mentiong. this in Debate on Address.
Must therefore indicate remedies then – or situation will deteriorate.
- b) Want Ctt^{cc} to look into this in detail and report to Cab. tomorrow.
- c) Urgent need to allow credit machinery of B/E. operate freely.
Raise bank rate (not done since '39).
Wd. mean £20 m. on Budget at ½% increase.
Political effects. Opposⁿ. will be v. hostile.
- d) In addⁿ, must have import cuts : cut in investment p'mme (not involvg. housing.) but includg. stop on Govt. bldg. and factories.
- e) Specific reductions in Govt. expenditure.
- P.M. Not too much detail in statement.
P.L.A.B., W., O.L., Macmillan, Salisbury. With B/T
* Shall send copy of E.E.B.'s factual note to C.R.A.

3. Ministers' Salaries.

- P.M. Read terms of notice which P.M. wanted to issue.
When you have evil things to do, do them all at once. If good, doll them out one by one. Machiavelli.
We must not hesitate to be rough, as merits require.

4. Foreign Affairs.

- A.E. Egypt. Agreed common line with C.O.S. Local Comm^{ns}. have bn. given power to arrest in Canal Zone – tho' deportⁿ preferable.
Persia. Harriman coming to Ldn. on Sat. Shepherd will be here too.
Might get a plan.
- P.M. Balance of 3rd Divⁿ. shd. go?
- A.E. Yes.
- P.M. Then 6th Armoured can't go to G.
- A.E. You must tell him.
In Egypt. Sudan policy no change. Egypt : we hold Canal 5 m'tain internat^l traffic [inclgd. tankers for Haifa.]
- A.E. Not []. Wd. involve us in Jew/Arab controversy. Might tilt Iraq etc. v. us on Egypt.
Tanker story is diff. Awkward to do it now. Keep E. isolated.
- P.M. Agree on timing. But in principle we must be v. E. attitude on tankers.
- A.E. Fear of assassination throughout M/E.
Germany. Tangled negot^{ns}. re future status. Movg. twds. freedom, with necessary safeguards. We and U.S. agree "French are hanging back.
- P.M. Adenauer visit – when?
When Parlt. up, I want to go to U.S. and Canada. A.E. to join in sometime.
Fechteler. I will see him.
Adenauer – last week in Nov .
- O.L. Malaya. V. unsatisf. I want to go there at end/Nov.
No High Commr. Conf^{ce}. of Govrs. due then.

1. Steel. [Enter Ch. Whip

H.C. Prelim^y. look at this. Cttee. mtg. this pm. Consulted officials.
No prob. chance of legⁿ. before Xmas.
But dir^{ns} preventg. further action cd. be given to Bd. Personnel might
be changed – matter for considⁿ.
We cd. freeze situation w'out legⁿ.

2. Egypt.

A.E. Separate draft.
F.O. to Ambassador on policy.) P.M. Show me
C.O.S. to M/E. command on other points) the drafts.*

3. Parliament.

P.M. S. Session on Thursday week or a week later to explain situation and
its nakedness.
Danger of parachute attacks intensifies risks.
These facts known to enemy – shd. be known to Parl.
We must call up T.A. Divns in rotation : form a Home Guard.
6th Arm. Divn. can't go to G. m'while.

S. Same in H/L.

P.M. Yes.

H.C. Other legⁿ etc. 1) Retirement of late Spkr. Wed. week. Resolⁿ of
thanks (! P.M. to move) and submⁿ for Honour and Bill for his
pension.

2) By 10/12. Motions to continue emergency laws
announcg. we shall review the whole posⁿ later. Urgent because H/L.
must have Ctt^{ee} for this.

- 3) Suppl. Est.
- 4) Expiring laws.
- 5) Jap. Treaty.
- 6) Festival Gdns.
- 7) Wales.
- 8) B.B.C. Charter.

P.M. Debate on Address. C.A.A. followed by P.M. R.A.B. on followg. day
to make full statement. Must start with public fully informed : danger
to credit can't be so great, for many already know.

H.C. 5/6 days for Address. F.A.H. debate (1 day) after A.E. returns.

Mght get thro' this p'mme by early December.

4. Financial Situation.

- R.A.B. 2 Mtgs. of Cttee.
M/Housing concerned - trying to help him on timber starting dates.
More consultⁿ needed with Dept^l Ministers concerned. Tho' much done betwn. offls. during Election.
- J.S. P.6.(c) Does this mean no increase in no. houses bldg. in '52?
- H.M. At present rate, cd. complete (I hope) more than planned for '52.
by reducg. nos. started. To increase means substitute materials and improvisation. Softwood timber is trouble.
- O.L. Preparg. memo. on help fr. Colonies. Also sugar. Emergency measures for Colonies to help.
- P.M. Can't begin by cutting timber. Death to expansion of house p'mme.
Stock-piling v. serious proposal.
- R.A.B. 180 m. by end/52 – good progress – under present plans.
Danger to economy outweighs risk to defence.
- A.E. I wd. go even slower because of high prices.
- P.M. Must take a/c of views of Defence Dpts.
- R.A.B. Food, tobacco, softwood and rubber mainly. Not directly affectg.
defence. Discussed with officials in M/D.
- P.M. Shan't spend up to planned figure on Defence.
- L. Shall have to import foreign coal.
- R.A.B. £30 m. for 4½ m. tons.
- L. 1 m. tons wd. do – just : cost £8/9 m. But must move rapidly. Buy
from U.S. – with U.S. shipping.
- P.M. Must provide for this. Avoid minor irritants.
- H.M. Care in announcement. May decide to do, but not announce.
L.a. borrowing – will go to market rate. Convinced they shd. not be
able to borrow at less than Govt. can. But effect wd. be to raise rents :
v. awkward. Prs. we can give compensatg. subsidy to avoid immediate
rise in rents.
- R.A.B. They have raised money at 3%. Shd. be 3¾% to 4%.

Last year borrowed £280 m. Can't go on. £200 m. of this for housing. I will submit form of words. – Govt. will increase housing subsidy to compensation rise in general rate of borrowing. Wd. cost about £1 m. Will have to be said at same time as announcemt. of monetary change.

- P.M. Increased indebtedness to Colonies.
- O.L. Over £1.000 m. (St. balances about £4.000 m.)
- R.A.B. Will submit memo. on st. balances generally.
Govt. Expenditure. [Exit Ch. Whip.]
- R.A.B. Major cuts involve changes of policy. Must discuss. Shan't therefore announce specific cuts. E.g. 15.000 off c. Service.
- P.M. No. Don't say that in advance. Wd. create alarm. We might do more. Aim at 50/60 economy in Govt. expenditure. Look into points made in Election eg. stationery. But don't announce in advance.
- Ch. Defer announcement of details. But make it clear it's coming – and relate it to Socialism.
- R.A.B. Want to circulate my formula.
- P.M. To me also (? first).
- P.M. Increase in F. Service.
- A.E. Mostly rep^{ves.} of other Dpts.
- R.A.B. Must have real co-op^{n.} from all Dpts.
- P.M. And let Ty. put some points and sugg^{ns.} to Dpts.
Do that at once. Also invitg. sugg^{ns} from Dpts.
- P.M. Private purchase of food.
- T.L.R. Mostly on Govt. a/c. If private, licence wd. be issued to traders. Done on token imports. Under control thro' import licence.
P.5. para (i) refers to Europe, under liberalisation.
- W. £54 m. canned meat etc. Planned to reduce to £27 m.
Wd. prefer to meet Ty. needs in other ways.
- R.A.B. We can keep faith with "liberalisation" even if we go so far as this.
The canned meats etc. are v. expensive.
- W. But workers are buying them.
- R.A.B. I cd. review this with W., H.G. and others – on method w'in the total.

* P.M. Cabinet Monday pm. – 3 pm.

* Dinner of Ministers – Monday pm. to hear K.'s Speech.

S. Sherry Party at 6 pm for H/L.

S. We can't debate in H/L. before R.A.B. speaks in H/C. on 7/11.
Formal mtg. on 6/11 : then adjourn until 13/11 then debate for one or two days.

R.A.B. Consult W. etc. on food.
“ M/D. etc. on stock piling.
Consult^{ns.} with T.U.'s?

P.M I will see them myself.

W.M. I've seen many of the T.U. leaders. Friendly. Aware that v. unpleasant things were coming along. Followed up by their v. helpful statement.

1. Egypt. [Enter Ch. Whip, H.G.]

A.E. Military cut off all oil 4 days ago.
Shell tanks. Water supply depends on oil.

P.M. They have now resumed.

2. King's Speech.

H.C. H. Guard requires legⁿ. But can be prepared quickly.

P.M. Ch. shd. look (at leisure) at rifle story.
Legⁿ on H. Guard before Xmas, if really needed. Consider it.

A.E. Para. 8. Israel will read this as referring to tankers. So will the others.
Don't say it in advance, even if we are going to do it.
F.O. to confirm amended words.

[Exit A.E.
Leathers.]

3. Welsh Affairs.

A.E. W. at Anglesea said M/Wales wd. have an Under Sec.
Welshman wd. be right. David Llewellyn – as additional Under Secy.
in H.O.

Agreed.

4. Steel.

H.C. Ctt^{cc} agreed no immediate Bill. Nothing before Xmas. Agreed.

P.M. Must consider personnel of Bd.

2. King's Speech (resumed).

R.A.B. Danger of 1 vote only. Some Univ. will have v. few voters electing to
vote. Will make a nonsense. Leave this open, for later discⁿ.
This is Salter's view.

P.M. Plural voting argument will be deployed at once.
Must take the risk.

H.C. Spker's conf^{cc} didn't recommend abolition of plural voting. We can
stand on their report pro tem.

- P.M. I'm against plural voting. Shall have to show our hand on this.
Balance of opinion in Cab. against committg. Govt. to plural vote.
Agreed. [Exit R.A.B.]
- S. Omissions.
- Ld. Ch. Judges' Salaries. Grave urgency. Agreed measure. Must have it soon.
Lack of mention shd. not be read as hesitancy.
- P.M. No specific mention in Speech.
- H.C. Private Members' time.
All Govt. time to Xmas. P. Members' thereafter.
Re-introduce 10 minute rule procedure.
5. Meat Ration.
- L.I.G. No chance of increased shipments from Argentine.
But if position improves we cd. raise it.
- P.M. Now is moment to take harsh measures – legacy of Socialism.
- W. This is essential. 3½ wks imported meat. Never dropped below in 7
wks. Only 40.000 tons of corned beef.
By June, unless other action taken, no ration cd. be honoured.
- P.M. Can it be announced in Parl't?
- W. Must go out before. Cd. explain in debate.
- Ch. Make it big cut now, so as to prevent havg. to make another.

Agreed : Make cut and announce at once.

1. King's Speech.

[Enter Ch. Whip

- P.M. Liberals voted for abolition.
- L.P.S. May be thght a Party move. Put it in a later K.'s Speech, rather than this.
- H.S. Disposed to agree. Wd. give time to get feel of own supporters.
- M.F. That wd. meet my point on techn. diff^{ies}.
Belfast 2.751 returned a member. In Wales 7.000. With alternative vote wd. come lower still. Wd. like more time to consider.
- P.M. Cd. say in Debate we think of doing it some time – no urgency.
Agreed : Delete the para.
- P.M. Steel is different.
- H.S. If this omitted, P.M. shd. explain why so little legⁿ. We decided not to mention smaller Bills.
- P.M. Not excluded from 2nd King's Speech.
- R.A.B. Want to be sure it will.
- P.M. Shall make it clear that it's part of our p'mme.
- L.P.S. Reform of H/L. Not for 1st year. But mustn't forget it.
Dual qualifⁿ for hereditary Peers. Anyone not in that cd. sit in H/C.
(in answer to ques. by P.M.)
- P.M. Social Services. Verbal amendment – approved.

2. Parliament.

- H.C. Business for next week. May be a 7th day on Address, if pressed.
Suggⁿ : no Friday mtgs. at all.
- P.M. Wd. be open to criticism – to pinch P. Members' time and not use it yourself.
- B.H. Opposⁿ officially might like it, but can't be sure they all wd. support it.
- P.M. Use the Fridays before Xmas.
Form a Legⁿ. Ctt^{ee}. N.B. to submit plan after consultg. H.C.
- Agreed : use Fridays.

3. Ministers' Salaries.

P.M. Read minute by E.E.B.

Agreed.

4. Economic Situation.

R.A.B. Follows spirit of Cab. discⁿ. Want Cab. auth^y to stress team work.
Will then send to other Ministers.

P.T. Do other parts of speech cover other cuts? e.g. 44% on social services.
Changes in policy as well as economy in admⁿ.

R.A.B. Thght. we agreed we cdn't go into big policy ques. before Tuesday.
See last sentence. Will come up on Estimates.

P.T. Shall be pressed in debate.

R.A.B. Will try to make it clear tht. old fashioned function of Ty. is to be
restored.
On policy can't be specific now. But will say policy changes are not
excluded.

P.T. The whole field included and changes in policy are not excluded. We
shd. say so, before we're challenged.

R.A.B. Will try to meet this – w'out makg. idle threats.

O.L. Omit "announce our measures as soon as determined". Shall be asked
when, continually.

R.A.B. I agree.

R.A.B. Stockpiling. Ty. have seen Rpt.

C.H. Regrettable necessity. Won't cut into def. prodⁿ, so far as I can see.
No cut in non-ferrous, tho' we can't get much.

R.A.B. Make our Estimates a reality – Dpts. co-operatg.

P.M. "Nov. Cabinets" = Estimates for followg. year. This is the month for
Ty., who can put up conflicts to Cabinet.

R.A.B. Statement on div. limⁿ and E.P.T.
W'out remarks by me, might be taken to approve old W. Paper.
Intend to say that's dead, but appeal to firms for restraint in
distributing profits.

E.P.T. Await Budget. Don't want to say it will be retrospective from 1.1.51. – even if questioned. Ty. want it mentioned not unorthodox to do so. But I'm for not saying it.

- P.M. See F.B.I. etc. and tell them to be restrained.
- R.A.B. Proposing to see them and T.U.C. on morrow of speech. Will then give F.B.I. the tip.
- O.L. There is somethg. to be said for warning tht. retrospectⁿ is not excluded, at least.
- R.A.B. Cd. say tht. this sort of tax often starts from 1/1.
- P.M. Avoid criticism of retrospectⁿ. Mention 1st Jan. Agreed.
- R.A.B. Bank rate. Shan't mention to Cab. again. Will talk to P.M.
L.a. loans. Means review of housing subsidies, wh. will take some time. Want only to make genl. statement tht. we will give compensation for increased interest on housing loans.
- ½% endorsed by O.L. and others.
- H.M. L.a.'s – don't want criticism tht. our first act is to raise rents – esp. as we aren't likely to raise many houses.
But R.A.B. has a v. ingenious formula wh. meets this diffy.
Promise review of formula for housing subsidy.
We shall have trouble : but think this will do.
Capital subsidy takg. a/c of increased loan cost : muddle it all up so nobody knows how we've done it.
Cab. shd. agree not to have increased rents. Leave method to me and Ch./Ex.
- J.S. Want it said tht. we won't allow rents to rise on this a/c.
Take care, however, because they are rising on a/c of m'tenance costs.
Mustn't allow Ch./Ex. guarantee to cover tht. also.
- H.M. They will press for that as soon as subsidy is re-opened.
5. Coal. [Enter G.Ll., Maclay. D.S. & R.
- L. ½ m. tons is physical limit – can't get more in now in time. Tho' 1 m. wd. have bn. better.
Have entered a claim with O.E.E.C. for current qur.
Competes with other Dpts. on shipping unless more U.S. mothball ships can be got out. No escape fr. that. May get some out of Fr. allotment = ships now en route for their a/c.
- W. Freights will be raised?

- L. Tendency to that – tho' O.E.E.C. try to hold agreed rate.
- Ch. Any saving in ships fr. reduced stockpiling?
- L. Not this type of ship.
- D.S. Last year's opⁿ cut into iron ore, unpopular cargo. Must draw Cab. attⁿ to serious consequence if this is shipped at expense of iron ore. 16½ m. tons capacity. P'mme cut to 16 m. because of raw materials shortage.
- P.M. Steel from U.S. wd. help. Uses only 1/6th shipping cpd. ore carrying.
- L. Mothball ships wd. be additional. We cdn't man them. Remainder need repair. 30 p. month is causg. them gt. trouble.
- D.S. We assume 500.000 t. steel fr. U.S. in p'mme. Now looks like only 100.000 in 1st qur.
- P.M. Small add^l amount of steel wd. be big relief to iron ore shipmts.
- L. Can't guarantee this is enough, or tht. I can get it in.
- Ch. 1% of output added to stock wd. have obviated this.
- G.Ll. Cost : £4 m. for ½ m. tons includg. freight.
- P.M. Must meet this immediate emergency. But make it clear this was necessary to avert crisis clearly coming. Try for more finished steel fr. U.S.
- * L. to provide a para. for Speech, showing where we took over.
- O.L. May affect lifting of W. African oil seed crop.
- J.S.M. Cd. have bn. done in summer w'out dislocⁿ
- R.A.B. Cd. Cab. see a Coal Budget.
Coal exports level has not bn. restored.
U.S. want us to re-ship coal to Sweden to stop them sending ball bearings etc. to behind curtain.
- P.T. Coal and steel vital to our trade negot^{ns}. This will worsen our bargaining posⁿ
- G.Ll. Level of exports can't be reduced – offls. recommend it be raised by 2 m. next year. Leaves deficit of 6 m. tons. Outlook is bad.
- P.M. Full statement on coal posⁿ in H/C. by G. Lloyd. and by } *

L. in H/L. During debate on Address. As for meat. } *
30 minutes each. Let W. give me a short para. on
meat for my speech.
Shipping may need a statement too.

Agreed : ½ m. tons to be imported fr. U.S.A.

W. Will affect food, esp. fats. We must try to avoid worst consequences.

6. Iron and Steel Industry.

H.C. M/S. has decided to give formal direction to Bd.

D.S. Outlined content of direction. Standstill order.

P.M. Leaving Hardie where he is, but frozen?

D.S. Line Evans Plan will come in with the legⁿ.
No advantage in altering composⁿ of Bd. just before it is to be
abolished. Cdn't get people to serve on moribund body.

P.M. The Ctt^{ec}. on re-armament, comprising a man who asked for guarantee
tht. existg. managements wd. not be disturbed.
Dirⁿ. shd. come to Cab.

H.C. I can read it out. (Did so.)

D.S. Announce it this week, after consultg. Bd. as required.
May I issue Tuesday.

* Send (N.B.) copy of dirⁿ. to P.M. *

4. Economic Situation.

R.A.B. Import cuts. Orders to go out on Wed. (?) pm. by Dpts.

1. Parliament. [Ch. Whip

- H.C. M/F. opens P.T. replies on Friday.
Monday : Amend^{mt.} on steel and road haulage. 1st Govt. Spker D. Sandys : reply by M-Fyfe, because both elements will have to be answered.
Tuesday : 2nd Amend^{mt.} H.M. to begin : H.C. to reply.
- P.M. D. Tel says C.R.A. adjourned in '45 for 7 wks., after only 10 days.
Let us follow their precedent and say end of Jan.
Admittedly, theirs' was in summer.
Doubt if theirs' much head of steam in this.
A.P. & I. unlikely now to go to U.S. until Xmas. Truman away effectively until 27/12. Want unhurried talks, w'out tight time limit.
- H.C. P'mme to 7/12, tentative.
Wed^s : Motions for Addresses on Emerg. Legⁿ.
- P.M. A.E. returns Wed. : wd. like debate in followg. wk.
- H.C. Thurs : Thanks to retiring Spkr.
Exp. Laws. Borders Bill. Purchase Tax Order.

Friday : Pneumoconiosis etc.
Legⁿ. Ctt^{ee}. have approved various minor Bills.
County Ct. Judge : we propose to introduce. Legacy fr. Opposⁿ.
sooner these are thro' the better. Agreed.
- P.M. Tues. in week after for F. Affairs – prs. plus another day.
Announcmt. re Jan. Who shd. make it? H.M. in opening.
I will be there.
Later, consider expense allowance for High Ct. Judges.
- S. I will consider that.
- P.M. After Xmas.
- P.M. Congrats. to R.A.B. on statement.
- R.A.B. Drain on sterling is less marked. City pleased. No pol. trouble over bank rate so far. Went quieter than I thght.
Important H.M. shd. speak. Must make it clear we have left him free to go ahead on housing.
- W.M. N.J.A.C. met y'day. Big T.U.C. attendance. Friendly. Promised them consult^{ns}. on manpower policy.
A.E.U. and F. Brigades Union may make trouble next wk.
Seeing T.U.C. with R.A.B. today on econ. situation.

- O.L. Leaving 26/11 subject to a pair.
- P.M. Make a statement to Cab. before you leave esp. on policy on Malaya.
36.000 troops (18.000 Br.) and 40.000 local and police – v. 3/5.000
bandits. V. heavy cost to us and Malaya. 31.000 men always in
pipeline : v. costly.
[Exit Ch.Whip
[Enter D.S.
2. Iron and Steel.
- D.S. Issue at end of week, if approved.
- P.T. W'in terms of Act, is this legal. They mustn't carry out the Act, in
effect. Shd. L.O.'s consider that point.
- D.S. Ty. Solr. has seen it. I will check with L.O.'s also.
- P.M. Also S.
Subject to that, issue direction.
- D.S. Hardie has said Corpⁿ have no comment to make on it.
His appoint^{mt} was for 5 yrs, but cd. be ended if (sic)
[Exit D.S.
[Enter D.E.
3. Festival Gardens.
- D.E. Ministerial Order requ^d v. re-instatement of Park.
Legⁿ needed if it is to be kept on.
Gardens popular – on attendance figures – among Londoners.
Opinion in B'sea is divided. Tories prob. favour closing.
Recommend opening on 1 shift basis (to save labour) and no Sunday
opening.
Expect cap. expenditure to be larger.
- R.A.B. i) Profit (360.000). Exch. wd. recover only £52.000. For L.C.C.
guaranteed v. loss in excess of £40.000.
With larger than ½ attendance Ty. wd. make much more.
£470.000 at ⅔rds “.
- ii) Capital exp^{re}. Diff. to justify in present austerity. Only as special
case app^d by H/C.
- Just worthwhile for Ty. to seek re-coupment, subject to approval on
austerity point.
Public want it. Wiser to go on than stop it. On balance I favour
continuance. If there's a clear endorsement by H/C. – eg. on a free
vote.
- D.E. Cap. exp^{re} – not much bldg. materials. £1.000 limit for each item.

Want assurance tht. managemt. will go on. Joseph has worked for nothing. Wd. rather give him a stake in it.

- P.T. Believe it has bn. attractⁿ for f. tourists. Support on that a/c.
- W. Need we fear frivolity. Not much other fun.
- P.M. If we suppress, shall be charged with suppressg. Soc. plan out of spite.
- H.C. Some Tory opposⁿ. Leave to free vote.
- P.M. Not on ques. involvg. expenditure.
- J.S. Free vote on a motion. Whips for the legⁿ.
- D.E. Quick decⁿ needed by managemt. – for next yrs' arrangements.
- R.A.B. Govt. majority on Bd. Posⁿ of L.C.C. needs thgt. Then too diff. to have a free vote.
- S. Case for free vote on a motion.
- R.A.B. Bound to make something : may make a lot. Financially, we ought to go fwd. This is policy – not really for a free vote.

Agreed : Continue Gardens : no free vote.

4. Persia.

- L. Unable to respond to U.S. plan, wh. was quite unacceptable.
Handg. all over to R. Dutch.
Now seems tht. P. won't separate fields and refinery.
We suggested y'day we wd. consider 50/50 with U.S. in refinery. Wd. get U.S. in : exchange with Saudi. U.S. oil cos. wd. resist terms State Dpt. suggested to us. Rowan and D.F. have gone to Paris : I'm ready to go, if needed.
Even the offer by M. wasn't firm.
- P.M. Time and patience. P. isn't going to enjoy life.
- L. But pressure is fr. U.S. on argument of Communism.
- P.M. Doubt that. And if it happened more forcible action wd. be justified and might be supported by U.S.
- R.A.B. I support L.'s plan.
50/50 project wd. have given us no more than 30%.

1. N.A.T.O. Harriman Committee. [Enter Ch. Whip.

R.A.B. Cab. shd. be aware of T.C.C. – U.S. distⁿ of aid, mil. and economic. Going on Wed. to present U.K. case – equipmt, econ. aid or steel. U.S. well aware of our financial sitⁿ : confl. mtg. but risk of leaks. Shall state posⁿ as to H/C. : say measures agreed will help to reduce deficit. But claim i) more steel. 1½ m. tons from U.S. is what I shall ask for. ii) genl. econ. aid. 5.000 m. \$ end item : 1.000m. for econ. : now 500. m. move to 2nd from 1st. Shall claim 600 m. \$ up to June '52. Wd. = £200 m. deficit now expected. iii) share of end item equipmt. Shan't join in mil. side. U.S. understood to be ready to give 2/300 m. \$. Mood is good (Paris). Will pursue it informally with Harriman.

P.M. No harm in asking. Truman has sent tel. welcomg. me in W'ton on 3/1. Shall stay for about a week. Want small Ctt^{ee}. } to prepare conspectus of an
*/ Ismay and Ch. in consultⁿ N.B. & E.E.B.} Agenda.

R.A.B. P.M.'s visit will chime with Congress disc^{ns}. of alloc^{ns}. for future yrs.

P.M. We must avoid entangling ourselves in their President^l Election. That must be cardinal in our approaches to them.

Ch. Support R.A.B. on need for U.S. aid.

P.M. Leave it open to me to get more.

R.A.B. Yes.

2. Egypt.

P.M. Suez Canal vital to India. Cd. I. or P. be persuaded to send Brigade each. Will C.R.O. consider this. Cheap chance for them to contribute. Bolster their nat^l pride. Aim : internat^l waterway under U.N. with nominated Powers as agents. No need to hurry either in E. or P. Time is now on our side. Touch 'em up again on black oil in a few days. Let temperature rise.

3. Parliament : Christmas Recess.

H.C. 7/12 to 29/1. Gives 7½ recess. Compares 1945 (Labour) 6½ after sitting only 7 days. And we shall have sat 24 days.

P.M. What of reducg. it to 6½ - offering to discuss thro' Whips if it wd. unite H/C.

H.C. That wd. be moral victory for Opposⁿ.

P.M. As you wish. (Tho' I don't mind concessions on minor points.)

Agreed : to 29/1. Announce before Debate today.

P. Questions on Nationalised Boards.

H.C. Want to announce today continuing status quo but appoint Select Ctt^{ee}. to go into the ques. Agreed.

[Exit Ch.Whip.

[Enter S., D.S., & Eccles

4. Allocation of Steel.

Sw. Decontrol '50. Shortage now of 1 m. All the more necessary to guide it where needed : control of distⁿ is essential for that.
Dpts. concerned agree. So did N.J.A.C.I. and Steel Fedⁿ.
Can't meet date of 3/12. Want it as soon as possible. If decision now, can come in on 4/12.

P.M. "First act of Tories is to re-introduce a control wh. Labour abolished".

S. They had announced they wd. re-introduce it, luckily.

O.L. Machinery OK? U.S. increased shortage on paper by control.

D.S. Only one year since it was discontinued.
Not much add^l staff.

P.M. Announcement?

D.S. Shd. mention in my speech today.
Fuller announcem^t. by Dept. to the trade.

S. Industry wd. prefer this system.

Ch. Shd. have bn. done in the summer. Their fault.

[Exit Eccles.

[S.

5. Steel Industry : Revised Direction.

D.S. Sub para (b) of 1st draft was too wide.
This will suffice. If it didn't work, we cd. issue another.
Amend : 'management' to read 'constitution of bds. of directors' desired by Corpⁿ.

Sim. Too vague : might extend to any offrs. of the cos.

- D.S. They oughtn't to be interfering with that. They shd. work thro' bds. of Directors.
- P.M. Wd. look as tho' we were interested only in directors.
- W. 'direction or management'?"
- D.S. Tautologous.
- P.M. Shd. not text be made available to H/C.
- H.C. Dangerous precedent.
- Att.G. Must (S.4) be included in Annual Rpt.
- H.C. Better to read it out, if asked.
- P.M. Read it out, before you are asked. Make it clear it's Govt. decision.

1. Import Cuts. [Enter Ch.Whip

P.M. Comment – no cut in tobacco, wines etc.

R.A.B. Revenue makes such profit esp. on tobacco. Also, repercussions in U.S.
Wines. Some fiscal measures may limit consumption.
Cd. be explained in a speech. Will provide a brief for weekend spkers.

H.C. Swinton made the tobacco point in H/C.

P.M. Either higher taxation or rationing wd. be only way of curtailg. tobacco.

R.A.B. Will send note to P.M. and spkers. brief to W.

2. Persia.

A.E. No statement in H/C. until Mon.
But publⁿ of A-Iranian b/sheet. Shows increased profits and double drawing by Ty. cpd. with last year. Cd. say they can't delay before Monday.

L. x/. They've said they will publish to specified date.

A.E. It justifies R.A.B. Will do what I can, subject to x/.

A.E. Cd. it be deferred until Parlt.'s up and disc^{ns}. with U.S. are over.

3. Parliament.

H.C. Business for next week.
F. Affairs debate. A.E. to open. and with leave, reply on 2nd day.
Nutting to open on Tuesday.
Wed : Supplementaries for new Ministers' salaries.

Agreed : R.A.B. to speak. P.M. to be available in case of trouble.

P.M. No hurry about Def. Debate. Can wait until December.

4. German Defence Contribution. [Exit Ch.Whip

A.E. As G. mil. contⁿ (Eur. Army etc.,) rises, so reluctance to pay Occupⁿ. Costs.
Recommend course 14(a) : makg. clear our financial limit.

- Ch. Many of figures unrealistic. 6.00m. Allied costs : a German figure : means £2.000 p. head of men there. In argument we shd. not use these figures. Also £4.000 m. for 12 Divns. – much larger than B. standard. Presumably U.S. standards converted into Reichmarks. Also cost of m'tenance of divns. is much larger than ours.
If we were paying for occupⁿ, cost wd. be much less. We shd. see to that. Gap may not therefore be so large as suggested.
- O.L. Para 12(iii) is impossible. If it comes to it, 12(i) is only possible course.
- R.A.B. Cd. A.E. get course set clearly with U.S. before approachg. Germans. Gt. economies cd. be made in Br. expenditure in Germany.
- P.M. Chance of peaceful settlmt. might turn on agreemt. with R. by wh. G. was unified, but left unoccupied and provided only with token forces. Mustn't sell Germany : but they mght. prefer to get unity at that price instead of being divided and adhering E. and W. Bear in mind.
- A.E. G. prob. divided. Doubt if Adenaur really wants unity now.
- P.M. On basis above, G. wd. have to pay big financial contⁿ – otherwise their trade competⁿ wd. be unsupportable.
- S. Unwise to hasten formation of G. Army – tho' adhere to principle.
- P.M. (Ad hoc Ctt^{ec} of 5 to recommend.
(R.A.B., Salisbury and Cherwell with Junior Minister
F.O. (Chairman)
- A.E. I cd. hold posⁿ on
- P.M. Para. 14(a). And officials cd. examine deeper consequences.
Ministers shd. consider both ques. at once.
- Ch. Para. 12. (iii) excluded because of import card for peace.
(ii) excluded because of financial posⁿ.
(i) 2nd half is only solution : economy elsewhere.
- P.M. Doubt if we cd. face (i) or (iii).
- R.A.B. Harriman was pleased with statement of U.K. case. Only defence p'mme really in action. Promised his help in getting U.S. dollar support and steel. Won't be many dollars. Steel 800.000 t. was in mind.
- *
P.M. Invitⁿ from P.M. to Harriman to come to see him in Ldn. after Rome.
Cab. Mon. pm. after A.E.'s speech – if needed.

5. Central Africa : closer Association.

- O.L. As in memo.
Object : prevent penetration by S. Africans.
- I. Feared S.A. wd. object. Geyer y'day volunteered tht. sooner done the better. Also need to do it before Huggins goes for he cd. get it thro'.
- S. This is right on merits. These are a unity, economically.
Danger of Afrikans infiltration (sponsored by Union Govt.) is v. great.
Huggins and Wilenski alone cd. get this over.
We have always supported this as a Party.
This may be our last chance.
- P.M. How wd. federation help to stop Afrikans' infiltration.
- Ch. Amalgamⁿ wd. be better fr. that angle.
- O.L. But wd. meet increased African opposition. Not practicable, at this stage. Must begin with federation.
- H.C. Publish as a White Paper?
- O.L. Make it as statement after P.Q.'s next week.
Want to get Opposⁿ to declare support as well.
- P.M. Make it available as W. Paper also, simultaneously for convenience of Members.

6. Sudan.

- A.E. Sudanese divided. Some wd. like unity with E. Others want independence, prs. w'in Comm. In South, no developed views.
To meet all this, Commⁿ was appt^d. It will recommend steps wh. will give self-govt. in 1952, prs. with some reserved topics.
M'while Commⁿ(?) has invited U.N. to send a Commⁿ. Side tracked by promise of early U.K. statement.
Object of this : rally those who don't favour unity with Egypt.
Want to make it this pm.
- P.M. Must you mention '52.
- A.E. Commⁿ told sometime ago this wd. lead to self-govt. sometime in '52.
Can't say less now. Only say "may be completed by end 52".
- O.L. We support statement.
- H.C. Meaning of self-determinⁿ in para. 3.?

A.E. As in 1st sentence of para. 3.

P.M. When do we get pushed out?

Draft declaration approved.

1. Miners' Wages.

[Enter G.L.L

L. V. complex wage structure.
Wages raised to point at wh. now highest industry – surface as well as face.

Concerned today with genl. structure. Porter Award caused much ill feeling tht. N.C.B. had to make better offer : lesson – don't go to arbitration.

Present claim : 18% increase. V. large. Consulted Ty. and M/L. Came at a time when Tribunal had just given 8% to rlwaymen – 10 days ago. N.C.B. met N.U.M. : found 8% wd. not be accepted. Pressing also for 2nd wks' holiday, to wh. they are entitled on basis of earlier award. Can't really afford it qua output. Offering to pay them not to take it.

If we stand on 8% we shall get taken to arbitⁿ. N.C.B. want discretion to go to 9.5% - 11.5% - somewhere between. May get settlement on a means around 10%. We shan't get it for less.

They won't discuss means of increasg. output until wages claim is settled.

10% increase wd. mean £20 m. 3/= a ton, takg. in increased costs.

W.M. Engineers' 11/= is much lower increase on basis of skilled rates.

L. Cdn't make exceptional treatment on income tax for miners alone.

R.A.B. Also B/I.R. wd. find it diff. to exempt a portion of income. T.U.C. are against segregating a portion.

O.L. Also increase pressure for shorter hours – to get more on tax free overtime.

P.M. Mechanisation.

L. Improvg. especially in Yorks and N. Midland Regions.

W.M. Horner (Comm.) is handling these negot^{ns}. Will he respond on output, after wage claim met?

Wages : and also holiday (2nd wk).

Rlways have accepted 8%. Many other ind^{ies}. resent special treat^{mt} for miners. If we cede higher %age on a higher base, rlways will come again. Also 11/= for engineers and shipblders is less than 10% on a lower base. Award of 10% to miners will start the 2nd round of wage claims.

L. Can't get settlement by agreemt. at 8%.

Wd. rather settle around 10% than go to arbitⁿ. Because then they will be more willing to co-operate on output.

R.A.B. Importance of coal. Internal. Also international – taken as earnest of our good faith.
Can't we get organised labour to see this as somethg. special.

Ch. Support R.A.B. May have to say miners are privileged class.
Manpower.

W.M. Personnel managemt. to keep recruits from leaving.

Ch. Houses.

M.F. a) O.M.S. at face. Is it increasing. b) Can we m'tain it?

L. Yes, individually. But shall lose nos. and thus output in total.

Ch. Measure by man year. For they work fewer shifts.

P.M. If we don't offer more, will it go to arbitration.

L. Believe arbitⁿ wd. give as much as 10% and a bad spirit also.

R.A.B. Give L. this discretion. But follow up with big drive for greater output.

P.M. Let us not at once seem unsympathetic to their claims.

Sim. Choice : concession or go to arbitⁿ
Tribunal wd. award about 10% or so, I believe (on my experience).
Better therefore to make the concession.

W.M. I wd. sooner have this imposed by arbitⁿ.
For I'm sure this will be followed by a second round of claims.
Concession wd. keep miners sweet : but wd. make other industries sour.

Agreed : L. to authorise N.C.B. to make the concession.

[Exit G.L.L. and
[Enter W.S.

2. Germany's Defence Contribution.

S. We recommend para. 14(a) in first instance.
On choices in para. 12. We reject (ii) and (iii). This leaves (i).
Can't reduce our forces in Germany. But might economise elsewhere in defence. Also figures are prob. inflated. There will still be a gap : and U.S. will have to fill it. A.E. cd. promises economies on forces in Germany.

Ch. Also we cd. cut cost of providing German units.
Also on or forces in G. if Ty. paid.
Also p'mmes, here and in G., won't go so fast as is here assumed.

1. Parliament : Secret Session . [Enter Sw. & LL.G.

P.M. Had thght it concession to H/C. In old days Members had more knowledge than public. Now thght nothg. shd. be said save in public. But “never force little dogs to eat mutton”.
No strong personal feeling. Ready to defer to feeling of the House.

Agreed: Don’t force this on H/C. against their genl. wishes.

2. Parliamentary Questions on Nat^d. Industries.

H.C. Read proposed t. of r.

P.T. Does this preclude Ctt^{ee}. for changing existg. law.

H.C. Shd. be considered industry by industry, w’in existg. law. Amend^{mt}. of law shd. be for Ministers in 1st instance.

P.M. Greater control by Parlt. was prominent in our campaign.
May not it be said tht. by this we are slipping out of it.

H.C. Cd. make it clear tht. this is only a limited part of the ques : other parts will be followed up by Ministers. In announcement, prob. on Thursday.

P.M. Begin with disclaimer. This is not the wide ques. but the narrow and urgent one of P.Q.’s.

H.C. Size of Select Ctt^{ee}. Propⁿ. of Parties. No lib. unless Ctt^{ee}. is over 25. Suggest 6 Tories 5 Labour and no Liberal. This means 5 all + Chairman’s casting vote.

P.M. Unwise to exclude Liberal.
They are called “Lib Opposition”. Give them one at expense of Labour.

H.C. That wd. be gerrymandering excuse them of.

P.M. Then let the Chairman be hors concours concerns – propⁿ. only among the members.

P.T. Negotiate ques. of Liberal repⁿ. – on Ctt^{ee} as a general matter.

Agreed : (Decide Thurs. – Ch. Whip to come – H.C.
(m’while to consult Cl. Davies.

H.C. P.Q.'s. Bring Scottish Ques. fwd. one place on the last Tuesday before Xmas – so tht. they have a chance to answer orally.

P.M. I favour giving another 15 mins for P.Q.'s. Assertions of Parly. auth^y. One of living greatness by wh. our liberties are safeguarded.

H.C. Will consider that suggⁿ.

3. Colonial Foodstuffs and Materials.

O.L. Asked C.O. to consider what Contⁿ. Colonies cd. make.
In long-term almost no limit to what cd. be done.
This, however, is short time. Seller, not buyer, of primaries now calls the tune. Amery economics are no longer applicable.
How can we use Colonies to adjust balance of world econ. power?
i) U.K. fiscal policy – makes Col. expansion and developmt. impossible.
Double taxation arrangemts. remove all benefit of pioneering concession by Colonies. Must discuss with R.A.B.
U.S. and Can. Cos. with better depreciation allowances, are in better posⁿ.

Para. 5(e).

ii) Other points in para. 5. Early need for generous steel allocation.
Priority second only to defence, prs.

S. Have done an allocⁿ. But we are short by 1 m. tons. Can't satisfy all demands.

Ch. Can't cut into export of steel.

O.L. Balance of ruined sacrifice for long term benefits.
iii) Timber. Hope H.M. will look at except^l methods of using Col. hardwoods – tho' they cost more and are less acceptable to bldg. industry.

H.M. Cost = heavy freights. Possibly they cd. be lowered. 2/5ths freights.
Use. Scientists have worked out some limits on this. Can encourage it in private bldg. by licensing if hard-wood is used.
Can increase its use parallel to increased supply.

R.A.B. Finance. £20 m. p.a. = limit of borrowg. on Ldn. market.
Want discuss O.L. how far sterling balances cd. be used instead.
Inducements to C.O. Depends on form of c.p.t.
On double taxation I can prob. help.

O.L. Can draw on Internat^l Bank too.

S. Cd. attract U.S. capital.

- P.M. Want to attract it to U.K. With guarantees v. natⁿ.
 Preferable to a fiscal system designed to divert it to our Colonies.
 Aim shd. be to get Br. invest^{mt}. in Colonies and U.S. investmt. in U.K.
- Agreed : O.L. and R.A.B. to consult and report on
 fiscal situation. Offl. inter Dpl. Ctt^{ce} on this.
- Sw. Concentrate on areas where we can get quick results.
 Copper for N. Rhodesia is good bet.
- O.L. Transportⁿ of groundnuts in W. Africa, also.
- Ch. Want to be sure we get better result than fr. investment in U.K.
- I. Also in Doms.
- S. E.g. Canada now financed almost wholly from U.S.
- O.L. More sure of Col. because under our control.
- P.T. Must balance all claims and see what wd. suit us best.
- L. Rlways here urgently need steel.
- W. With more groundnuts (steel) we cd. disband machinery for controlling
 feeding stuffs – which is not working.
- [Exit Sw. and Ll. George
 [Enter P.M.G.
4. B.B.C. Charter.
- P.M.G. Much controversy in country and in Party. Suggest 6 months’
 extension.
 Can be done by a statement to Parl.
 M’while consider i) no major change ii) finance iii) Reg. Councils.
- J.S. If you make any change, statement isn’t enough.
- P.M.G. I don’t want any change – even in Govrs.
- O.L. Can the money be divided?
- P.M.G. Yes : that doesn’t depend on Charter.
- R.A.B. Support : and reserve right, at end of 6 mos. to raise ques. of increased
 licence fee and get more for Exchequer. (viz., whole of the increase).
- H.C. If it’s a temporary moratorium, don’t say (a) or (c) : wh. aren’t status
 quo.

- P.M. Support that view. Need time to get this right. But don't alter status quo m'while.
- R.A.B. Opposⁿ wdn't boggle at (c). They proposed it themselves.
- P.M.G. The money won't be spent. Wd. go into names for subsequent capital development.
- Ch. Increased fees wd. cut down demand and help defence prodⁿ.
- P.M.G. Policing isn't v. good : dangerous to put fee too high.
- O.L. {Take the money. Painless to public. }
 {Opposition and B.B.C. expect this cut. }
- Agreed : Extend this cut.
 Cut grant back to 85%
 Drop para. (a) from any announcement.
- P.M.G. On (a) can I have – direction to my Dpt. that we shan't consider 2 or 3 B.B.C. Corp^{ns}.
- P.M. You can tell Dpt. you are against that. But it's open to Cabinet discussion.

1. Parliament. [Enter Ch. Whip
- H.C. Business for next week.
- H.C. Cl. Davies in diff^{ies}. - over Ctt^{ees}. - only 2 men available.
Content no Liberal on this (nat^d. ind^{ies}.) Ctt^{ee}. He will ask me when he
wants rep^{ve}. on other Ctt^{ees}.
- H.C. Speed in prepⁿ. of major Bills for post-Xmas period.
- P.M. Appoint Cab. Ctt^{ees}. to go thro' them.
- H.C. There is a Steel Ctt^{ee}. Other Bills, policy, can go to H.A. Ctt^{ee}.
- P.M. Weekly repts. on progress, from responsible Ministers - in Cabinet.
I will prod. from time to time. (Agreed).
- P.M. Steel : Management and Ownership. 1st = L. Evans plan. 2nd = diff.
- H.C. M/S. is in touch with Duncan. All in train.
- P.M. H.C. i/c Steel. L. i/c Road haulage. P.T. Monopolies.
- R.A.B. Have some ideas to contribute to H.C. on finance and steel denatⁿ.
- [Exit Ch. Whip
2. Malaya. [Enter C.I.G.S. and R.
- O.L. Paras. e. and f.
Too many head men in this small area. Sure it means delay.
Too much emphasis on constitutions, concessions etc.
Need for streamlined action from the top. One Govr. Genl. with full
powers, civil and military. Govr. Genl. and C- in- C.
This is bias with wh. I shall look into it on the spot.
- C.I.G.S. Have pressed for single control. Got it under Briggs. Unified
command of op^{ns} - mil. and police.
- O.L. But involves concession to civil point of view.
- C.I.G.S. Worked fairly well under Gurney.
- P.M. Endorse O.L.'s view. But look at sitⁿ. on spot. Report before Xmas.
And find the man.
- C.I.G.S. No quick solution. Civil govt. wh. can do its job - it can't now, esp.
because no Chinese spkg. police or officials.

- R. On (b) don't alienate Chinese to extent of influencing Ch. in Burma. Indo-China etc.
- O.L. Matter of degree, and timing. Must get off the bottom first. Must first show we can protect them.
3. Hong Kong.
- P.M. Say "are resolved" to stay in H.K.
- Approved, subject to above. [Exit C.I.G.S.]
4. Schuman Plan.
- M.F. Handed in draft of his statement.
Want to be more forthcoming.
- P.M. Military : N.A.T. Army – inside it E.D.C. – inside that G. contingent. Everyone dedicates forces to E.D.C. G. doesn't however have nat^l army of own : only a breeding organisation to raise her contⁿ to E.D.C. E.D.C. shdn't be reduced to sludgy amalgam of people ready to fight only for internat^l conceptⁿ : must retain nationalist appeal, for all save G. V. unsatisf. now because France trying to get everyone else to defend France for them.
- M.F. Non-committal in public v. Eur. Army.
As for Plan, we are "not in it but with it".
- R.A.B. Plan is v. unpopular with Unions, in mines and steel.
Make propaganda at home to make it clear we aren't handg. over our mines or works to the Schumaniacs.
- Sal "establish a formal assocⁿ." is dangerous. Say only "a link" or liaison.
- Ch. This isn't a good Plan : not likely to be popular in Europe.
Pity prev. Govt. didn't collaborate fr. outset and make it better.
- H.M. Likely it won't be ratified. Mght. be chance for new attempt, in wh. we cd. join.
- P.M. Second para : say only " will set up a permanent delegation"
[Exit R.]
5. Bamangwato Reserve.
- I. No solution wh. won't be open to some criticism.

Quick decⁿ. needed because observers ret^d in Sept. Reserve is in turmoil. P.Q.'s daily.

Tsekeledi seeing me on 29/11. Must know decⁿ. by then, tho' I wdn't tell him it.

Para. 5. Let him back as private citizen and if no trouble allow him to stay there permanently.

Dep. High Commr. and Times corresp. both say his return in offl. capacity wd. cause uproar.

Seretse. Complete ban, review in 5 yrs. Actually he can never go back as Chief. Wd. unite S.A. against us and end High Commr. territories. Disposed at first to say so at once. But uproar wd. wreck United Africa scheme. Therefore, allow W. Paper posⁿ. to stand. And build up R. as 3rd choice : to end direct rule.

Letter from Baring, who favours saying now Seretse shd. be out for life.

- Sal. Endorse this plan. Safe to rely on T. not to engage in pol. affairs. He is a man of his word.
S. can't go back under any circs. because of S.A. reaction.
Apart fr. United Africa point, I wd. say so now because of continuing uncertainty in Tribe, wh. will prevent them rallying round R.
Don't say it now, but as quickly as we can.
- I. Yes.
- P.M. L. Boyd was spokesman in H/C. for Opposⁿ.
- I. I have consulted him and he supports memo.
- O.L. So do I. Also agree on central Africa point. Delay S. announcemt. for 6 months.
- P.M. Announcement?
- I. After 29/11, when I see Tshekeledi.
- P.M. Will be row in H/C. Liberals will squawk and attract Labour left wing support.
- H.C. I support memo. Must be announced in H/C. Can't concede debate before Xmas.
- Sal. Diffy. of debate will be to prevent discⁿ. of Seretse.
- P.M. {Provisional approval. Let Cab. consider gain.
{After scrutiny by Small Ctt^{ee} P.M., L.P.S., H.C.,
{Lennox Boyd, Ismay.

Agreed : Publish report of observers – after Ctt^{ee}.
Report to Cab. only if we differ.

[Enter D.E. and D.S.]

6. Colonial Balance of Payments.

- P.M. Can we mention this publicly eg. in my b'cast.
- R.A.B. They will be in heavy deficit in '52.
- O.L. Cd. we expand textiles exports? Spare steel.
- O.L. Want to explore that – my reference to consumer goods.
- H.M. i) Don't encourage Col. to make the point v. us.
ii) B. individuals helped to create this wealth.
- O.L. Ref^{ces} must be guarded. Don't want to provoke a row.
- Ch. Esp. if prospects are as R.A.B. says.
- R.A.B. On recommⁿ (ii) : C.O. must await allocation of steel.
- P.M. Take note of memo.

7. Housing.

- H.M. Policy proposals as in memo.
(2) is deflationary.
(3) smaller and simpler houses. Conforms with Dudley standards.
Machinery. All Ministers concerned agree with plan for Ctt^{ee}. on Bldg.
To improvise in various ways.
- P.M. No need to avoid a row on this ques. Don't be chary over this.
- H.M. Wd. have to build ½ their allocation to let.
- P.M. Emphasise this in public statement.
(Appoint Ctt^{ee}. as in my brief.)
(Approve proposals on policy.)
- R.A.B. Caveat for Cap. Invest^{mt}. P'mme.
Can such pp. be discussed with Ty. in advance.
We cd. have helped eg. on cond^{ns}. of re-sale.
on softwood allocⁿ.
New Towns. Houses now cost £1,900 there. We shall have to cut
down on this.
- P.M. You cd. send rep^{ve}. to Ctt^{ee}.

1. “State of the Nation”. [Enter Ch. Whip
Ll. George

P.M. All Dpts. shd. show where we stood on 26/10. We can decide what we publish when we have a draft.

H.C. W. Papers – factual leading up to policy proposals. Can’t be political. Factual record w’out any plan to remedy it? Also defence part must be omitted. And [sic]

P.M. Think it fades as we leave Election.

Agreed : factual statement for Cab. purposes only.

P.M. B’cast. 1922 Ct^{cc}. Thght. a Woolton Chat wd. do. I prefer that. Shd. it be a Party political b’cast. I think not. To get away from Election.

W. Don’t want Party argument. Let them start it, if they must. We shd. spk. to world, not to U.K. alone. P.M. alone cd. do that.

P.M. I shall have to make such a speech in U.S. Aren’t there too many speeches?

H.C. Or by R.A.B.

P.M. Adjourn it until A.E. and R.A.B. returns. Agreed.

2. Ministers’ Cars.

P.M. Read out draft of public statement.

W.M. On the single pool : we run ours at 6d.-7d. a mile. 3 of them are in our Ldn. garage. No waste in this.

D.S. Cd. you omit para. 4. There must be a general pool, not necessarily a single one. Detail re pool to be worked out.

P’pone question until (Thursday) Tuesday next.

3. Canal Zone : Discipline over Imported Labour.

H.C. Some powers needed to discipline imported labour in Canal Zone. Suggest memo. shd. come to Cab. on Thursday. Then it will be diff. to pass the Bill before Xmas.

P.M. We may have to run a risk.

4. Parliament.

P.M. Defence Debate. I'm ready to speak on 6/12.

H.C. i) Opposⁿ want debate on Central Africa.
ii) Cd. be debate on Wales next wk. (precedent) but no one wants it.
Diffy. about i) is absence of O.L. and G.W. But there's an empty day.

I. Foster cd. return : M/State for Colonies.) H.C. I will give them
We wdn't mind a debate; and we cd.) choice between Wales
handle it.) and Africa : but concede
Africa if they press for
it.

5. Bamangwato Tribe.

I. Read shorter draft.

P.M. Much better. Read proposed statement re Seretse. Agreed.

6. Agricultural Prices. [Exit Ch.Whip
[Enter M/Ag. and Salter

T.D. Plan supported by W. Follows Special Review.
Recoupment of £26 m. out of £40 m. increase in costs since last
review.
Urgent because of falling prodⁿ.

A.S. R.A.B. agrees tht. these are necessary.
Avoid implicⁿ of expansion p'mme next Feb^y. Wd. like to discuss
terms of statement.

T.D. Will do that – before Thursday, when its to be made. Must promise
careful review of p'mme.

W. We must grow more in U.K. Shdn't discourage that.

A.S. But not by high cost marginal land.
Fertiliser subsidy wd. come w'in ceiling for food subsidies (£410 m).

LL.G. In statement, cd. we add words indicatg. some increase in retail food
prices will be involved.

Ch. Farmers' incomes have risen 4¾ times as cpd. with 1939.
Farmers are doing v. well.

T.D. V. few of them. They wd. get much more for cereals under a free
market.

H.M. Must price increase be related so closely to wage increase?

- T.D. Must under Sp. Price Review procedure. Not under Annual Review.
- P.M. Need not be underlined. I have suggested verbal changes.
- P.M. Approve this memo.
But remember our policy is to expand home food production – incldg.
reasonable marginal land –whatever A.S. may say.
- A.S. OK : but don't pre-judge February review.
- T.D. In statement, must omit reference to "wool".

7. Food Prices.

- H.G. As in memo.
- P.M. Make the point tht. this was foreseeable and shd. have bn. done before
Election.

Memo. approved.

1. Economic Situation. [Ch. Whip and E.E.B.]

P.M. Prelim^y. discⁿ. this pm. Continue tomorrow.

R.A.B. We haven't done enough. £320m
Quarterly statement will show same rate (\$900m) as last. Reserves will fall to £850 m. by end/year. S.A. deficit 400 m. in '52 faces us. This announcemt. wd. lead to greater run. Effect of earlier steps. Fnl. rate is a little better. Posⁿ. not due wholly to lack of confidence : no increase in that since 26/10. E.P.U. posⁿ. is v. bad. Soon have to settle 80% of our deficits in gold. Thght. we shd. make interim statement before House rises, to counter effect of quarterly statement. Intended to suggest holdg. H/C. for this purpose. After discⁿ. with P.M. and others see diffy. of this. Alternative : summon Parlt. a week earlier in Jan. Prepare statement of drastic action and legⁿ. necessary and make it on 22/1. Statement wd. have to be : 1. Inceasg. exports (can't cut more imports) save prs. petrol). Reduce home invest^{mt}. and consumptⁿ. and defence and plant machinery to be cut by £100 m. (at expense of industry and agric). About £150 m. p.a. off defence : i.e. off full p'mme : and transfer emphasis from Army to Air.

2. Govt expenditure cuts. Health Service : £40-50 m. Education : nothg. above £10 m. w'out sacking teachers.

P.M. Underpaid teachers and overcrowded schools is not ideal. Consider reducg. leaving age. Don't reduce bldg. of schools, or the pay of teachers.

R.A.B. M/Ed. wd. rather start at 6. But wd. mean sacking teachers.

P.M. Not so popular in homes.

Ch. Lose women in industry via young recruits at 15.

R.A.B. About £5 m. on C. Service. Total therefore only £60-70 m. unless we trim food subsidies. Sugg^d. £200 m of these, offset by f. allowances etc. of £60 m. Ty. dividend. T.U.'s think it wd. lead to increased wage demand. £200 m = 1/6 p. head. 2/6 to o.a.p. wd. cost only £20 m. Weakness : wages claims.

If we announce in Jan. we cdn't say anything in Dec. Then for consⁿ. wthr. we shdn't also have Finance Bill, incldg. E.P.T. If we did food subsidies, we shd. need some fiscal action v. the more rich. If we don't, Jan. Fin Bill cd. be restricted to E.P.T. Health legⁿ. wd. be needed. Also prs. on educⁿ proposals.

PM. Don't act before we've considered and am sure they are right.

Don't act piecemeal.
Must have some time to make a plan.
Cab. Ctt^{ec}. to go over the ground and report. Econ. Ctt^{ec} plus some others perhaps, eg. A.E.

Announcemt. pre Xmas wd. be quite contrary to our Parl^y. strategy for this Session. Return a week earlier.
Say before Xmas tht. we are makg. a plan and shall return a week earlier.
Base it on forecast of last quarters' out turn.

R.A.B. Latter wd. damage credit. Don't announce Parlt. early return until after Jan 3. That : bankers' view.

Ch. Posⁿ is not as bad as R.A.B. suggest.

P.T. To get the exports needed, somethg. like R.A.B.'s measures will be needed. The sooner the better.
Advantage in announcg. before P.M. goes to U.S. Will be said it's forced on us by U.S. Govt.

P.M. See no objⁿ to saying somethg. before Parlt. rises wh. foreshadows action soon after Xmas.
Cd. b'cast eg. on 15/12.

R.A.B. Memo. for Cab. by Thurs.

Agreed. Appoint small sub Ctt^{ec} of E.P.C. – calling in other Ministers affected.
No extension of Session.
Some statement before Xmas to indicate further measures will be needed. Parlt. resume a wk. earlier : not before then because Comm. Fin. mtg.

P.M. I wd. prefer to have H/C. told before they rise when they will resume. That wd. have to be on Thurs of next week.
Then I cd. fill it out in b'cast on 15/12.

1. Parliament. [Enter Ch.Whip
- H.C. Business for next week.
Festival Gdns. If amend^{mt.} on Sunday opening, there will be a free vote.
Defence Debate – on the adjournment : W.S.C. to reply as well as open.
- P.M. Lindsay's P.Q. on H/L. Reform. Answer "Not before Xmas".
2. Man Power. [Exit Ch.Whip.
[Enter Att.G., D.S., Thomas
- Ch. Room for more than 8.500 extra workers in mines.
- P.M. Penalty on person engaging valet – or farmer and labourer.
- W.M. Cd. make exceptions. But was the law from '47-50.
- P.M. Maybe premature : we may have to prolong def programmes, because we can't get it done.
- W.M. As at now, can't find the manpower otherwise.
- P.M. Wait until E.P.C. review is completed.
- W.M. Industry is expectg. convers^{ns.} on manpower.
- R.A.B. We believe in full empl. can't use credit rest^{n.} we shall in the end have to come to this sort of thing.
But consider with invest^{mt.} plans on E.P.C. Sub Ctt^{ee.} Agreed.
- H.M. Cd. bldg. be added to footnote on 2.
- P.M. We cd. approve proposal (3) for immediate action. Agreed.
- H.M. Includg. revival of scheme for apprentice traing. in bldg.
- D.S. Def. p'mme already lagging. Labour demands rise steeply.
Unless somethg. like this is done, it will lag even more.
Effect on aircraft p'mme will, in partic. be v. serious. And that can't be spaced out over much longer period. Or rotor, or some ammun^{n.}
- Something like the designated list will be v. necessary. viz short list of v. important items critically short of labour. Cdn't operate w'out a Reg^{n.} of Engagemt. Order.

- W.M. We lost 35.000 a week (?), among those to be influenced, when Order was dropped in '50.
No extra staff wd. be needed for 1) or 2). Even tho' 500 were cut when Order was dropped.
- P.M. Think we shall have to come to 1) and 2) also. But discuss it thro' E.P.C.
- H.M. Cd. there be some exceptions eg. for v. small firms or employers.
- W.M. Agric. and mining wd. be wholly exempted.
- D.S. {Will M/L. also consider deferring ex apprentices. And returning
{those in Forces.
- J.P.L.T. {Support this – qua. shipwrights and draftsmen. Fleet carriers held
{up for lack of these.
- P.M. Consider qua special bottlenecks. *
- P.M. I will review Def. P'mme. [Exit J.P.L.T., D.S.
[Enter R. and A.H.
3. Canal Zone : Imported Labour.
- P.M. What is “deemed”.
- Sim. Most uncertain. Therefore dangerous to run any risk. Shd. remove the doubt.
- H.C. V. diff. to get this thro' before Xmas. Shd. have to build it up v. big to get it rushed thro'.
- P.M. “Pig it” – that’s the policy.
If there’s fighting, even w’spread local incidents, will call it active service. Short of that, risk it : try by ct. martial. If we’re challenged we’ll legislate after Xmas.
Use deportⁿ if needed.
- A.H. Can I renew declⁿ.
- Sim. On basis of “recent” not “imminent” active service.
- A.H. I don’t want the Bill.
But what about de facto active service. Cd. I declare that?
Wd. it increase tension? Only a statement in Orders.
- P.M. Why not wait until somethg. happens : and, if you must, take a risk.
Wait until your right is challenged.
- Sim. Act of Indemnity if necessary.

1. Parliament. [Enter Ch. Whip

H.C. Must give notice of Motion Wed re assembling earlier after Xmas.
Read out his formula.

R.A.B. Don't like reference to econ. situation. Put it only on basis of more
business to be transacted before Easter.

P.M. Shd. we not stick to 29/1.

R.A.B. Shall have plans for Cab. before Xmas. Work can be finished within
time. Can amend in light of visit to W'ton and Comm. F. Ministers.
Reserves will be announced around 7th Jan. Remedies shd. be
announced as soon as poss. thereafter. To restore confidence.
Wd. mean p'poning genl. economic statement virtually until Feb^y.

H.C. If I can't make any ref^{ce} to econ. situation, I really can't put up a
justificⁿ for earlier re-assembly.

R.A.B. For 6 wks. nothg. but P.M.'s b'cast – to check inflation.
New round of wages may start in February.

Agreed : Leave date at re-assembly at 29/1. [Exit W.

P.M. Cd. re-consider in Jan. if situation gets out of hand.

R.A.B. Or cd. try to restore it by Press conference in Jan^y.

2. Korea.

A.E. Reported disc^{ns} with Acheson.
Proposed : Ridgway shd. report to U.N. wthr. or not satisfy. on
adequate supervision. Then ¾ Govts. wd. make declⁿ tht. if infraction
of these terms, no assur^{ce} tht. hostilities cd. in future be limited to area
w'in wh. h'to confined.
Eg. bombing beyond Yalu and naval blockade of Ch. ports (wh. we
have advised against). P.M. and C.O.S. have agreed.

P.M. I'm far fr. easy. Comms. have built up during parley – in nos. and
aircraft.
Cab. shd. recognise tht. we've agreed to bombing beyond Yalu – if
there is treacherous breach of armistice terms.

Sal. Shan't endorse genl. bombing of Ch. cities. Public opinions wdn't
stand tht.

A.E. Keep in mind ques. of informg. Opposⁿ at approp^{te} moment.

- P.M. Wait a bit. Use yr. own judgement re talking to C.R.A.
3. Liquor Licensing in New Towns.
- M.F. As in memo.
- This Ctt^{ec} system has bn. tried, with success, in blitzed areas – on a Bill introduced by Coalition Govt. Licensing (Planning) Bill.
- R.A.B. Support on current financial grds. – tho’ in long term “Carlisle” pays.
- J.S. More diffy. in Party if we m’tain State trading position than if we go on with this plan.
4. European Army.
- P.M. Read extract from his speech – for Defence debate.
- H.M. We didn’t then know it was to be a merged Force, with one uniform Budget Assembly etc. Monnet has mucked it.
5. Transport Charges.
- L. Lag in going to Tribunal – 6-9 months.
 Passenger claim now under considⁿ.
 Can’t wait (because of wages increase) for result. Must leave immediate increase on freights.
 Award on old claim likely to realise £20 m. Suggest new wage increase shd. fall wholly on freights. Fares can bear no more. Use emergency power and ask for immediate increase.
- M.F. B/T. and I have a past on this. Have urged no further increase w’out examinⁿ of rlway. efficiency. Wd. help if some assurance cd. be given on that at some time.
- L. Order – subject to Prayer.
 Shd. do it before Xmas to avoid 2 months’ add^l loss to Commⁿ.
- R.A.B. Commⁿ. is heavily in debt. Diff. for it to raise money in market.
 Must get it on a sounder basis.
- P.T. Can’t we say enquiry into efficiency is now in hand.
- L. Promise full memo. in 2 weeks on road/rail [Re-enter W
 with modified plan for “freeing” road haulage.
This increase is to match wage increases granted since we came in.

Agreed: Announce enquiry into efficiency of transport system.
M'while because loss on rlways because of last wage increase interim
increase in frights as app^d by tribunal.

1. Government Publicity. [Enter Ch.Whip, Gammans and J.P.L. Th.
- P.M. Read Gammans' note.
Ctt^{ee} under L.P. to consider and make recomm^{ns}.
- W. Salisbury's Ctt^{ee}.
Have agreed with LL.G. tht. he shd. not appoint a P.R.O.
- Ctt^{ee} W., L.P.S., Gammans, MacMillan and Ch.Whip, to consider and submit recomm^{ns} to P.M.
[Exit Gammans, Ch.Whip.
2. Royal Tour to Australia.
- P.M. Staggered by cost - £1.1 m.
- J.P.L.T. Estimated before seeing vessel (wh. was abroad). V. bad shot. Much more work than supposed. Also Palace have asked for v. expensive decorations : and King's doctors' demand for air conditioning plant. Overtime.
- P.M. Blame rests with late Govt. But consider interests of Crown. We are committed to this.
- R.A.B. Asked Ty. to raise this with Palace. Agreed cdn't cancel the liner. But gross disregard for public money.
- P.M. Ministers must be responsible – "Palace" can't come into this. Suggⁿ tht. A. and N.Z. mght share the cost. Cab. shd. consider carefully there will be a row here. But Labour Ministers responsible – can't affect Crown. But if we ask A. and N.Z. to share, in joint responsibility – and put a tax on what was honoured visit. Mght. start up controversy in A. and N.Z. Mustn't involve Crown in that. V. grave risk. Suppose they decline and it leaks. Can't be a row here because Labour can't start it. Mght. be a row in A. and N.Z. Parlts.
- R.A.B. Canadian precedent. Ask them if they cd. pay w'out a row.
- A.E. Ask if they wd. care to contribute. They mght cover him after ???? passes Equator.
- S. Not worth the risk for under £200.000. Diff. if they had bn. asked earlier. Shd. not happen again. Dom. shd. be consulted first in future.
- Agreed : Doms. not to be asked. [Enter Simonds.

Adm^y. to hold formal enquiry – report to Cab.

[Exit J.P.L.T.

3. Egypt.

[Enter C.O.S.

A.E. C's -in-C. ask for Mil. Govt. Possible implic^{ns}. of that in para. 6.
Use of our counter sanctions wd. create chaos in E. and land us in grter
diff^{ies}. includg. respons. for Cairo and Alex.
Hence recomm^{ns}. in para 10.

C.I.G.S. We agree.
Want to avoid add^l. commitments.
One add^l sanction : power to disarm E. Police, when they think it
necessary.
They wd. do it : but wd. like to authorise them.

Sal. Will 10(a) + disarming Police suffice to check terrorism.
Para. 9 of memo. suggests continuous deterioration.

A.E. Goes up and down.

P.M. Pig it : take a chance : don't be too scrupulous about the law.

C.I.G.S. Don't want Erskine sued. Will pass Act of Indemnity.

A.E. Shd. we have a small Egypt Ctt^{ec}. Wd. save Cabinet time.
Eg. guidance on food problems and shipping.

P.M. No.

C.I.G.S. Eg. Govt. are w'drawg. all trainees in U.K.
Cd. we ask U.S. to send theirs home?

A.E. Yes. And any other country who has any, eg. France.

[Exit C.O.S.

4. Waiver of Interest on U.S. and Canadians Loans.

R.A.B. As in memo.

A.E. I agree.

Ch. Cd. we have a memo. on Sterling Balances – agreements and releases
since '45.

P.M. Yes.

Memo. approved.

[Enter Solr. Genl.

5. War Criminals.

- A.E. i) General. Discussed with Adenauer. G. can't assume custody, when free and independent. Plan (agreed by 3 High Commrs) for Ctt^{ee} with neutral Chairman wd. control and review sentences from time to time. Adenauer wd. accept. Memo. will be submitted on this.
ii) Short term proposal in memo.
- M.F. Verify ct. didn't say they had taken it into a/c when passing sentence.
- P.M. OK so far as it goes. But I want to do more. Want to release a few eminent people like Manstein quickly. To evoke nat^l response from Germany.
- A.E. Prefer to get rid of it altogether under (i).
- M.F. Support (i) in principle. Means transferring powers of clemency from S. of S. to an internat^l body.
- P.M. Approve these so far as they go.
But give me a list of prominent Generals and others who wd. remain in jug after (ii), before action under (ii) taken.
- H.C. Don't ignore U.K. feeling v. these men. Many people think they deserved all they got.
- I. May I tell Canada. They have 3 and shd. follow our line.
- A.E. Yes.

1. Government Expenditure. [Enter Ch. Whip.

P.M. Do 'em in batches, when Parlt. is mtg. and can explode – once.
Don't dribble them out.
This shd. have come to Cab.

J.S. We didn't know M/E. were going to do it.
Haven't sent out circular. Can't do it now. Must wait.

P.M. Nothg. like this shd. issue w'out Cab. authority.

2. Legislation Programme.

P.T. Bill on Waiver of Claims shd. be added. To prevent G. from procdg.
against B. subjects for actions done during war.

Sim. It is overdue.

H.C. P'mme overloaded. Will try to squeeze this in.
This allows no time for the 3 major Bills. These are minor Bills wh.
can be pushed on while you are waitg. for these.

L. More time will be needed on Road Haulage. Will make a policy report
to Cab. in 10 days or so. Main problem : growth of C. Licence work
has ruined the businesses wh. were taken over and there's now no
"good will" to sell back. Possible remedy : a small levy per ton mile
on all goods carried by road to provide a fund recouping Govt. loss.
Will also have to widen it up to cover road/rail co-opⁿ. as well. Eg.
eliminatg. small rly stations and serve them by coach.

P.M. You may ask for a small Cab. Ctt^{ee} later. Build up our plan
* collectively.

R.A.B. A few add^l. Bills on a/c of economic p'mme.
All fiscal measures will have to wait for Budget – wh. will be late in
Apl.

A.E. German debt settlement. If we get it, we shall need legⁿ. Not
controversial probably.

P.M. Can massacre the innocents.

H.C. But must get our 3 main Bills.

P.T. Monopolies Bill shd. be ready early in Feb. Am consultg. M.F. and
Att.Genl. Leg. Ctt^{ee} by mid January.

H.C. No standing Ctt^{ees}. Much time on the floor.

P.M. Mght. have to use guillotine or time table procedure.

[Exit Ch. Whip
[Enter A.H.]

3. Dunkirk Memorial.

A.H. Commⁿ. want to know wthr. Cab. wd. favour largesse Memorial.

A.E. No need for anything bigger.

P.M. Was a big thing.

I. Has passed into E. Language.

P.M. Favour somethg. a bit bigger – say £50.000.

A.E. Not a victory.

Sim. The dead would not wish more than a modest memorial.

A.H. To get somethg. significant, we wd. have to go beyond £100.000.

P.M. Let us see what we can get for £23.000. If we think it unworthy we cd. consider makg. a contribⁿ fr. Exchequer.

R.A.B. Will there then be others?

A.H. Dunkirk was a unique deliverance.

Sal. Mght ask for contrib^{ns}.

Agreed : (Picture of £23.000. Rough sketch of £100.000
(Not on precedents for public subscription.)

[Exit A.H.]

4. Counsellors of State.

Sim. By Act 1937 only persons eligible are those in succession to Throne. This limits choice v. narrowly. To extend that, amending legⁿ is necessary. Lord Harwood wd. be next in succession. Not a v. good name for this purpose.

H.C. V. tiresome legⁿ.
Can't we wait and rush thro' amendg. legⁿ if there is illness.

Sim. No one cd. then appoint the Commⁿ to give assent.

- P.M. An announcement will have to be made –as in my brief)
- Sim. Comments already made by Levi.) x
- P.M. Record *
- P.M. Add high officers.
- I. Doms won't have that.
- P.M. No action before King is about to leave.
Re-consider m'while.
But draft legⁿ m'while.
Authorise Palace to make statement at x/. (M.F. to draft and submit to P.M. who mght issue thro' his P.R.O. (!))

5. Egypt.

- A.E. Amb. called. Not to break off relations. I gave him statement of our action in Egypt and reasons for it. He fears rel^{ns}. will be broken off, and sitⁿ will deteriorate – anarchy developing in E.
I therefore repeated our posⁿ : said Treaty was good : accepted tht. their view was not tht. it was bad Treaty : we were ready to negotiate.
But they must control violence by bands in Zone.
Hope these rep^{ns}. will reach E. Cab. when they meet tonight.

6. Korea.

- A.E. U.S. have given us a text of the warning. Think it goes too far.
We have amended draft. “We affirm (get formula fr. F.O.)
“Might” vice “will” be imposs. to localise hostilities as hitherto.
C.O.S. prefer that formula to U.S. draft.
U.S. don't like our informing older Doms. (Can, A. and N.Z.)
- I. We told them earlier part of the story. Can't close down on them now.
Unless I can say its because of U.S. veto.
They have troops fighting in Korea.
- A.E. Means risking U.S. closing up on us.
- I. Cd. say “we are playing this hand alone : will consult you before anything is decided.
- P.M. Don't repeat to Doms. the intermediate stages. But tell them as soon as a result is achieved. A.E. and I to concert a formula.

Agreed.

7. Visit to Washington.

A.E. Amb. says shall P.M. raise financial aid. Presumes not. As we shall have paid interest on 31/12. If it's not to be raised, he wd. like to say so now.

P.M. Wd prefer to ask for goods – steel and finished equipment.
1³/₄ t. of coal to a ton of steel. But steel in value is 3 or 4 times as precious. 1 or 1¹/₂ m. tons of steel wd. make a vast diff^{ce}. to us.
Get that and take it as a gift, rather than ask for money.

A.E. Fin-aid they wd. prefer not to handle thro' P.M. Either before or after he goes. And they wd. prefer "after".

R.A.B. Their diff^{ces}. are obvious.
But Harriman hopes we shall get dollars. It's being delayed already. If we are slow on it, it will be delayed even longer.
Our deficit (prospect) worsens. Batt was for putting off talks. No reason, however, why we shdn't announce loan decⁿ and try to clear dollar aid too before P.M. arrives. Let us at least try. If we can't do it before, I agree we must p'pone until after P.M.'s visit.
Batt favours P.M. talkg. in terms of materials via money.

A.E. I will tell Amb. to talk to Batt, to whom R.A.B. has expressed his view, and will repeat it tomorrow.

8. European Army.

P.M. Read letter from Monty.
Tho' I had not spoken to him in advance.

A.E. Yes : but remember R. attitude. German National Army is the provocative element in all this, for them.
French won't press us to come in now. Nor will U.S. – I've heard from Acheson. But we must consider what we do if this plan fails.
R. wd. dislike admⁿ of G. to N.A.T.O.

1. Tin and Steel Negotiations with U.S. [Enter Sw., L.B., D.S.]

Sw. Strong U.S. feeling about Malayan tin prices – reflected in Congress and shared by some members of Adminⁿ.

They must buy, w'in a month.

Price is now v. low : if U.S. come into market it will rise and there will be a row with U.S. – affecting work of I.U.C. and P.M.'s visit.

Hence plan tht. we shd. buy the tin and barter it for extra steel.

In line with principle of reciprocal aid. Price ques. wd. be concealed.

At basis of £1.000 p. ton for tin and £40.000 for steel. Average.

Ivan Spens advised £950-£1.150 as price range over next year. Any add^l price for steel must go on to consumer. But if P.M. can get first 500.000 t. as free aid (not end item) that wd. bring out average paymt. p. ton well below world price level.

U.S. tell us we can't expect more than ½ m. t. w'out countervailing aid from us.

Other risks a) Pressure tht. we shd. continue to control M. tin prices.

b) Precedent for future deals.

Neither is serious.

I. Want this opened before P.M. goes.

W. Why cd. we buy tin cheaper than U.S. cd.

Sw. Not assumg. that. We shall have to pay average price – higher than now.

We may lose dollars. But if U.S. went into market and price rose v. them, Truman wd. ask Congress leave to use stock pile.

D.S. Will industry lose by this?

Sw. We shd. not agree price of steel. Only schedule of types – at current prices. Steel consumer bears any deficit.

This is a barter deal.

D.S. To reduce risk, cd. M/M. avoid driving tin prices up by using our stocks?

Sw. Yes, if it rose excessively eg. above £1.150.

P.M. Will this deal spoil my approach for free steel?

Sw. You will ask for ½ m. as free aid. U.S. advise we c'dn't hope for more w'out quid pro quo.

P.M. Let me put it. Don't do it in advance.

- R.A.B. Complete jam on tin. U.S. are holding off market. U.S. welcome reciprocal deals. This will start marketing of tin – and enable us to get more steel. 400.000 t. is all they will offer now. On this you can get ½ m. on the deal : ½ m. free : and you can try for another ½ m.
- P.M. Open with a bargain and you won't get the gift.
- Ch. OK. if we get deal settled before W'ton visit.
- A.E. Good to remove the soreness in U.S. over tin before our visit.
- P.M. Prefer to ask for steel, then offer tin as a gesture not as a deal. Eg. Bases and destroyers. Not enough time to distinguish one transaction from the other.
- Ch. Must keep them off the market m'while.
- Sw. Tip them off to do nothg. on tin before P.M. arrives.
- R.A.B. All the Americans say they want this.
Knollys cd. sound it out before P.M. arrives.
- P.M. Not with the Americans.
- W. Buy 20.000 t. of tin now. Price will rise. Wd. give P.M. a new level of values.
- P.M. Tell U.S. don't buy now : we'll talk in Jan. [We aren't going to buy m'while.]
- L.B. O.L. is in favour in principle of tin for steel deal.
- H.C. All U.S. opinion favour doing this. Will they be disappointed if we haven't done it now.

Agreed : (no action save x/. at present.
(Knollys can give his own views m'while.

2. Leakages.

- P.M. Herald. P.R.O. in Ty.?
- R.A.B. Also leak about waiver.

3. P.M.'s Broadcast.

P.M. Announced as Party pol. b'cast. Didn't want it so. Bad take off for visit to U.S. Can I put it off until after Xmas.

R.A.B. Needed - before Xmas.

P.M. Wd. B.B.C. agree to call it a Ministerial b'cast.

Ch.Wh. Wd. restrict you v. much.

A.E. Country needs to be told state wh. we inherited.

R.A.B. Must impart sense of crisis.

W. Do it – whatever its called.

4. Labour Controls.

W.M. Ctt^{ee} have agreed tht. I shd. hold discussions.
Tewson has said informally Unions won't mind it.

Agreed : Consult Unions and B.E.C. in confidence and
N.J.A.C.I.
[Get Cab. approval for any announcement.]
Proposal approved.
Consult Cab. on announcement.

1. Visit to Paris. [Enter Att.G. and A.Head.

P.M. Good visit. Fr. relief tht. no Anglo. U.S. gang-up.
Made some concessions fr. my angle – poor E. Army is best we can get
But as we aren't to be in it, I cdn't press my technical obj^{ns}.
Visit has put Fr. at their ease. Won't row over our not being in E.A.
I won't crab it publicly.
Avoided seeing de Gaulle. Plevin had thght of askg. him to join in
mtg us, but feared he wd. refuse. Think I'll write him a letter saying
cdn't see him because Fr. politics : want him on right side.

2. Egypt.

A.E. Reported on his talk with E. For. Minister. Paris Tel. 6.
Learned this am. his attitude may be due to own instability in Egypt.
He promised to report to his Govt. We mght have disc^{ns}. – unlikely.
But also i) Amb. will report direct to King. ii) Considg. approach by
Stevenson to King.
Situation is not quite so rigid.

3. War Criminals.

A.E. i) No complete records to show wthr. court took into a/c pre-trial
custody.
In most cases have had to assume they did not.
First list – neither famous nor infamous.
We don't touch those in Spandau because not w'in our jurisdiction.

ii) Long-term plan. Object : to get clemency out of our hands.
Those who are still v. war criminals won't like this because Br. will be
in a minority. A majority of B. judges wd. be embarrassing to us.
We really want to pass the buck.
Designed to apply in all 3 Zones if the others agree. Must be
negotiated as part of "contract" with Germany. U.S. will accept this :
French may. Adenauer will accept it.
The worst of these men G. don't want released. Doesn't therefore
follow that because G. judge is included w'spread clemency will be
shown.

Sal. Worried because will give final decⁿ to neutral. If it were justice that
wd. be right. But this is mercy – wh. shd. be exercised by Power
which imposed sentence.
Wd. have preferred plan (iv) on p. 2 of memo.

Sim. Crime is against conscience of the World, not v. Allies. On that basis
clemency can be exercised by neutral. That wd. be way to defend it.

P.M. Neutral shd. be chosen fr. Swiss – who had only real right to remain neutral. Sweden's neutrality was interested.
Willing to accept this plan. Fear, however, it will provoke G. pressure v. Manstein, Kessdring etc.

A.E. That will balance the criticism which I fear, on the other side.

[P.M. Let A.E. circulate to Cab. O'Malley's report on Catine ??]
* A.E.'s two memoranda are approved, subject to following -

A.H. Mil. courts passed these sentences. Review shd. be on clemency only.

[Exit Att.G and A.H.]

Sim. Agree.

4. Persia.

A.E. Restlessness of U.S. makes things worse. They keep on dribbling out bits to keep M. alive.
Bank suggest Batt amendmt. shdn't exclude help to Persia.
M. is obviously trying to b'mail U.S.- for election purposes.

L. This is our only chance of getting a solution.

A.E. In reply to P.M. M. shd. save more than 1/3rd. from the wreck – between 40% and 50%.

L. Might even get 50%. If we had to give some of that to U.S. we wd. sell that interest to them.

P.M. Can we get Iraq to get their pipe-line to work – to feed Haifa w'out going thro' Canal.

A.E. Cos. operatg. in Gulf have agreed not to send oil to Haifa, to avoid enraging Arab feeling. And refinery may not be in good working order. Thght mght unite other Arab States again with E.
Poss. to run a pipe-line from Aqaba to Med. That I'm now investigating. Wd. give Jews what they want – possibly with less trouble with Arabs. M/F. and P. shd. look kindly on that idea.

P.M. Cd. advise U.S. in W'ton talks, to leave it alone and let us play the hand in Persia.

5. Kashmir.

I. Report posⁿ. of negot^{ns}.
All agree plebiscite only way of settlement. Must de-militarise first.

Graham reported in Oct. on this. India objected : he asked for 6 more wks. Shortly will say no progress. We must then decide : choice i) intervention. I'm v. that. ii) I. & P. solⁿ. We must go on workg. thro' Sec. Council. Suggest resolⁿ there callg. them settle w'in 2 mos. but giving direct lead on points of disagree^{mt}. betwn. I. & P. Eg. a) nos. of troops on either side. b) Immed^{te}. appt^{mt}. pleb. administrator so it can go ahead w'out another pause after demilitⁿ. Ask auth^y to get agree^{mt}. on this plan with U.S. and other Doms.

Sal. No action = decision for India?

I. Yes. Must keep pressure on India.

A.E. P. are getting v. impatient at delays.

I. Indian elections won't end until end/Jan. P. willing to wait for Sec. Council until Feb.

6. High Commission Territories.

I. Malan may ask for this immed. after his elections.
Recommend we wait until he raises it.
Don't now suggest asking him to lay off.

A.E. Wdn't it be worth letting him know tht. we shall refuse if he asks.

I. He is committed to raising it. And there are things to discuss – eg. paras 8-10 of Annex.

7. Bamangwato Tribe.

P.M. Tshekedi went v. well.

Sal. Cdn't we now say S. shall never return.
Don't believe it will prejudice Central Afr. Fedⁿ.
Wd. stop pressure eg. for dep^{ns} from Tribe.

I. Am preparing best case for justifying our line.

P.M. Delay avoids major row in H/C. for 3-4 yrs. A tough line now wd. provoke it – v. inconvenient debate. In debate we shd. have to appear even tougher than we mean.

Sal. Wd. help you to return stiff answer to Malan.
Continual simmering there until it's settled.

I. Prefer to handle Parl^y row on basis of W. Paper decision.

8. Economic Situation.

- R.A.B. First report.
Decisions needed before Xmas. Points involving legⁿ.
i) Purchase tax adjustment to encourage exports of textiles.
ii) Civil expenditure. Health Service cuts wd. involve legⁿ.
iii) Possibly small amendment of Education Act.
- H.C. Must leave any Bills introduced at same time as R.A.B.'s statement.
- R.A.B. General approach : keep Govt. exp^{re}. steady or slightly reduced, on Estimates. Reserve big savings for Budget, when compensⁿ can be given by fiscal measures.
- W. Unpopular meantime.
- Ch. Won't help b/payments position. Hard to reconcile these cuts with Election pledges. Wd. prefer to leave it all to Budget.
- R.A.B. But Estimates must go in in Jan^y.
Ques is: do we put in Estimates reasonably pared. Or do we seek to do somethg. dramatic? I wd. put all these Educⁿ cuts in 1st category.
Health 1/= charge : but not Dental cut.
All I want to do is present Estimates not larger than last year's.
- P.M. Aim: cut deep when you cut at all. Small no. of big economies via long list of small ones. Eg. on Health, do only prescript^{ns}.
- R.A.B. Contrib^{ns}. only support £40. m. of the £400 m. total.

1. Coal Prices. [Enter Sw., D.S., Eccles. Miss H.

- L. 5/= increase. Will cover all but £2 m.
- P.M. Wd. sooner have had this out together with other increases eg. food
- L. Cdn't have done it earlier because wage award only accepted 2 days ago.
- D.S. Will mean increased steel prices.
- W.M. And freights etc.,?
- L. Not for 6 mos.
- P.M. Want design in all this – announcemt. of a package implying a considered scheme. Otherwise, discredit.

Price increase approved.

2. Korea.

- A.E. All our other amendmts. accepted by U.S. But “it wd. in all probability not be possible to confine hostilities” Good enough. U.S. have themselves told Can. Aust. NZ. and S. Africa.

3. Economic Situation.

- R.A.B. Decisions needed. i) Saving on Civil Estimates. Between £80-100 m. May have as aim to get at least below current year. Say £80 m.
ii) Saving of £50 m. on Health & Education.
This wd. mean 1/= on prescriptions : something on dentists. (short of suspension) to yield about £7.5 m. also Ophthalmic and miscellaneous. I wd. not add 2d. to stamp because deals only with insured popⁿ.
- H.C. Health. Prefer lesser alternative. Wd. bring total slightly below current year - £395.5 m.
- R.A.B. Assist^{ncc} Bd. It's pensioners etc. who will be most hit.
- Ch. V. diff. to reconcile all this with pledges. Can't relate them to b/paymts.
Wd. prefer to hold hospitals down to current year – saving £29 m.
Plus 1/= on prescriptions.

- R.A.B. New system of budgeting and financial control over hospitals – will save 5% but not for a year. If you make straight cut, they will shut beds.
- P.M. Increased admin^{ve} costs of hospitals.
- H.C. Due to public accountability.
- W.M. Yes : Also 2/3rds of hosp. exp^{re} is outside control of management because salaries fixed by Whitley Councils etc.
- A.E. Pledged not to cut social services. These proposals do, except for (a) and (e) and perhaps (d). Have we to take such heroic decisions? Do (a) and (e) – save £21 m.
- W. Don't encourage applⁿ to Assistance. Bad for morale.
- R.A.B. Dental Services are a scandal. Dentists profiteer : and children get no treatment.
- x/ We promised greater value for money. Making a charge doesn't cut the service. Will consider with M/H. some other means of improving dental service at less cost : emphasis on children and mothers.
- M.F. a) and e) plus something on dentists.
- A.E. I agree.
- P.M. I approve a) and e).
- Ch. Extra £27 m. for hospitals, for 1951/52.
- H.C. About £15 m. on wage awards we can't control.
- Agreed (provisionally) a), modified b) as at x/. and e) c) and d) to be looked at from angle of improving service. Total saving to be secured : at least £25 m.
- Education Service.
- F.H. School meals. Believe I can save 1/2 to 3/4 m. by cheaper administration. Wd. sooner do it that way.
- Agreed : No addition to price or reduction of food : seek all economies by adminⁿ.
- P.M. School age – lop off last year. Want this considered – memo. shd. be prepared. No need to give assurance to T.U.C. for legⁿ is required.
- R.A.B. Am doing this in consultⁿ with M/Edⁿ.

- P.M. I must at least be able to say we have examined it.
I want before end Jan. a detailed list of savings eg. on (c). *
My line wd. be to pet the teachers, build the schools and knock 1 year off the age.
- F.H. Plan (d) is necessary to support solvency of superannuation fund.
Report on state of fund was published in Spring.
- R.A.B. Legⁿ in late Summer. Can announce it then as part of ordinary accounting procedure. Take credit for it now in total ????
- P.M. I favour going on with the bldg. of schools – but less expensive ones.
For we must get smaller classes.
- D.E. Invest^{mt}. P'mme suggests £8.9 m. That is too low because of steel shortage.
Think it's more likely to be £15 m.
- F.H. This plan [sic]
- R.A.B. Can see £25 m. out of this.
- A.E. Then let up on (d).
- R.A.B. Will do nothg. on (d) wh. can't be agreed with N.U.T. as normal method of accountancy.

Agreed. Secure saving of £25 m. subject to above.
viz, total of £50 m. on Health and Education.

Civil Aviation.

- R.A.B. B.E.A. and B.O.A.C. are making smaller losses.

Information Services.

- Sal. Not so easy to abolish COI. Many Dpts. use it. Proceeded therefore by lopping off services altogether eg. films, lectures. Plus flat cut of 5% on all Home expenditure.
Overseas. Have not cut B.B.C. (as yet). Most on Br. Council (500.000)
Have asked Ty. to report on COI by end/January.
N. Savings Ctt^{ee}. spending £360.000 pa.
- P.M. Are Socialists speaking on N. Savings? We did.
- R.A.B. Will enquire.
- P.M. Will M/W. submit his sugg^{ns}. for economy – to Sub Cttee. and to me.

Civil Service.

R.A.B. Aim at 15/20.000 – will give rise to diff^{ies}.
Better to proceed by cutting whole services. Will get prs. 12/15.000.

Utility Scheme. [Exit F.H.

P.T. As in memo.

P.M. Auth^y to prepare legⁿ. Discuss with L.P. and M.F. and keep in touch with R.A.B.

Ministerial Cars.

Sal. Complained of circular.
Better to give tax relief for wages of a chauffeur.

P.M. To D.S. – make me a report.
W.O. are making 10% cut.
Recall this circular for review.

4. Investment Programme.

R.A.B. Suggest I preside over a Ctt^{ee}. to examine P'mme.

H.M. On basis of finishing in a year we shd. complete 230.000.
in 1952. Can't finish less. At 215.000, we shd. have to stop work in October.
We shd. make all we can as soon as we can.
On P'mme 1953 wd. be worse than '52.

R.A.B. Outlook beyond 1952 depends on softwood and bldg. industry.
Only 105 m. allotted to Service works. They can prove need for 140/150 m.
To do H.M.'s plan we shd. have to spend another £8 m. (mostly in dollars) on softwood.

H.M. We may fail. At least let me try.
Won't take 1/3rd more materials to make 300.000 via 200.000.
Can switch fr. flats to houses to save steel.)
Reduced standards. 2 bed-room house via 3) etc.

R.A.B. May Cab. endorse 2(e) in Sub. Ctt^{ee}. report.
Then may I discuss investment p'mme with Ministers concerned.

H.M. May I start housing on basis of my memo?

R.A.B. May I consider P'mme – with housing as 1st priority.

P.M. Yes : consider on 28/12 – Cabinet. *

R.A.B. C.44. I agree in principle.
M/W. and M/Housing to meet Chancell. Friday.

5. Manpower.

W.M. Want only auth^y. to discuss with rep^{ves}. of industry, not to announce.

1. Malaya. [Enter Sw., D.S., D.E.]

O.L. Are these the right lines? Want Cab. support. Then I can proceed.
Main point : concentrate in Federation, not in wider area.
Choice of a new No. 1.

P.M. Robertson asks to be excused.
Problem now to find someone else. Can take a little time.

O.L. New Ch. Commr/Police is also v. urgent. Got a good man in view –
(Col. Young, aged 44). Essentially ques. of organisation. Officers
only 1 in 480 among the specials. C.I.D. only 40% strength.

General approval of principles of report.
O.L. to have help of L.P.S., H.M; M-F. and Swinton in going thro' it,
and produce proposals for action for submⁿ to Cab. when A.E. returns.
M'while O.L. will continue search for ideal No. 1.

2. Washington Visit.

P.M. Read Truman's latest message re Aqaba.
I will come back to W'ton to make my speech because of Truman's
pre-occupⁿ with Congress.

A.E. will return on 12th. I on 20th.

R.A.B. Expect announcem^t. on 31st Dec. of 300 m. dollar aid. Will be out just
after you go. They insist on 10% as loan with no interest for 4 yrs –
requirement of M. Security Act. Can't question that now : too late to
boggle over it.

3. Civil Investment in 1952.

R.A.B. Suggest Ministers who dissent shd. discuss with me next week.

W. Support that suggⁿ wd. save Cabinet's time.

R.A.B. That leaves only big ques of housing.
Have discussed with Ministers concerned. Agreed tht. implic^{ns} of
300.000 target need further study, with experts of Dpts. concerned : on
basis of H.M.'s target. Suggest Sw. shd. preside over officials with
directive tht. we want to attain the target, but no add^l labour to go into
housing and no more steel than already allocated (unless more fr. U.S.)
and special care over dollar exp^{re} wd. be needed.

R.A.B. Prep^d. to face that.

- L. Want Cab. endorsement for 12.000 houses in each year to '54 for miners. Wd. impress U.S. re coal prodⁿ.
- P.M. Is H.M. satisfied with what R.A.B. proposes? esp. the 3 provisos.
- H.M. Grateful for offer to examine ways and means. But want Cab. endorsement now for my target. P'mme. errs v. all business principles. Worst form of socialist planning. Don't at all costs announce these "plans".
- Ask Cab to accept now.
- i) Pledge of 300.000 be met as soon as poss. havg. regard to resources available.
 - ii) Can't be done on plan for one year only. Must have continuity over 3 years. Housing contracts out of annual basis of Inv. P'mme.
 - iii) Endorse figures for the 3 years as in my memo. I must reject 215.000 figure.
- I will seek every poss. economy in steel and other materials. Will operate under present allocⁿ – unless more steel obt^d fr. U.S.
- P.M. I agree – no declarations in Parlt. Wait till we are asked.
- H.M. I accept no addⁿ to labour force on housing.
- P.M. Houses for miners. Consult with M/L. Tied house principle. Coal : more encouraging figures from L. 223/4 m. tons are now hoped for (includg. open cast). Thought only 211. This is a further 10 m. Machinery is beginning to bear fruit.
- D.S. Special houses for aircraft workers also needed.
- H.M. C(51)44 is based on disc^{ns}. with Dpts. Ty. will have to pay a bit more in subsidies in some cases.
- A.E. In Cov. area bldg. workers are being drawn into munitions with bad results on bldg.
- P.M. L. going to Paris on 11/1 to discuss coal at O.E.E.C. He may fly on to join me in W'ton for 2nd part of my visit. M'while he will brief Prof. and Rowan.
- (51)44 approved.
- R.A.B. Give priority for miners.
- O.L. Cuts will affect competitive power of B. industry – electricity generation – agric. machinery. Cd. we not be stiffer on non productive things? Eg. shops, hotels etc. Shd. be more selective.

- Ch. Too much on maintenance. Cd. bear a bigger cut.
- Sw. Power stations. Cd. be much more economically designed. Much steel cd. be saved by diff^t design.
Cdn't L. worm this out of Citrine. He cd. do as much for less money –
- A.E. Or more for same money. Don't cut alloc^{ns}.
- D.E. Output of bldg. industry is 20% less with same labour force.
Must give confidence tht. continuing flow of orders to Bldg. and b. materials industries.
- R.A.B. Housing targets can't be achieved at expense of other works p'mmes already approved.
- L. Will report to Cab. on power station p'mme. [Exit D.E.]
4. Korea.
- A.E. Latest formula, from U.S. meets our views and some Can. points.
"Consequences of such a breach of the armistice wd. be so gross tht. in all prob. it wd. not be poss. confine hostil. w'in Korea".
V. satisfactory.
5. Egypt.
- A.E. Appoint^{mt} of 2 Anglo-phil Ministers by Farouk – v. encouraging.
Must try and help F.
Lay off public statements pro tem.
M'while considerable rioting in Cairo v. Farouk.
- L.P.S. Are lrs. fr. troops censored by E. auth^{ies}.) See F.O. telegram. *
- P.M. Ask W.O. why they cdn't come direct.) Minute to S of S. War.
6. Steel : Interim Report of Committee. [Enter Att.G.]
- H.C. Outlines memo.
- P.M. Is Duncan in agreement with all this?
- D.S. Yes : Fedⁿ are prepared for even more powers of interventⁿ by Bd.
- O.L. Paras. 10-12 go v. far. Surely legⁿ cd. be passed specially in that event. V. drastic to take the power at outset.

- D.S. Fedⁿ suggested Bd. shd. be empowered to order a firm to make extension : expropriate it if they decline.
This plan of ours wd. cover only developmt. going beyond what is commercially justifiable – only for defence or special reasons (para. 12).
- H.C. Para. 11. gives no power to act.
- P.M. x/ Co-op^t O.L. on Ctt^{ee} now he is back. x.

7. Road Haulage.

- P.M. R.A.B. inclined to p'pone Road Haulage – poss. until much later in Session.
- I. I wd. like more time in wh. to work out a good plan.
Is there pol. reason for more haste? It wd. mean waiting for a year.
That wd. be discouraging to industry.
- H.C. Trouble is : unless Bill in early Feb. it has little chance of passing before summer recess.
- M-F. If it goes even to next session i) depression among hauliers. ii) Working of Commⁿ wd. suffer for uncertainty.
I think 2nd scheme is 1st rate (the inclusion plan) : it satisfies pledge, integration and nat^d road haulage. I'm for pressing on with it.
- P.M. Get it out even if we can't get it thro'. Prefer the larger scheme.
- R.A.B. Ty. not happy about it. Subsidy to rlways. Hasn't bn. discussed with Transport Commⁿ. Must have time to consider its implications. A vast scheme for road/rail integration. Needs more than a months' thought.
- M-F. Alternative is to wait a year. Choice of evils.
Grave political mistake to p'pone this until next Session.
- P.M. Get on as fast as we can, with a major scheme. Worth waiting a month or so. May have to sit longer in autumn before Session is concluded.
- H.C. If Steel can finish by summer, this cd. follow on and complete in autumn.
- P.M. Aim at getting both Bills this Session -
Steel leading and completing before summer recess.
Let us have a Cab. Ctt^{ee} to work on this.
(W. wants to be on it.)

[Exit Att.G. D.S.
[Enter Ll.George

8. Food Situation.

- W. Amount of our food is determined by financial limits.
Ministry accustomed to rationing and likes it.
We must struggle for freedom.
Examples. Tea. Quantities cd. be got. Price of lower grades wd. drop in the end. Initial run on stocks wd. be serious.
Wd. mean £30/40 m. on import p'mme at outset.
- Meat. A step twds. restoration of free buying.
- P.M. Must have a food policy. What about a Cab. Ctt^{ec}.
- R.A.B. Recently accepted cuts in food imports. This memo. all round, wd. restore most of those cuts.
Lost 75 m. of reserves in last 2 wks. 4th quarter's deficit likely to be £356 m. Reserves will fall to only 300 m. above devaluation level.
Cdn't at present consider action on most of these proposals.
a) Mght do somethg. on offals w'in sterling area – w'out a financial limit.
- W. And with a limit somethg. in Argentine?
- R.A.B. Yes.
b) Tea, pro tem., is too expensive. Cd. use price variants later on.
- W. This is political, not economic.
- P.M. Plan for removing food subsidies and compensating poorer classes.
Not lost sight of?
- R.A.B. No. Monetary policy is proving better weapon than we thght. v. inflation.
- P.M. Continue to study tea and sugar as isolated subjects.
- R.A.B. c) Eggs. Rationing has broken down.
Cheese also. We at Ty. cd. support M/F. in attempts to remove eggs and cheese from rationing.
d) F. stuffs. To m'tain existg. ration we have to spend £15 m. in dollars extra. V. diff to go further. 800.000 t. fr. Russia, an uncertain source.
- W. It's for M/F. to get supplies. All Cab. need consider is removal of financial limit.
- Ch. 200 t. of pig meat for 1.000 t. of coarse grains.
- P.M. Increase of pig populⁿ is justified on defence grounds.
Must aim at that.

L.I.G. It's rise in pig popⁿ tht. has caused increased need of supplies (£15m).

P.M. Let W. with M/F. and M/Ag. consult R.A.B. and report back at end/January.

[Exit L.I.G.]

9. Sterling Balances.

P.M. Plan to pay E. to go on murdering our troops in Canal Zone. They have broken faith. Surely this card must be kept in our hand. Cd. be given as quid pro quo if Farouk can help us. Tell them they can have no more while situation remains as now.

R.A.B. Must m'tain confidence in sterling.
This wd. be major economic sanction. Previously Cab. declined to apply such sanctions to E.
Comm. Fin. Ministers meet in Jan. Want to get them (includg. India) to do better on dollar exp^{re}.
Reprisals by E. wd. give diff^{ies} over cotton and damage Lancs.
Once you try econ. sanctions you must be ruthless – lesson of history.
This wd. be econ. war.

Alternatives a) Lesser step under Agreemt.
b) Transfer paymts. d) in earlier memo. by A.E.
giving B/E. control over E. use of sterling.

But each of these wd. involve econ. sanctions.
Thurs. Either i) ask Ty. to devise best form of econ. sanctions.
or ii) don't have econ. Sanctions and let this paymt. be made.

P.M. E. is diff^t from any other sterling balance.

A.E. Payments Agreemt. : we can keep them guessing –
Sterling Release “ : nothing wh. requires us to pay on any particular date in '52. Keep them guessing on this too.
Avoid any public announcemt, wh. wd. invite reprisals.
Agreemt. requires release “in each of the years”.

P.M. Are we dependent on E. cotton?

P.T. Yes : c'dn't do w'out it eventually.

Sw. But we are in strong posⁿ now because we have whole of Sud. crop and it was a good one.

R.A.B. May I discuss with F.O. this pm.

P.M. I accept A.E.'s plan.

10. Migration Policy.

I. Desirable but not essential, as A. will bear the cost. Want to negotiate that with A. Will save £½ m.
At same time renew Emp. Settlement Act.

W.M. Australia will select skilled workers and miners. So long as we
x/ pay, we have a say.

I. We cd. bring pressure to bear on Austr. Govt. at a higher level.

A.E. We ought to work out a proper plan with Doms. concerned.
Mtg. this summer.

Memo. approved, subject to assurances on X/

11. Cabinet Arrangements. M/H. to preside at Cab.
L.P.S. to help eg F.O.

1. R. Commission on Income Tax.

R.A.B. Cohen has become Law Lord : can't preside – has resigned.
Urgent need for new Chairman.
Suggest J.A.

P.M. V. good suggestion.

P.T. If much of ev^{ce} taken, easier to put one of members in Chair.

R.A.B. No one is suitable.

P.M. Sound J.A. in my name. Agreed.

2. European Defence Community.

A.E. Diff. to say when this will come to fruition. Not before French Parl.
before 20/1. That's why they want Lisbon p'poned.
But if 6 Powers accept Plan while we are in W'ton shd. we declare our
posⁿ before the Parl't's. ratify. Draft submitted for Cab. to see.

M.F. Mght help twds getting Fr. Parl^y. approval.

H.M. Machinery looks better than it might be.

Approved.

3. Egypt : Sterling Balances.

A.E. Sterling Paymt's Agreemt. is the more important to E. Our delay on
that will fox them.
On Sterling Releases – we must pay the £5 m. unless we denounce the
Agreement. The £10 m. can be held up because no legal obligⁿ to pay
on 1/1. True there is understandg. we wd. pay on demand : but no
legal obligⁿ. Thus w'holdg. the £5 m. cd. be regarded as econ.
sanction.

P.M. They have broken their treaty obligⁿ. They can't expect others to keep
theirs.

R.A.B. If we w'hold £5 m. it's a breach. About the £10 m. there cd. be
argument tht. it wd. be met on demand.

A.E. I wd. still wish to hold up £10 m. and indicate tht. our attitude depends
on theirs.

R.A.B. Suspension of S.P.A. will impact them most.

We can dally over £10 m. But don't want to breach the agreement. C.F.Ministers – Sterling credit doubtful – don't want to damage our credit.

- P.M. Hold it in suspense.
- A.E. Can't do that, on the £5 m. w'out breach of Agreement.
- P.T. There wd. be case for complete econ. sanctions. Dangerous to risk reprisals for £5 m. alone.
- W.M. E.'s breach of one agreement doesn't justify us in breaching another.
- H.M. This isn't peace or war. Right neither to pay nor to w'hold all of it.
- O.L. E. is in special case. Holding back on this can't damage sterling much.
- P.M. Paying the £5 m. will put you in the wrong with E. while sacrificing our principle of not paying money to people murdering our men.
- H.M. Will it help or hinder new movement from Farouk?
- Ch. These are not ordinary debts, in my view.
- H.C. That's an argument for re-negotiating, not abrogating.
- P.M. I will discuss with A.E. and R.A.B. and hold another Cabinet this pm.
- O.L. I wouldn't pay.
- L.P.S. Nor wd. I. Br. public opinion wdn't understand our paying. Sterling wd. not be injured – this is sui generis.
- R.A.B. Don't agree : think of relations betwn. E. and Asiatic Doms. with sterling balances.
- P.M. If India attacked us as E. has done, we shd. have no obligⁿ to pay.
- M.F. We shdn't pay. Put the money in some suspense a/c.
- A.E. W'hold the £15 m. and you may disturb F.'s new approach and provoke reprisals. I wdn't do it but I submit to being over ruled.
4. U.S. Aid.
- R.A.B. Batt has heard from U.S. tht. there won't be statement on 31/12.

They want it either at end/Jan. or when we announce our next dollar balance/reserve. Suggest this be on 3/1 via 7/1; and get U.S. to make their statement on same day.

P.M. We shd. protest. We wanted to keep all this separate from our visit.

R.A.B. Wd. be day before you arrive.

P.M. Press them to do it on 31/12, as planned. Keep it as far away as we can from W'ton talks.

R.A.B. U.S. Govt. are v. nervous of their public opinion.

P.M. Our figures shd. be delayed until 8/1.

P.M. with R.A.B. and A.E. saw U.S. Ambassador.

P.M. said our statement wd. not be publ^d. until 8/1.
He wd. send telegram to Harriman expressing strong view tht.
the 2 things shd. not be coupled together.

1. U.S. aid.

P.M. Read telegram to Harriman. To be sent by telephone thro' U.S. Embassy.

2. Communists in Civil Service : Positive Vetting.

Ch. U.S. won't talk to us about atomic ques. until this ques. of positive vetting is cleared up. E.E.B. has suggested considⁿ by a Ctt^{ee} of Ministers. Can this be done and results telegraphed to us while in W'ton.

P.M. Ctt^{ee} under M.F. shd. examine and give us their views in W'ton. A little stiffening up might give us a hand in securing more informⁿ.

Ctt^{ee} = M.F. plus 3 colleagues. O.L., P.T., H.M.

3. Egypt : Sterling Balances.

P.M. x/ Pay £15 m. into special a/c on 1/1/52. This to be paid to E. under existg. agreemts. as soon as murderous attacks on our soldiers have definitely ceased and are not in our opinion likely to recur. We shd. then respect our financial oblig^{ns}. w'out exposing ourselves to charge eg. blood guiltiness for contributg. to resources of a Govt. wh. is killing or trying to kill our men.

A.E. Riots v. Farouk are now increasing, both in C. and Alex. Awkward to have to announce any decⁿ at all at this stage – open breach now wd. be difficult.

R.A.B. Unless we renew S.P.A. E. can do nothg. That is the bigger sanction. Wd. sooner rely on that. Transfer to a special a/c doesn't avoid breach of agreement.

P.M. Need not say x/ publicly yet. Merely tell E. Govt.

R.A.B. This P.M. plan wd. help ques. credit of sterling.

A.E. I wd. prefer to give the £5 m. because w'holding it may cause a fuss and I want to avoid that at present. But we do thereby damage our moral case.

R.A.B. If Cab. approve econ. sanctions v. E., Ty. shd. w'draw obj^{ns}. But objⁿ. to diff^{ies}. with E. over sterling is tht. E. will try to turn away fr. sterling and seek to sell cotton for dollars or by barter. Wd. like to

consult India (because cotton trade with E) and U.S. first. For it means E. brkg. out fr. sterling area.

- A.E. This wd. be a mistake. Don't know what effect it might have on U.S. etc.
Wd. prefer to fudge it : pay £5 m. and tease E. over the £10 m. and the S.P. Agreemt.
- R.A.B. No publicity need be given to transfer of £5 m.
When it's in their No. 1 a/c their use of it will still be governed by S.P. Agreemt. That expires 31/12/51. We intend to let Bank continue to give facilities until further notice. But not to renew Agreemt. pro tem. We cd. then suspend particular facilities, as we chose, quite legally.
- A.E. We cd. tease them much more effectively with that. And we shd. be correct in law.
- P.M. If it's case tht. no large sum will be freed to E. w'out consultⁿ. with Ty. and Cab. – includg. the £5 m. – I shd. feel much better than I did.
Can. Ty. ensure tht. no sum larger than £1 m. will be transferred w'out Cab. authority.
- R.A.B. After S.P.A. expires, all in Ty. discretion : and Ty. authority to be asked by D/E. for any major operation.

1. Economic Situation. [Enter B.H.]
- R.A.B. Decⁿ to open Budget 4/3 – to be announced this pm. – will help to excuse other dec^{ns} not going further than they do.
- P.M. Agree. At present, it looks too much like raiding stock-pile.
- R.A.B. Good to state that. Strategic and commercial stocks were high.
- P.M. Wheat and flour stocks. Alarmed at that. Is it safe? Tizard's memo. on mines. U-Boats. Danger at outset of war. C.O.S. independently have given same warning to Cabinet. Govt. wd. be exposed to v. damaging criticism if there were war.
- R.A.B. We discussed : decided unwise to let whole blow fall on wheat stocks. Resent plan : having wheat at 11½ : sugar at 11 : oil & fats 22 wks. £4½ m. £3 m. £8½ m. savings respectively. To make up to £150 m. M/F. will cut consumptⁿ. Polish bacon (9m) cheese (2m) and miscell. (7½ m) – coffee, milk Euro. free trade items (mainly canned meat). This wd. be part on consumptⁿ and part on stocks.
- P.M. Wd. sooner take risk on sugar.
- Ch. War will start after harvest. At that point our stocks wd. be higher – shd. tide us over.
- P.M. Leave wheat stocks as now and don't compensate elsewhere.
- R.A.B. Stocks in 1952, after cuts, will be higher than 1951 end figures.
- Ch. You cd. make the cut in wheat stocks in June, when you know.
- R.A.B. Need for decision now is to stop the purchases. Must get the £150 m. savings on imports. Because of lead to Doms etc., eg Havenga's speech.
- O.L. Gold and dollar reserves have also strategic importance.
- P.M. Views of C.O.S. shd. not be set aside.
- Ch. Further cuts on fats eg. 22 to 20 wks. And have wheat at 13.
- W. Or a bit more off sugar and fats instead of wheat.
- Agreed. (Cut stocks by £16 m. as proposed, but avoid redⁿ of (wheat stocks in deference to views of C.S.

R.A.B. repeating his view that ration cuts wd. have bn. a manlier course. We shd. reserve right to cut rations.

Agreed. x/ later – and “warn”(!) that this may come later.

R.A.B. I shall suggest to M/F. further reduction [Enter A.E.
on canned meat from Europe.

Agreed. R.A.B. to announce today tht. he will open Budget on 4/3.

R.A.B. C.O.S. view was based on assumptⁿ tht. oil and sugar were not to be cut. But wheat involves more shipping.

R.A.B. Bound to be redⁿ in supply of agric. machinery because of steel shortage.
We shd. say so, today. Farmers won't like it. But they are more mechanised than any other farmers.

P.T. Every industry will be short of capital equipment. Don't single agric. out for special mention.

A.E. “Industrial steel” wd. cover it. Agreed.

P.T. £22 m. cut in tobacco. Wd. sooner it wasn't mentioned. No other commodity is to be quantified. Cd. say “far larger than any others”.

A.E. I shd. mention it.

P.M. Must be mentioned.

2. Egypt.

A.E. Diffy : suggested we shd. not be too forthcoming because shall invite rebuff from our Eg. Govt. Draft approved, subject to amend^{mts.}
Corresponding statement in Lords.

3. Washington and Ottawa Talks.

P.M. Don't want to make un-debatable statement tomorrow. Wd. be jejune – farcical in avoiding challenge. Ques. wd. follow.
I wd. prefer not to make it.

4 P.Q.'s today arising out of visit. I wd. answer them together and invite House to await full statement to be made at opening of F.A. debate next week.

A.E. You may get away with it. But a) campaign v. you. b) I have some P.Q.'s tomorrow which have a bearing on our talks.
House is v. anxious to hear about it all.

B.H. They might try to get discⁿ. on adjournment.

A.E. We should then have to say – wait until next week.

P.M.'s view accepted.

x. Later, message brought from Labour Whip askg. for statement today.

P.M. Let's see what fuss they make today. If there's great trouble, I will promise to make it tomorrow.

B.H. Then you will have it forced out of you. Is that good?

A.E. Debunk their campaign v Korea at once – in reply to P.Q.

Agreed: {short statement on Wednesday.

{fuller “ in F.A. debate next week.

2. Egypt (continued).

A.E. Tel. 220. is the most important. Eg. Parl^y. time-table. No negotⁿ with this Govt.

P.M. F.O. Tel. 209. Para. 3. no wish to m'tain B. troops indefinitely Is this so?

A.E. Comes out of 4 Power Proposals. This hasn't bn. said yet.

P.M. Wd. prefer to say “no desire to bear alone the internat^l burden of m'taining the waterway”.

1. Civil Defence. [Enter 3 Serv. Ministers & M/S.

P.M. Sirens etc. Avoid publicity.

M-F. We are short of equipmt. Had to say something.
Only 37% of peace establ^{mt}. Money cut. 1.1. m. on outbreak : must try to improve recruiting. But pity Press seized on this aspect.
No intentⁿ of using sirens now.

P.M. True U.S. have carried this v. much further.

2. Civil Service : Retiring Age.

P.M. Wd. have put it – cd. retain after 60 those exceptionally efficient – the other way round.
Cab. shd. have bn. consulted. Ques. of timing. Came oddly after announcemt. of cuts in Service.

R.A.B. I approved decⁿ and notified Staff Side – who gave it to Press and incurred undue publicity. I have demanded, and received, apology.
Timing was unfortunate. But policy is right. Cuts affect temporaries : this affects permanent staff. Accords with Friday's motion for extending working life generally.

P.M. Let me be asked in future wthr. I wish such things brght. to Cab.
Any executive act of import^{ce}. shd. be mentioned in Cab.

3. Potato Acreage.

P.M. Warning in y. Post. Shortage likely in Mar/April. Next year acreage likely to fall again because of increased costs and short labour.

W. M/Ag. announced y'day £5 p. acre ploughing up subsidy.
This is for crops – incldg. potatoes. Shd. increase home prodⁿ of them as well as coarse grains. Drive to get small-holders to grow potatoes – even in gdns. Saves imports/wheat.

P.M. Ready to give short because on potatoes.

4. Unemployment in Coventry.

D.S. Edelman is askg. P.N. Ques. v. dismissals in motor industry in Coventry because of steel shortage.
Results partly fr. steel allocⁿ. Putting aircraft sub-contracts in.

But even as, and even on promise of more steel in 2nd quarter, 1.000 wd. have to be turned off.

O.L. Area of acute labour shortage.

W.M. Skilled will be absorbed. Unskilled may not be, so quickly.

D.S. Cuts in cars for home market; must mean drop in employment.

5. Steel Prices.

P.M. Had understood add^l U.S. price wd. be only £10. A.D. says £30-35.
We haven't bght. it : only obtained allocⁿ
May appeal to Harriman. We might be heavily criticised. We must be prepared for that.
Will report to Cab. on this next week. Need for care in presntⁿ.

O.L. Even after paying this price and equalising B. steel will still be £5 below any other producer.
£11-12 m. will be absorbed out of profits.

6. Labour for Re-armament.

W.M. Now I am constantly under fire v. deferment – esp. agriculture, apprentices export as well as defence). Apprentices wd. be better employed on their own work.
M/S. case in para. 4. Need the team as a whole. If that were accepted, how resist same demand for export industries.
Adm^y in para. 5. Together with M/S. totals 1.500. But shipwrights cover wide range of skills : and demand wd. spread again to export ind^{ies}.
Call-up produces needs only by extendg. age. Encroachment upon universality will undermine system of comp. training.

P.M. Cd. defend it – for makg. weapons or raising food.
Adm^y : how many draughtsmen have you got cpd. with pre-war.

J.P.L.T. Can't say. We are 50% short in electrical dept. now.
Holdg. up carriers and sweepers. Bottle-neck.

P.M. Give me special note on this.

A.H. Share fears of M/L. v universality.
Since war, industry has had no finished apprentices. They will start this year – at 16.000 pa.

D.S. We are now tooling up : moment of maximum need for draughtsmen and apprentices. Cdn't absorb unskilled given under priority.

Getting men out of Forces isn't as good as keep them on teams.

P.T. We are short in export industries. If exemptⁿ given for defence, export ind^{ies} will demand some treatment.
I think 10(c) is the wisest move to make.

A.H. Call-up won't meet man power needs in full over next 2/3 yrs.

P.M. Favour keeping these men out of Forces.

J.S. Won't restrict this once you start – eg. agriculture, who are being asked for expanded prodⁿ.
I wd. much prefer 10(c).

W.M. I cdn't hold it if we go beyond 10(c).

L.P.S. 10(c) is right. 10(b) wd. give M/S. a priority over all.

O.L. 10(c). Designated list – as it worked in last war.

P.M. Let W.M. etc. propose what will do least damage to N. Service while mtg. needs of exports and defence (in that order). Lists. Matched to steel. Aim at 15.000.

H.C. No: that wd. wreck it.

W.M. Designate particular projects and defer only those of highest skill.
May I work something out, in a week. Agreed. L. to preside, as an impartial Chairman.

[Exit D.S. J.P.L.T., de Lisle

7. Malaya.

O.L. Expedient to keep Macdonald for about 3 more months, under a new directive excludg. him fr. concern with operations. Wish to announce tomorrow tht. his appoint^{mt}. has bn. extended.

P.M. Wait until Templer has arrived. Wd. look then as tho' T. was in favour.

O.L. Won't announce w'out further ref^{ce}. to P.M. or Cab.

Memo. approved.

[Exit A.H.

8. Government Office Accommodation. [Enter D.E.

D.E. Giving up a bldg. makes good impⁿ.
Offl. resistance can't be overcome w'out help from Ministers.
Big effort needed to get saving in space to follow saving in staff.

- Want help to enforce existing standards.
£200.000 pa. spent on filing cabinets.
- P.M. Must be examined. Can have too much history. Reserve all Cab. and Ministerial records.
- R.A.B. Support M/W. Joint offices in provincial towns.
- W.M. We cd. do more as agents of M/N.I.
- R.A.B. Don't scrap welfare accommⁿ. and don't go below minimum standards.
- L. M/T. and M/C.A. merger : will come later : and Ariel House will be available – staff being transferred to Acton. Not so much saving in staff.
- E.E. Eliminate small units. Will circulate a list.
- J.S. Giving up 2 in Edinburgh : if any more, let's have yr. sugg^{ns}.
- P.M. {Approve principle of memo.
{Ministers will all ques. help.
{M/W. to report achievemts. in a month.
- {Ctt^{cc}. on records. Get along with this : aim at 50% destructⁿ.
{N.B. to send note to P.M. Appoint next week.
- [Exit D.E.

9. King's Visit to South Africa.

- I. H.M.'s P.S. was advised to ascertain privately tht. Malan wd. not raise ques. of controversy while King is in S.A. He did so. Then H.M. accepted the offer. All this done w'out formal advice fr. P.M. Brockway M.P. and others now wish to criticise U.K. Govt. Demand statement there is no pol. significance in the visit. I recommend tht. no notice be taken.
- P.M. P.M. of UK. can't divest himself of all responsibility – even of offering personal advice.
Motion in opposite sense has bn. tabled.
Ready to say I advised in favour.
- L.P.S. Leave it. People wd. assume you had given formal advice – and that wd. have bn. unconstitutional.

Agreed : leave it alone.

10. Housing Subsidy.

H.M. R.A.B. and I agree. Only ques now is rate of subsidy in view of rise in interest rate.

Demise of the Crown.

- P.M. Died in sleep.
Parlt. will meet 2.30. No prayers. P.M. will inform H/C. Will say
Accession Council 5 pm. No business until after Funeral.
H/C. suspended until 7 pm. for takg. oath.
Swearing will continue for several days.
Tribute to Sov. - ? on Monday.
- P.M. Queen's return. Dread journey by air. Why not by Gothic – 14 days.
Doubt if we shall be able to stop her.
- A.E. She wd. be v. reluctant to accept advice v. flying. She will be resolved
to return by air.
- P.M. Don't advise against.
- * Message of condolence – to go from Cabinet.
 - * P.M. to make short b'cast tonight.
Form of Proclamⁿ - Ld. Ch., H. Sec., Ismay to consider.
Dress at Accession Council – morning coats.

Demise of the Crown.

- I. Has India any right to be met – doesn't owe allegiance to Crown.
I prefer draft A.
- R.A.B. Important tht. India shd. accept.
- M.F. Do we wish to preserve posⁿ. of India as member of C. this not recognising Crown.
- (Draft B. approved, subject to amendments.
(Attlee to see, as courtesy.
- D.E. (Body from S'ham Stdy. Fun. Wed. Acc. to precedent.)
(Too short. ? Mon. " Friday.)
- P.M. Queen advised to hold Accⁿ Council Friday.
On Sat^y. King's body to Ldn. Lies in State W'minster Hall.
From Sunday to Thursday (inclusive). Funeral Saturday.
Parlt. to meet about followg. Tuesday. Tho' Mon. next cd. be devoted to Addresses.
- * Agreed.
Friday next : flags at full on Accession. Otherwise at ½ mast.
- A.E. Long interval.
- D.E. Suggest funeral Thursday. Day of no work. Agreed Thursday.
- R.A.B. Holiday in Ldn. only. Wd. like to consider with M/L. and B/T.
- P.M. I favour universal holiday.
On that basis - Lab. favoured funeral on Sat^y followg.
- Agreed : Addresses in Parlt. Tuesday.
Funeral : Saturday.
- P.M. Queen arrives Heathrow 6 pm.
Leaders of 2 Houses., P.M., A.E., C.R.A.. Cl. Davies., L.P., Home Secy.
- | | | |
|-----------------|----------------------------|--|
| <u>Agreed</u> : | {2 nd Accession | Friday 8 th |
| | {Addresses in Parlt. | Tuesday 12 th |
| | {Lying-in State | Mon-Friday. 11 th -15 th |
| | {Funeral | Friday 15 th |
- Shd. day of Funeral be a day of no work throughout country?

R.A.B. Let it be considered – with M/L. and B/T. and H.O. and H. Crooksh.

1. Demise of the Crown.

Memo. approved. Announcement amended.
Closing of Govt. Dpts. – only up to moment when procⁿ has passed.
Date. Don't vary advice in favour of Friday.
Schools. V. clear lead in favour of not closing.

2. Parliament.

H.C. Statement Friday. House meets at 11 am. Suggest 12 instead because of Reclamⁿ Council etc.

Announce then that House meets Mon. at 2 pm. Bring down Message fr. Queen and debate replies. Complete in time to meet King's body at 4 pm. Accords with precedent.
Ordinary business resumed Tuesday 19th.

Business 19th. A no. of minor Bills etc., peaceful day.
20th. Agric. Fertil. Bills to 7 pm. Then prayers.
x/ 21st. To be announced later.

Object : to see what Oppⁿ want v. F.A. debate.
Want Nat. Health Bill soon : may be thght indecent.

A.E. Lisbon and prelim^y mtgs.
They will p'pone Lisbon for a little : they suggest 20th pm. And prev. days wd. be in talks here.
Oppⁿ. Motion can't remain on the Paper.

H.C. It's lapsed. They wd. have to put it on again – by an active step.

A.E. Then I agree with x/.

H.C. Or 21st cd. be Suppl. Estimates.

L.P.S. H/L. were to have debated econ. sitⁿ on Pakenham.
Now they suggest waitg. until after Budget. Sw. thinks they shd. be forced into debate earlier, to answer misconceptions.

R.A.B. Generally favour havg. the debate. But not worth having a row about it, if Oppⁿ doesn't want it.

A.E. You cd. usefully have a F.A. debate.

Ch. Whip to submit thro' usual channels and see what they say re F.A. Message from Queen – read.

German Chancellor and President want to come to Funeral. Shd. I choke them off? Cabinet – No.

3. Agreement with India on Sterling Balances.

R.A.B. Last Govt. virtually concluded it. £35 m. limit. M/F. says he will draw on it as little as possible. Propose to initial it on this understanding.
They have E.C.A. loan. M/F. has promised to fill £60 m. gap decided at C.F.M.

Cab. approved – subject to telling P.M. beforehand.

4. Finance Minister Ireland.

R.A.B. Due to come next week. Propose to put him off.

A.E. Must do our business – tho' no entertainment. That is my line.
Let him come quietly.

5. Housing.

R.A.B. Want to publish on Sat. with a ref^{ce.} to housg. subsidy negot^{ns.}
Will clear with P.M.

1. India. Sterling Balances. [Enter Ch. Whip.

R.A.B. Labour Govt. made agreemt. for release at £35 m. p. a. – cpd. with £100 wh. they had drawn earlier. Also, D.'s promise to bridge the gap as asked by C.F.M. mtg. : also to draw as little as poss. of the £35 m because of loan fr. E.C.A. etc. He wants to help us.

D. mentioned it to his Parlt. in Nov.
No alternative but to conclude. Six year agreemt.
At some date we shall have to consider future of all sterling balances.
Wd. be major operation.
This agreemt. wd. not exclude that.
D. knows our diff^{ties}. : will be told emergency measures may have to override it later.

P.M. Glad to know it doesn't preclude wider subsequent settlement.

R.A.B. Whole st. system may have to be overhauled.

P.M. In war we reserved full right to present contra-claim : and Dalton repeated that.

R.A.B. x Will see wthr. general memo. on st. bal. shd. be brght. up to date.

Proposal approved.

2. Housing Subsidies.

H.M. Not v. satisfactory to me, but the best we can do.
Simultaneous announcemt. v. subsidies meets Cab.'s point.

R.A.B. Will come out in Press tomorrow.
Can be disclosed in negot^{ns}. this pm.

3. Funeral. Arrangements.

A.E. Never before have foreign contingents been invited.
Y'day M'batten queried v. Sweden and Denmark – King was Adml. of their Fleets and we sent contingents to their funerals.
I think we shd. have none. We shd. have to get dom. contingents and no time for that. What about U.S.?

[Other guests. We notify : don't invite anyone. R. will send someone I think.]

- O.L. Colonies : have sent officers only. Can do so again.
- I. We have 6 from each country who are on spot.
- Agreed : no foreigners.
4. Form of Proclamation.
- P.M. L.P., L.P.S., Ld. Ch. and Home Secy. to enquire why form used by H.M. this morning differed from that approved by Cabinet.
5. Steel Prices.
- P.M. Shdn't export below world price (or U.S. price?)
R.A.B. to consider.
Prelim^y. considⁿ. of house prices. To be discussed next week.
- P.M. Cabinet Mon. 5 pm. to discuss Steel Export.
[Other Cabinets Tuesday and Weds. None Thursday.]
- O.L. Let M/S. prepare memo. on prices for export and advantages therein – a full analysis.
- Agreed : Cabinets Mon and Tues. Then respite until Thursday pm.

1. Coronation. [Enter M/W.

P.M. What are Cabinet's views?
All precedents point to 1953, in May or June. Likely to be more suitable year.
Visit to Australia. Cd. go before Coronation. Gothic at 40.000 p. month – an argument for going soon! Tho' you might seal off R. apartments and allow her to sail m'while. Lord L. to work out something with Adm^y and M/T.
Might have to reduce length of visit to A. and N.Z.
Will convey genl. preference for 1953.

D.E. Cdn't get annexe to Abbey built in time for Coronation in 1952.
* Ld. Ch. to advise wthr. any constit^l objⁿ to going to A. and N.Z. before Coronⁿ.

P.M. Why does Scotland object to Eliz II when they didn't take the point on Edward VII or Wm. IV?

J.S. There was some fuss then.

P.M. Queen's b'cast : Wait a month.

2. Stone of Scone.

P.M. Now is the time to put it back – w'out guards or chains. Let H.O. look after it quietly.

J.S. Inclined to consult Opposition.

P.M. Do nothing until after Funeral. Then do it w'out public fuss.

S. Dean wd. like an announcement. P.Q. wd. meet him.

J.S. to consult ex Scottish Ministers.
or P.M. to write to C.R.A.

Agreed : P.M. to consult C.R.A. (in writing).
P'pone action pending reply.

[Exit M/W, A.E.

3. Dunkirk Memorial.

P.M. A good one. Garden with fountain and names.

A.H. On this site, only sand : must have a wall to contain the sand.
Hence the tower to embellish the wall – around the garden.

Ques. has bn. pending for 2-3 years.

P.M. Let it be brought up after Coronation in 1953.
[Exit A.H.]

4. Atomic Bomb.

Ch. Hope to test in summer or autumn in Australia – one or two.

P.M. Pop or flop?

Ch. Probably pop.

P.M. Will help to put us on level with U.S. in argument on atom.

I. Announcement? Must let Menzies know. Has leaked to Press.

Ch. Draft wd. serve if Australians agree.

P.M. V. well. Synchronise with A.

Note – in C.A.

1. Funeral. [Enter J.P.L.T., A.H., D.E., D.S. and B-H

P.M. Read Earl Marshal's suggestions.
Uniforms – maybe worn by those accompanying foreign Deleg^{ns}.
N.B. to arrange with Earl Marshal.
Ch. Whip to inform Ministers.
Deputations from the 2 Houses to present Address to Sovereign.

2. Parliament.

Business in H/C. [Exit B-H.

3. Government Industrial Workers.

Arguments put by Ministers concerned.

P.M. To give 3 extra days will cost money and earn no thanks. Will also identify Govt. with a concession v. hard work. Better to go to arbitration and let it be forced on us : suits us now and doesn't preclude us from claiming credit later.

D.S. 53.000 of our workers – will be diff. to keep them on worse terms than outside engineering and imposs. to recruit more.
T.U.'s won't regard another 3 days as same as a full week.
But cnd't w'draw the privilege days, some of wh. go back to Henry III.
Anything short of full extra week wd. be rejected by T.U.'s. They wd. go to arbitⁿ. They mght. renew ban on overtime.

P.M. At arbitⁿ we don't get discredit of buying popularity contrary to our general policy.

J.P.L.T. Support W.'s proposition – promise it in '53.

L. So do I. Docks wd. be crippled by extra holiday in '52.

P.M. Effect on world opinion of doing it this year.

L. Arbitratⁿ wd. give it in '52. I prefer W.

R.A.B. I wd. prefer to make an offer before going to arbitⁿ.

P.M. Para. 4(3) w'out offer of cash compensation. } Agreed.
Go to arbitration if they decline. }

D.E. Qua. bldg. labour, must avoid ban on overtime. Another week wd. be well worth removal of rule 'last in, first out' on redundancy.

- O.L. Not v. gt. risk of overtime ban.
- S. Cdn't get D.E.'s cond^{ns}. accepted in return.
- D.S. Negot^{ns}. shd. be pushed along quickly – and taken quickly to arbitⁿ. if need be.
- R.A.B. I agree.

[Exit above

4. Gold Coast Constitution.

- O.L. Cd. have held this if J.G. hadn't given in effect a pledge. To go back on this now wd. do more harm than to yield.
- Sal. Para 7(d). Cdn't Ch. Secy. as Dep. Govr. be senior to P.M.
- O.L. Posⁿ of Govr. is secured by Offr. administering the Govt.
- App^d. – subject to clearing up wording of para.7(d).
- I. S.A. won't like this. May I explain the limited extent of his powers – time to do this before announcement. O.L. agree

5. John Deere Project.

- J.S. Scotland has highest unemplt. in Gt. Britain. Nationalists will say another example of dirⁿ. from Ldn. Co. (whom we wanted to attract) may well clear off. McN. persuaded his colleagues not to close it down.
- P.T. Needs 2.000 t. steel : £¾ m. of public money. No dollars for ¾ yrs. tho' quite a good long-term project. Not at top of priority list. If we are serious in giving steel only to top priorities, we shd. not give a starting date to this.
- Seen Bilsland and the firm. Offered to see them again in autumn. Also sent someone to see if site cd. be developed with neighbourg. Rolls Royce site.
- P.M. If we weren't exportg. steel, we cd. afford to let this go on. x. Hoped attractⁿ of U.S. capitalists wd. be a plank in our policy. This is forerunner of that. Much ill-will will come from this.
- W. x. No. We are putting up the capital for this.
- W.M. 3.3% unemplt. Same as Wales. Much less than N.I. 10%.

- P.T. No factory bldg. is starting in Wales.
- P.M. Cut steel exports.
- H.M. Much done already for S. Wales – prs. too much. Also Durham.
No proper grievance from them if this were done in Glasgow.
Tonnage is not large. Prs. cd. be reduced by improved design.
Give them forward date. A steel saving design.
- A.E. Wd. factory owner (U.S. firm) w'draw altogether on this?
- P.T. The head office in U.S. is considering that.
Suggested U.S. mght. consider bldg. it themselves.
B. hasn't mentioned resignation to me.
- J.S. He did to me.
- Ch. V. large amount of steel to this footage.
- R.A.B. Have suggested U.S. Co. shd. bring their own steel and own money.
- P.T. If outside the 1 m. tons allocated. There are gt. diff^{ies}. wh. Ty. are considering.
- P.M. Needs more confidence in U.S. there will be no Bevan Govt. to confiscate such investments.

* P.M. Steel standards. M/H. and L.G. qua Chairman of Bldg. Cttee.

{Cabinet.

{Resume this discⁿ next week, after decision is taken on
{general ques. of steel exports.

{P.T. to produce lists i) factories stopped ii) destinⁿ of steel
{exports. For Thursday's Cabinet.

1. The Funeral.

[Enter B-H.

P.M. Cd. cars in wh. Cab. go to W'sor be shunted off so tht. they cd. stay in them for ¾ hr.?
Uniform will be worn by those who wish. Was not meant to apply to Junior Ministers.

2. The Coronation.

P.M. Advised spring '53.
P.M. of N.Z. has said he wdn't expect Visit before autumn '53. Austr. likely to take same view. Prob^{ly}. will work out thus.

3. Legislative Programme.

P.M. Better not have Health Bill before Budget. Put controversial ques. in setting of full plans. Haven't got own troops solidly behind us yet.

Thurs. 21/2 - Supp. Estimate
Tues. 26/2 - F.A. debate.
Thurs. 28/2 - Defence debate.

H.C. Memo. is warning to Cab. of scant time available – and that this will be spent mainly on Bills already in.
Iron and Steel – long and complex : shd. be ready for Cab. soon.
Can consider then what to do about it. No chance of passing before summer recess.
Delay of Health Bill means financial loss. Can only begin on 1st of a month. Cost : £2 m. a month of delay.

H.M. Housing Bills. Shd. try to get them passed. They deal with increased interest rates. W'out Bills rents wd. rise by 6/2 automatically. And fears tht. no recoupmt. wd. follow.
Uncertainty for a year. Can leave out controversial matters.

J.S. Herring industry. Scheme ends Aug. Some legⁿ. must be passed before then.

M.F. Visiting Forces. To give effect to NATO agreemt. Cd. start in H/L.

L.P.S. Cd. take it.

A.E. Also Geneva Convent^{ns}. Bill.

[Exit B-H.
[Enter A.H. and C.I.G.S.

4. Egypt and Sudan.

- P.M. This means evacuation at once. Had hoped we cd. merge into 4 Power affair. A big w'drawal from all we Tories have said. Worse than Abadan.
- A.E. This gives away nothing tht. prev. Govt. hadn't given away already.
- P.M. Shd. we w'draw before 4 Power plan comes into effect.
- A.E. See para. 7.
- P.M. Are we to go, before we can hand over to 4 Power organⁿ. and spend millions on alternative base?
- A.E. Current cost in Egypt is v. large.
- P.M. But that wd. be the same. In addⁿ. new accommⁿ. – capital expense. Shall be criticised by own supporters and mocked by Opposⁿ. We have proved tht. we can stay there until internat^l regime is ????
- A.E. If we keep base, get joint air arrangemt. etc., public opinion here wd. not be uneasy. More uneasiness over Sudan proposal.
- L. World wdn't like Canal left only to E. control.
- P.M. Cdn't. we reduce size of Forces, but not go elsewhere.
- A.E. Hope tht. in our negot^{ns}. we can move into 4 Power area. Memo. puts worse case tht. they won't look at 4 Power. I believe they will.
- Ch. Cdn't we make our w'drawal contingent on 4 Power coming in?
- A.E. Are you willing to fight it out if they don't accept. Annex I. Stages I, II and III.
- P.M. These are OK.
- A.E. On Stage IV we wdn't accept 1 w'out 2.
- P.M. Need we decide now on 1 : a deadly promise w'out certainty of 2. We shdn't promise to go out w'in a year w'out assurance of merging into 4 Power organisation.
- A.E. Urgency. This Govt. want an agreemt. because they have no popular support : and unless they can show they've got something Wafd will come fwd. again. After 3 months they must have an Election. We shd. seize this favourable opportunity while it lasts.

x/. in St. III communiqué. Wd. be satisfied by w'drawal of some of our additional re-inforcements. That is intention.

O.L. "Reduce" vice w'draw.

L.P.S. Egyptians wd. want word 'W'drawal'.
Amr. says action is urgent. Sitⁿ likely to deteriorate fr. now on.

A.E. May I have stages I – III., and re-consider IV in hope of putting in proposal tht. our troops hand over to 4 Power organisation.

H.M. Omit [] from III?

P.M. Why go beyond I before Lisbon?

A.E. Give me Stage I and II.
Let me draft a revised Stage III for approval before I go to Lisbon.

A.E. Miss this opportunity to talk and prs. you won't get another.

Sim. Don't delay resumptⁿ of negot^{ns}.

C.I.G.S. Our action in E. has won us respect. We can now negotiate fr. strength. E. Govt. realise we can't be scared out. This is good moment to start negotiation.
We wdn't begin by offering to go out in a year. Wafd is wobbly now : Govt. is friendly : now's a good time to start – shan't get a better.

Agreed : (Accept I and II.
(Resume discⁿ on Monday.

Sudan.

A.E. Nothing in 1st alternative.
On 2nd I don't like 4(a). But they say no agreemt. w'out it.
My objⁿ : in Sudan it will rally people to their "King".
I cd. stand pro tem on para. 1.

O.L. If nations other than the 3 had seats on Commⁿ it wd. be v. awkward for me.

A.E. Wd. keep U.N.O. out of it. Cd. keep other countries out, perhaps.

H.M. Start on para. 1. and keep para. 4 up your sleeve.

J.S. Para. 4 wd. be ill received in U.K.

Agreed : Start with para.1.

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

5. Germany.

A.E. i) War criminals. ii) security safeguards – iii) finance. There are diff^{ies.}
a) On i) Fr. and Am. don't like a neutral on the Bd. We think G. wd. prefer our plan : and will prob. say so. Then we may get ours.
b) Shd. Bd. settle or advise on clemency. Wd. prefer them to settle.
Think G. wd. too. Let Fr. and Am. try : come round, after disc^{n.} to our own plan.

P.M. I agree. Our plan is best.

A.E. iii) Financial. At Rome we agreed 13 milliard. G. offered 10 plus, but includg. Berlin. Last night we were told T.C.C. had recommended 11.25. U.S. want to lower it. I want to stand out for 11.25.

R.A.B. Accept T.C.C. figure. Best we can get.

A.E. Based on a fair calculation.

Ch. £1000 m. They won't be able to spend it for 2/3 years. We can therefore hope for cont^{n.} to Occup^{n.} Costs.

ii) Security Safeguards.

A.E. U.S. now ready to allow G. to make civil aircraft.
Told Acheson we wd. make the aircraft and supply them to G.
I must try to persuade U.S. to retain this ban.

Ch. More dangerous than allowg. them atomic prod^{n.}

P.M. I'm not afraid of G. That threat's over. But agree this wd. cause alarm here.

6. European Defence Community.

A.E. Assurance on Locarno basis to E.D.C.
U.S. wd. prob. be willing to do this in a statement. Wd. help if we cd. do it also.
May I discuss informally with Schuman to see what they want, more precisely? Wd. bring a memo. to Cab.
Genl. idea is to say "we shall be v. any member of E.D.C. who misbehaves".
"Wd. support E.D.C. v. any one of its members who violated Treaty".

P.M. Approve in principle if U.S. will do it.
If they won't, we might do it alone.

[Exit A.E.]

7. National Registration.

H.C. Expect, subj. final legal advice, to announce next week identity cards need no longer be carried.

8. Steel Prices.

P.M. Read para. 7 of O.L.'s minute.

O.L. It is increased cost of imports, not of home costs, that is to be borne by the industry.

D.S. The prices have not taken a/c of cost of P.M.'s additional 500.000 tons. They were agreed with Corpⁿ before then. All we have agreed with Corpⁿ is prices to off-set £56 m. increase in costs. Imported steel doesn't exclude materials for industry – much is.

O.L. Acc. to para. 4 you “asked Corpⁿ to agree” to this.

D.S. They were asked to agree the price increases agreed before W'ton talks. Since W'ton increased home costs are up to £25 m. via £20 m. Industry will therefore bear £14 m. on imports + £5 m. on home costs. They will therefore bear part of both.

O.L. Another figure has now changed.

Ch. (Why can't we have – cost home prodⁿ.)
x (“ imports.) for 1951 and 1952
(profits of industry.)

All is done in margins. And they vary daily.

P.M. * O.L.'s memo. shd. be circulated.
Drew attentⁿ to para. 4.

D.S. Some are excess over existg. Prices: others over proposed new prices. Latest : £20-21 (of which £9 is freight) by comparison “ “ “

Ch. Can we not now have absolute figures, not differentials?

D.S. Corpⁿ as a whole will support these prices. £4-5-0 a ton.

O.L. H'to it has bn. quoted as £4 a ton.
Of course, it helps greatly that Corpⁿ concur.

D.S. If all costs taken into a/c it would be £5-15-0.

- O.L. H'to that was said to be £5.
We are asked to take responsibility, and we have no firm figures.
Let's authorise £4 a ton : but let's have firm figures in future.
- Sw. In giving figures to industry we mustn't say they carry only cost of U.S. steel. Say carry £1 of the increase. Don't allocate it. Otherwise they'll say we have conceded principle tht. they needn't carry increased home prodⁿ costs.
Incentive to buy in U.S. – they will have incentive to buy it at cheaper sources.
- P.M. We can keep out of political trouble, with this.
- O.L. Say industry carries £19 m. of increase – but don't split it up.
- R.A.B. Believe prices will have to rise again later in year, to finance import fund (BISC).
- D.S. Levy needn't be found only by prices : cd. come out of profits.
Industry will increase levy but not out of prices.
- R.A.B. £11. on imports costs : £8 on home costs. These are my figures.
- Ch. Repeat x/.

(O.L. Accept this increase. Don't announce
(divⁿ betwn house and imports.
Agreed: (P.M. Cherwell and Leathers to check figures
(in announcement.

Steel Export Prices.

- R.A.B. Para. 7 is the answer to allegⁿ tht. we sell below import prices.
On return : £800 oil is obt^d for each ton of steel exported.
On b/p. £2.000 p. ton of steel. exported – outside B/T. exports.
Imports fr. elsewhere than U.S. are even higher in price.
- O.L. This shows actual profit is made on our import of dear steel.
- Ch. After raising prices because of imports.
If we didn't import, we cd. make more profit.
- P.M. On C.37. are we wise to sell so much when we need it ourselves.
- P.T. On U.S. Steel we make a profit by processing and exporting.
My memo : only on destinations, not price.
C.O. and C.R.O. can spk. for themselves.
Bilaterals. Sell steel to get materials we need. Fr. Sweden for quite a little steel we get v. much ore.

- P.M. You cd. still charge a higher price.
- R.A.B. Bilaterals may prevent industry fr. going into some markets when they cd. earn even higher prices.
- L. Also in some cases they wd. put up their prices if we put up ours. Often they are selling to us below world price.
- P.M. Are Cab. satisfied?
- L. Yes – but keep under review and take every chance that offers to raise prices.
- U.K. Prices. (resumed).
- H.M. Look at differentials in new prices. Must go over in bldg. fr. sectional to re-inforced concrete. Depends on getting enough re-inforcing roads and high tensile steel wire. Price mayn't be attractive enough.
- D.S. Am studying this. Will communicate with H.M.

1. Name of Royal House. [Enter Sw. and Dugdale

P.M. Q. Mary distressed. German Prince staying at B'lands heard M'batten say name was M. I wish to give personal assurance in favour of no change from House of Windsor. Deliberate mark of B. character of ruling House.

General view of Cabinet – Windsor.

2. Germany.

Took note.

3. N.A.T.O.

Took note.

4. Europe.

A.E. “Cond^{ns.}” in Fr. and G. – expt^d by Sch. and Adenauer as wishes, not cond^{ns.}

Alarm is therefore undue. Not impossible.

War Criminals. Tribunal of 6 : 3 Allies and 3 Germans. For in end Ad. didn't want neutral. Fr./Bel./Dutch have war crim. whom they haven't tried. Sch. undertook to discuss that direct with Adenauer.

Thus this will be settled today.

Finance. 11.25 given to Ad. – taken it quite well, but can't commit himself. Said ready to open disc^{ns.} in Bonn at once and agree a figure by end/week. If a reasonable figure, we can then get on at Lisbon to divide it up betwn. Allies, who all want occupⁿ costs for '52 out of it.

Security Control. Fr. want reslⁿ on heavy artillery and propellants.

We are all short of latter : wd. be sensible for G. to make it.

Mtg. at 3 pm. to settle that. If we can get them out, rest of list wd. be acceptable to A. Civil aircraft : G. don't intend E. make : if that is confirmed and declared and promise given to consult us before they do, we shd. be content. U.S. won't support a more definite reslⁿ.

Relations of N.A.T.O. and E.D.C. – meet together whenever either asks or any member asks for joint mtg. Gives G. right to ask for a joint mtg. even before they are members of N.A.T.O. Hope Fr. will agree. Will tell them tht. if they refuse, will be difft. to resist fr. pressure for admⁿ to N.A.T.O.

Locarno declaration. Draft statement (U.K./U.S.) prepared.
But I'm disposed twds. separate U.K. statement – for our relation to Europe is different. Agreeable to Adenauer.
U.S. can follow later : may take them some time to come along.
This won't commit us to more than Art. 4 of N.A.T.O.

P.M. Take care. U.S. might not follow. Use this to press U.S. to join in more quickly. Or two, but simultaneous. Let's have somethg. fr. U.S. even tho' it mayn't go so far.

A.E. If we lead on this, wd. do us good. Admit we had better have it firm tht. they will follow suit. With something.

P.M. OK. – subject to that.

A.E. I will see how it goes.

H.M. In view of our record on Eur. Army, if we cd. make this separately it wd. do us good, both abroad and at home. Wd. help our political position.

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

5. Egypt.

Draft communiqué.

P.M. Words re Sudan can stand. On basis tht. its as stated in despatch.

A.E. Opinion might be inflamed by it.
I will tell Amb. we wd. rather not have it in : but after further reference he may concede if he must. Leave it out and give this explⁿ.

Sal. Substitute “and an agreement on other outstanding issues” as 2nd line.
Draft telegram approved.

A.E. Drew attⁿ to supplem. letter of 16/2 to Stevenson.

P.M. Para. 8. Para(2) gives away a lot.

A.E. In order to transfer it to F. Powers.

M. £300 m. Shd. we not be paid for what other Powers take?

R.A.B. “Free of cost” – does this mean free of profit to us.
We shd. get somethg. fr. this asset.

C.I.G.S. a) The base. b) The contents. b) are ours. We shd. make it clear we don't hand b) over to anyone, even F. Powers. That will be British.

A.E. Para. 8(2) – says “installations”, which means only (a).

Agreed : make it clear 8(2) doesn't cover contents.
Remember tht. it's only with E. consent tht. we can win for the 4 Powers a right to come in to Canal Zone. At present we are only Power wh. has a Treaty right to be there.
Want to bolster up this Govt. get agreement with them and so let the 4 Powers in. Once they have an establ^d legal right to be in, more diff. for Wafd to turn them out.

P.M. There shd. be no inter-regnum betwn. our leaving and F. Powers taking over.

L.P. Suppose we don't make agreemt., Wafd returns, where are we?

P.M. We hang on, holding firm. Recent experience shows we can.

C.I.G.S. We can't occupy Cairo and Alex. without re-inforcements.

A.E. We were told at the crisis tht. Rodeo was impracticable.

Sim. Suggested amend^{mts.} to 8(2) pencilled on my copy.

L.P.S. Wdn't it be easier to start 4 Power negot^{ns.}?

A.E. U.S. urged us to begin disc^{ns.} – easier to start á deux.
F. Power proposals are even more dependent on E. goodwill, than these are.

C.I.G.S. None of the other Powers wd. keep troops in E. in peace.

M.F. Para. 8(7) makes it clear tht. all in contingent are accepting F. Power basis.

A.E. Intent^{n.} is tht. all para. 8. stands together. If we can't get (7) we aren't committed to any of the other paras.

P.M. Can't settle this now.

Resume discussion 10 am. Tuesday.

1. Europe : Germany etc.

A.E. Long discⁿ on resl^{ns} on manufacture. Acheson helpful. Believe we have now reached this. G. i) willing to put into Treaty agreemt. not to make anything not app^d by E.D.C. ii) Willing to make sep. declⁿ re other things. Civil aviation : neither means nor desire to make. Will buy fr. U.K. or U.S.

Franc. Poncet and Adenauer v. friendly at dinner. Sch. and A. talking á deux re Saar.

Fr./G. text re manufacture. Fr. have given away v. gt. deal – too much. Mtg. tomorrow at 11 am.

Agreemt. likely on most major issues.

2. Persia.

A.E. Senate has taken a hand – insisted on negot^{ns} being re-opened with Bank.

3. Egypt.

P.M. In negot^{ns} keep back somethg. to give away.

A.E. First amendment Para.(1).

P.M. Para.(4) amendmt. How will you defend our property with civilians only?

A.E. Do we want agreemt. with a friendly Egypt?

P.M. What if we w'draw and Wafd Govt. comes in?

P.T. Art. 6 of 4 Power is more favourable, since it contemplates an allocⁿ of B. troops to remain.

A.E. Only with agreemt. of E. Govt.

P.T. But original agreemt. is not subject to constant modificⁿ by E. Govt.

A.E. F. Power proposals all rest on assumptⁿ of E. agreemt. But ready to bring my text up to 4 Power proposals, if it falls below that.

P.M. Let E. raise some of these points – while A.E. away in Lisbon.

A.E. This Govt. may fall any day.

- P.M. What then? We can hold on and see what comes.
- A.E. We cdn't handle situation 3 wks. ago.
- P.M. We cd. have mounted rescue operation.
- C.I.G.S. We cd. now occupy Cairo and Alex. But wd. then have to call up 2/3 Divns.
- A.E. We cdn't therefore act w'out reinforcements.
- P.M. Most unlikely this disorder will break out again. No Govt. cd. afford another go of that.
- A.E. We have won nothing – but a short respite. Situation will recur. We haven't the force to hold the position.
- C.I.G.S. That estimate turned on assumptⁿ. tht. E. Army might fight v us.
- A.E. This is moment to negotiate. We must support them quick. Put a covering instⁿ on this. This is maximum. Don't open it all at the outset. Refer back and report outcome of 1st convers^{ns}. before you lay it out. This = our thght. Don't do it now. Don't go beyond I-III of earlier memo. Tell us 1st how yr first conversⁿ goes. None of this will be given to E. at outset.
- P.M. Give him draft A. as what we wd. like. Also A.E.'s amendments as things we may have to concede. As background for his guidance, - own informⁿ only.

Agreed : as above.

4. Stone of Scone.

- Sal. Elibank – Ques. 12/3 suggestg. St. Giles' Cathedral. Can we get our statement out before then.
- P.M. Awaiting reply to my lr. to C.R.A.

1. Coronation. [Enter M/State

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P.M. Decⁿ to be sent to Comm. Govts. thro C.R.O. in due course.

2. Name of Royal Family.

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P.M. Said Ld. Ch., H. Secy. and L.O.'s will draw up Proclamⁿ. After approval by Cabinet, Lascelles will send to Comm. Govts. thro' Govrs. Genl.

3. T.C. Report.

S.Ll. Circulated for informⁿ. Resolution (Annex B.) will be debated at Lisbon today or tomorrow. Involves no new commit^{mts} for us : makes clear tht. fulfilment of mil. recomm^{ns}. dep. on overcoming economic and materials problems.

R.A.B. Nothing to add.
A.E. will take this line in Lisbon.
Disappointed at failure burden-sharing exercise.
Infrastructure. Exp're in France and Italy. V. diff. for us. Esp. when U.S. not carrying out promises of aid. Have asked A.E. and I. to offer money wh. wd. be spent here eg. on equipmt. for infrastr.
If pushed £5 m. (or \$) at most.
V. unsatisf. But world issues are such tht. we must help as much as we can.

P.M. * Give me a note on our disappoint^{mts} on aid. For use in defence debate.

R.A.B. Paras 11-12 of Tel. to Comm. F.M. Mtg.

4. Purchase Tax.

P.T. Rpt. of Douglas Ctt^{cc}. – publ. Thurs. 2 pm. In newsp. Friday.
Affects utility – attacks existg. arrangemts. Can't indicate our plans
before Budget. Have consulted industry and will circulate memo.
Mention here because may attract attention in Press.

5. Housing : Houses for Miners.

H.M. L. and I. workg. on scheme. Will use l.a.'s to full extent, but where
more than l.a.'s can manage bldg. will be done by a Housing Assocⁿ of
N.C.B.
Details can go to Bldg. Cttee.

I. Housg. Assoc^{ns}. will lease them to N.C.B. and that ties them to the
industry.

1. Parliament. [Enter Ch. Whip.

H.C. Labour motion Fri. on closer co-opⁿ in sterling area. Tory amend^{mt.}
Salter will spk. Divn. likely : Ministers shd. attend, if not paired.
Business for next week.
F.A. debate. H. Morrison opens : P.M. follows : A.B. later : Sel.Ll.
will follow him : 26/2. H. Macm. winds up.
Defence debate. Motion to approve (or to take note of) Wh. Paper.
28/2.

P.M. Last year I think it was “take note”. That wd. suffice.

H.C. I agree. “Approve” wd. invite dissidence in Labour Party wh. on this,
we don’t want to do.

B.H. 3 line whip wd. be needed anyway. We cd. carry ‘approve’,
Mght lead to amendmt. by Bevan. Does this inject unnecessary
controversy?

Agreed : “approve”.

Spokesmen : not yet decided, save P.M.

2. B.B.C. Charter.

H.C. Runs out soon. G.P.O. were to make new plan. We shall have to give
a days debate.

L.P.S. Embarrassing sitⁿ developing. My Cttee. app^{ted}. About 9 Tories in
H/C. interested in this, are campaigning for end of B.B.C. monopoly.
Our Cttee. favour maintenance of monopoly durg. period of this
Charter. It isn’t statutory : P.M.G. has power to give another licence in
addⁿ to B.B.C. Time not ripe for it yet.
Sponsored p’mmes wd. not be improvement, in our view.
But at mtg. of 80 in H/C. 78 favoured ending monopoly.

P.M. Must discuss this at Cab. next week. At a mtg. when I’m not
* troubled with H/C. speeches as I shall be on Tues. and Thurs.

L.P.S. 1922 Ctt^{ee}. are to discuss in wk. after next : asked me to go.

P.M. Why not receive a delegation from them?

L.P.S. Have seen them in small nos. but made no impression.

R.A.B. Promoters of this movement have axes to grind – many of them.

- W. Also doctrinaire view.
- P.M. Special Cab. on Wed. 11.30 am. Memo. by L.P.S.
Ch. Whip to report feeling in H/C. (B.H. 1922 Ctt^{ee}
will not have met by then.)
3. John Deere Project. [Exit B-H.
[Enter Sw. and T.D.]
- P.M. Why not make an exception in this case? Good grounds for it.
- H.C. Any others cut back which are American?
- P.T. One U.S. and one Canadian.
- P.M. Cd. not B/T. overdraw on allocⁿ up to 10%.
- Sw. Steel allocⁿ. already overdrawn by 5%.
- O.L. If we discourage U.S. investment, we don't know when repercussions will fall. If this were U.S. money, no doubt we shd. facilitate it. Even as it, may have discouraging effect on U.S. investors – for a well known firm.
- R.A.B. Can't justify this to Massey Harris.
- J.S. They are here : only asking for extension of existg. factory.
- Sw. We have cut down steel for firms' manufg. agric. impl. for export. Any extra steel given to them wd. go into exports f'with.
- W. Tell them they can go on if they will find the money.
- Sw. I wd. then risk over allocⁿ of the steel.
- J.S. Faute de mieux a starting date in '53 mght save them fr. packing up. They have spent £200.000 in dollars on plant.
- P.T. x/ Shall I put it to them tht. if they will pay for bldg. we will make the steel available?
- P.M. Mistake to allow this project to drop.
- H.M. Why not try x/. on basis tht. if they decline, we will approve J.S.'s plan. viz., try x/. first.
- W. y/ Try x/ first. Bring it up to Cab. again and if that fails.

Agreed : as at y/.

(P.M. re-affirming that it's mistake not to grant at once what the firm desire.)

1. Foreign Affairs Debate. Disclosure of Cab. Papers.

[Enter B.H.]

P.M. I quoted from F.O. telegrams, not Cab. pp.
I can't be forced to lay them because not textual quotations. Though I would like to do so. Those of Sept. cdn't be layed because of operations. The May ones cd. if paraphrased (for cipher).

H.M. May be better to leave A.B. in uncertainty : he doesn't know what's in those telegrams.

2. Parliament.

H.C. Business in H/C.
Defence Debate. Approve or take note. Agreed "Approve W. Paper". not "the policy set forth in W. Paper".

3. Prayer Book.

P.M. Plan wh. I mentioned to Queen was D. of Cornwall, not Rothesay.
Surely England can have one name – Edinb. and P. of Wales
Now I'm told both names cd. be mentioned – Cornwall and R. I see no objⁿ to that.

Sal. Prefer D/Cornwall only. Scots shd. be satisfied with D/Edin.

J.S. Cd. the Scots pray for him as R.

W. This concerns the Churches. Cantuar wants D/C. Moderator, who was consulted, raised no objⁿ to D/C. It's Lyon that has raised all this.

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C/E. pressing for decⁿ wd. like it taken by Pr. C. tomorrow.

H.C. x/ Cd. he be prayed for as Prince Charles only – until he is P. of Wales.

Agreed : L.P. to persuade Cantuar and Queen of x/.

4. Family Name of Royal House.

- Sim. Draft Proclamation. Follows that of 1917.
- H.C. “Of these Realms”?
- Sim. Follows 1917.
- H.C. Not “Queen of these Realms”.
- Sim. Cd. omit these words whenever they follow “Queen”.
- L.P.S. If you say “subject of these Realms”, you must say “Queen of these Realms”.

Agreed : Ld. Ch., L.P., Sal. and H.C. to consider this point
and report to P.M.

5. B.B.C. Monopoly. [Enter S.Ll. and P.M.G.]

- L.P.S. V. awkward pol. sitⁿ. But purely a H/C. agitation. V. like the movement in H/C. for abolition of cap. pun. – a horrid warning. Press wd. be hostile because of self interest. The alternative plan has v. wide implic^{ns} – frequencies. Service use, politics, morals – all in hands of 5 men.
- Balance in favour of status quo pro tem. Re-consider later.
Opinion in Party is hardening in wrong direction – hence urgency.
- W. Volume of opinion in H/C. is large.
Those who expect other licences are beginning to nibble at B.B.C. staff with offers of higher pay.
- P.M. L.P.S. shd. talk to H/C. group. I’m content with status quo : but don’t want a row. We must at least try to carry our Party.
- L.P.S. I have explained my personal views – w’out effect.
1922 Ctt^{ee}. will discuss next week. I’m attending. Shall I speak – personal views or Govts. views.
- P.M.G. Gamman favours sponsored p’mmes! Tho’ he is behaving v. well.
- Sel.Ll. I was author of minority rept. on Bev. Rpt. favouring sponsoring.
There is a poss. compromise. Monopoly is dangerous : ques. is how to stop it. Separate body to develop local b’casting : cd. move only slowly because of lack of resources. Wd. be corrective to monopoly.
- P.M.G. Endorse L.P.S. on principle at stake.
Practical consid^{ns} : nothg. at all can be done to start alternative p’mmes for some years because it involves erection of new stations on V.H.F. When V.H.F. comes in, it’s assumed they can be let to

- competers – may not be so. Forces Police and Fire may merge big inroads into them. And we mght have to wait for ultra V.H.F.
- x/ Cd. we not evade issue pro. tem on basis tht. there aren't resources to do this for 5 years. Base our policy pro tem on limitations of materials. M'while preserve right of P.M.G. to licence alternative monopoly.
- [Enter M-F.
- W. I took that line in H/L. debate before election because I knew of division of view in Party.
Diffy. is that we have to give a 10 year Charter.
Don't delay. Now you may be able to divide H/L. group – it contains some who are interested and others who speak on principle. Latter can be answered by x/. above.
- B.H. Majority probably v. neutral of monopoly in our Party.
But the 80/2 mtg. consisted of enthusiasm. Majority overall wd. not be so large as that. Some hostile votes or abstentions wd. be inevitable.
Free vote wdn't be popular with our side. For Opposⁿ wd. vote the monopoly in.
- O.L. Must Charter be 10 years. Make it 5, wh. relates it to period of impracticability.
- L.P.S. Politically that wd. be good. But agitⁿ usually begins about 3 yrs before end of any Charter. 5 yr Charter wd. give B.B.C. only 2 yrs. of peace. But if 5 yrs. wd. get us out of our political diffy. we might have to do it.
- J.S. Repeated x/. Monopoly doesn't rest on Charter.
- W.M. 7 years; as compromise.
- L.P.S. Tory back benchers are hearing only one point of view.
How can they hear the other, w'out its appearing to be a Govt. view.
Cd. I express a personal view – yielding my Chairmanship of the Ctt^{ee}. to W.
- W. Can't we handle Party on practical basis. No resources for 5 yrs.
Clear in Charter tht. no permanent monopoly is created.
- S.Ll. Leaves B.B.C. in control of all techn. developmt. And they hold back V.H.F.
- P.M.G. Not true : Govts. have held them back.
- P.M. Can't afford trouble in H/C. (with majority of 15) over issue like this.
Let L.P.S. address 1922 Ctt^{ee}. Let W. go too.
- L.P.S. As representg. myself or the Govt.?

P.M. You cd. say you spoke of Ch. of Cab. Ctt^{ec} and wanted to hear their views before executive decision taken by Cabinet.

W. Shall I speak to some of them as Chairman of Party.

L.P.S. Support that.
Let me and W. first listen to 1922 Ctt^{ec}. After, let W. spk. to them as Chairman – some of them. Must be pretty quick – if Charter is to go thro' before end of 6 months' limit. Let W. put across the fear tht. sponsored p'mmes wd. let Comm. Party on to the air.

L.P.S. Suggest 1922 Ctt^{ec}. take this ques. this week rather than next. Instead of Govt. publicity, wh. they are due to discuss tomorrow.

Agreed (After discussion : let L.P.S. and W. attend and speak to
(1922 Cttee on Thursday 28/2

[Exit P.M.G. and S.Lloyd and B-H.
[Enter D.S.

6. Security Procedure.

M-F. As in memo. Put all the detailed points.

R.A.B. Endorse these proposals. Shall have some trouble with T.U.'s, but we must wear them down.

Approved.

R.A.B. Who answers in H/C. v Commⁿ. in C. Service.

W.M. Ty. are employers. Fin. Secy. shd. answer.

P.M. Home Secy. can answer on genl. policy. Fin. Secy. on emplt. aspect.

R.A.B. P.Q.'s to be put down to Fin. Secy. Home Secy. cd. assist if big ques. of policy arise.

P.M. Draft me a statement on this if requ^d on H/C. PQ. procedure.

D.S. What is Ministerial responsibility.

M-F. To Minister of Dpt. And he answers P.Q.s.

“External Sterling”

[Enter A.S. and Sw.]

- R.A.B. I adhere to original plan. Alternative circulated only at P.M.'s request. That alternative wd. be admⁿ. tht. we were struggling thro' next 2/3 months. Wd. involve v. severe cuts. My plan won't restore pattern of trade or save b/p. But it's only means of saving currency. If we fail to do that £ will be devalued far below 2.40 – with much more serious effects on prices, empl. etc. We shan't get thro' summer; we shd. take bold course. Experts in trade and economics oppose it. But pattern of our trade has bn. artificial and return to free market will alter it. Won't solve our problems. But only plan to save currency and take knock on rate not reserves. Will restore Ldn. as fin. centre – increase invisibles – Bold action wh. will bring new vigour. W'out it, can't hold posⁿ on reserves thro' summer.
- H.C. Accept R.A.B. views. His case prevails, on the arguments. V. apprch. of its effect. extern. and intern. In short run we may get into grave diff^{ies}. Pol. criticism v. sharp. But must face it. To get better weather. Govt. may fall.
- J.S. Country doesn't appreciate gravity of situation. They won't until somethg. drastic is done. Support this on that a/c.
- Ch. Dissent. Floating rate and convertibility will be fatal. Problem : to balance trade. If rate falls, that is more diff. Drain on reserves this way will be more serious. Unpleasant part of alternative will have to be done under this plan too.
- Consequences : rise in import prices : unempl. : painful re-adjust^{mt}. more exports for fewer imports. All paymts. agreemts go. Diff^{ies} of export trade. E.P.U. Possible loss to s.a. of Comm. countries. U.S. dislike of it.
- And on top of that, more diff. to balance our trade. What advice is given by Plowden and Hall etc. Cd. we not see their views? Economists don't favour this. “Surrender to Banks”. May provoke serious troubles eg. strikes.
- L. Plan will not meet our need. But if it's true tht. our immed. sitⁿ is worsening so fast, prs. we shd. do it. Can't we delay decision? Can't be sure this will succeed. Prefer to take safer course and see what we can do.
- M-F. Started in favour of R.A.B. Thought more about it. Can't decide w'out informⁿ on (i) Drain. \$300 m. p. month. Ch. says cuts already made shd. be felt after end/Feb. Why won't that come in at \$120 m. p. month. Must know why it isn't now taken into a/c? With borrowg. we cd. reach a better posⁿ at end/June than we had assumed. (ii) Effect on

Doms. P. and Ceyl. may leave s.a. A. and I. doubtful. What is effect of that?

On Comm. co-operatⁿ? A With £450 m. st. balances, genuine, won't like to see 80% frozen. (iii) Europe. E.P.U. to be killed and trade to be deliberalised. Much of our hopes for integrⁿ of E. have gone.

But this wd. rouse feeling v. us, in Europe. Also U.S. reaction to our treatment of Europe. (iv) Positⁿ in U.K. What unemplt. wd. follow, and where. Due to direct shortage of materials or indirect result of changing pattern of our exports.

Think we shd. know what is involved. All the classic charges v. Tories will be revived.

R.A.B. Drain \$297 m. Jan. \$270 m. Feb. No pause to end/Feb.
On 11/2 sent tel. to Comm. F.M.'s saying \$750 m. loss in 1st qur. with reserves at \$1.580 m. at end = devaluation point. Due to speculation and short-fall in U.S. aid. This point due to be reached 2 mos. before date we expected.

M-F. But what effect will cuts have after end/Feb.

R.A.B. They will begin in March to show effect, we hope. But
i) no effect fr. C.F.M. yet ii) E.P.U. posⁿ is worse, now paying in gold
iii) r.s.a. material prices have dropped iv) traffic in cheap sterling.

O.L. These are deadly dec^{ns}. Critics must face alternatives.
M-F. fears unemplt. What if we don't do this. If we have no reserves, to buy imports. Critics face a dilemma : if they believe cuts will save posⁿ they shdn't fear effect on rate: If they don't then where are we.

Ch. Fallacy in O.L. = time element. We all agree trade must be balanced by autumn. Our anxiety is wthr. our reserves last until then. Read from a memo. Durg. interval, plan will make it more diff. to balance.

O.L. Immed. drop in rate affects future contracts, not present. For a time we cd. live on supplies in pipe-line. Time factor favours the plan. Sterling over-valued now – encourage people to sell sterling.

A.E. Diff. dilemma.
V. disturbing tht. so soon after C.F.M. we now face a v. diff situation. Shakes my confidence in our advisers.
Plan “to save currency”. Can't believe it. Disadvantage : immed. result – genl. reslⁿ of trade because of dislocation. Countries buy here because of soft currency : they won't buy if we are “hard” will prefer U.S. then. Those who now spend sterling to save dollars won't do so any longer. Wd. therefore increase our dollar gap. Means drop in rate – and higher prices and unemplt.
What retaliation by f. countries? Some, certainly.
Serious blow to Eur. unity efforts.
If intended to support 2.40 rate, reserves will be used for that as fast as they are now being used?

Plan to reduce home consumptⁿ. by increase prices. Grim policy.
Alternative : Block some balances w'out floating rate.
M'tain 2.80. Severe Budget. More cuts in imports and
invest^{mt}. Canadians loan for timber for housing.
Cut defences p'mme.
Raise bank rate.

Prefer that to R.A.B. plan, results of wh. can't be foreseen.

P.T. Support original plan as against his alternative.
Pol. diff^{tes}, cuts, unemplt. are about the same either way.
But another way of doing it wh. wd. meet some of A.E.'s points.
Two stages. i) Severe Budget : bank rate : cut defence and housing
(without loan fr. Can.)
ii) End/March hold Comm. Conf^{cc}. and then do st.
balances, fl. rate and agreemts. on inter-sterlg. trade,
Impose summer cuts, tobacco, Jap. textiles etc.

Pig it during the gap. \$1.800 m. now. Drain at 300 m. p. month.
Only \$1.500 m. by end/March. That is minimum safe level.

Advantages: a) Demonstrated done all poss. to put own house in
order.
b) Avoids shock to Doms. by tel. Cd. seek their
agreemt. in discⁿ.

I. R.A.B. plan will be gt. shock to Doms. esp. as no mention of it in
Jan. But don't think any gt. pol. upheaval if we give due notice –
inform in next 72 hrs.

India. Agreemt. signed only 3 wks. ago. £35 m. p.a. V. careful
presentⁿ to N. assurg. money for develop^{mt}. Cd. get by.

Australia. V. rough. Only enough for 2 mos. But they are
overspendg. and if they won't check it someone must. A. might leave
s.a.

Pak and Ceylon might, prob. wd. leave st. area – tho' not
Commonwealth.

S.A. wd. be OK. because gold.

Canada wd. welcome this, tho' not affected.

P.M. Heartening. Another mtg. v. soon.

W. Alternative. May be somethg. else, nearer a compromise.
Reply to M-F. We shall get unemplt. and import cuts in any event.
Sterling over valued and world realising it.
Diff. to estimate immed. import cut on R.A.B. plan. V. drastic cuts

envisaged in alternative.
Raise bank rate at once – wd. help to attract for. money.
Disposed to favour floating rate. It's a gradual process. Ch. plan envisages v. drastic cut.

- Ch. On inessentials.
- W. There aren't enough. Fl. rate wd. produce redⁿ in imports because of rising prices.
Freezing balances. Effect on Ldn. credit as world banker.
Like P.T. plan of 2 stages.
- A.S. Fear this scheme if introduced early with Budget.
i) B/p. Agree with Ch. and A.E. tht. origin dislocⁿ and hard currency status we shall worsen it beyond stimulus of 2.40. This means cuts as severe as under alternative.

ii) Currency. If b/p. not cured, this doesn't save it. Pressure at 2.40 wd. exhaust reserves. Or we shd. have to let it go below.
If main b/p. task is on money, it means 30's over again.

iii) External. Kills E.P.U. at once. It may die anyway : this wd. kill it.
Suppose this wrecks N.A.T.O. what effect on U.S.
Balances = default as a banker because of compulsory funding.
And this before we have shown our measures and tht. we have no alternative. With a month's delay, this diffy. wd. be less.
Wd. like to see a floating rate. But not fr. a posⁿ of gt. weakness.
- Sw. Cond^l upon Comm. acceptg. funding plan – we cdn't do it w'out for we'd be accused of brkg. st. area. Must therefore ask first.
Can't do it in Conf^{ce}. : for their dec^{ns}. must be taken in this Cabinet Fund is better for them than dollar rationing.
If Comm. agreed, I wd. do this plan in Budget.
If Ch. is right tht. our posⁿ is so wk. tht. plan can't succeed – then its so weak tht. our reserves will run out v. soon. Then we are left w'out a policy. If you adopt all measures in R.A.B.'s alternative (and these are more drastic than what is requ^d. by original plan) all the criticisms wh. M-F. fears can and will be made. And nothg. constructive or positive.
If we must have these evils, let's have them with a positive element added.

Alternative plan will have equally bad effect on Europe – discriminatg. cuts etc.
Balance 90% funded with 10% and current a/c free – will affect bankers, but not people – traders who wd. by direct cuts.
No-one supposes this is money at call. Wd. they not rather have a real call on 10% and the rest funded.
- Sim. Impressed by certain perils and uncertain success of the plan.
Support A.E. and A.S. But little time to consider.

- Sal. Not ready to give final opinion. Shaken by what has bn. said tonight. Feasibility in a democracy depends on what can be accepted. Must bring people to see need.
- R.A.B. Can't give warning of financial changes.
- A.E. Can't consult Pak. and India w'out its being known.
- P.M. V. diff. indeed. Can't decide tonight.
Meet at 11 am. Friday. Then try to decide.
Not v. good show, after recent C.F.M. Also changing date of Budget.
Gives impⁿ of uncertainty.
Appeal for unity, whatever may be decided. United support for R.A.B.
- Are we sufficiently united in conviction to plunge into the most extreme course? I doubt it. Maybe somethg.
- R.A.B. I know I can save sterling with my plan. I don't know if I can save it on another.

2. Income Tax R. Commission.

- R.A.B. W. wants to resign. Not before debate. But he may have to resign then.
- P.M. In things outside controversial area, we prob. can afford to bow to opinion.
- L.P.S. I agree. Important enquiry. Bad if 50% of H/C. distrusted it.
But better for W. to resign now. He shd. take initiative and go before criticism.
- R.A.B. Shd. we truckle to this sort of criticism of a man with W.'s record.
- A.E. Can't see him thro' debate and then let him resign.
- J.S. If he doesn't carry it thro', he shd. resign of his own volition.
- R.A.B. Somethg. to be said for closing it all down.
- J.S. Cd. a Deputy wind it up w'out a new Chairman.
- P.M. Let him write a lr. to me, which I won't disclose until the debate.

1. Foreign Affairs Debate. [Enter Sw. and A.Salter.

A.E. Scott showed Morrison the pp. and bught them back, after C.R.A. had seen them.
But A. Henderson was at Air Min^y was shown some other F.O. telegrams.
No harm done. Also Cab. Minutes of the time were shown to him.
No other Dpts. shd. show F.O. tels. or Cab minutes w'out reference to N.B., who will consult A.E. etc. as required.

P.M. Guidance to Press v Cab. Ministers etc. Not an official statement.

H.C. Can we see the relevant telegrams – Saving? of May.

P.M. Yes : circulate.

2. Royal Commission on Income Tax.

R.A.B. Seen J.A. who will resign, by letter to P.M.

P.M. I will reply – and publish both.

R.A.B. Say Millard Tucker will wind up the work.

3. B.B.C. Meeting

L.P.S. L^d. W. and I went last night: den of thieves united : but in wrong way.

Said, mainly, this was not the moment. Considering short renewal.
Cut across Parties.

Had no effect whatever.

Agreed tht. a few of them wd. meet 2 Ministers for a talk.

Didn't commit Cabinet.

4. External Sterling.

H.M. i) How does 10% corresp. with current drawings?

R.A.B. Not all have agreemts. But eg. Egypt wd. get a bit more than now.

H.M. ii) Indep. s. area. They wd. get £400 m. as 20% and £1600 m. frozen.
What are current drawing rights?

R.A.B. Australia no agreement : they can draw at will. This wd. release £80 m. for immed. use : but they mght. well fund it.

India : wd. have enough fr. 20% for their developmt. plan. Wd. accord roughly with recent agreemt.

Pakistan : wd. get small release. Doubt if they wd. leave st. area.

Ceylon : have always wanted to leave s.a. Depends largely on price of rubber. Fin. Minister v. diff.

S. Rhodesia : have new U.S. loan and wdn't be troubled at all.

H.M. But fr. our pt. view. Do we gain by freeing £400 m. Austr. seems only gain. On f. countries only £86 m. freed. Wd. they not buy dollars with it at once : to get out of sterling.

Our action will be same under either scheme. Thus –

i) B. plan purpose : Stop others running on our bank.

ii) Timing. Better when C.F.M. results seen and confidence created by Budget. Otherwise, can we get benefits eg. inflow of f.

Capital. If it goes wrong, you have lost reserves by m'taining rate.

Over large no. of countries you give as much free money as now.

W.M. i) Labour. Not decisive, but important. Impact, with Budget may cause pol. strikes. Last week-end; speeches were made because there is a risk fr. extremists. Substant¹ increase in c/living and rise in unemplt. wd. give diff. posⁿ to handle.

ii) If we are forced to this v. soon after Budget, much to be said for doing it with Budget.

L.P.S. Started pro, but shaken by discⁿ.

After further study of pp. satisfied obj^{ns}. outweigh advantages.

Fr. fin. view recognise much to be said for it. But fr. pol. angle gt. dangers. "Public opinion inadequately prepared". Of course you can't warm these measures. But reversal of 12 years' policy – stability of internal prices and wages. Can't stage violent reversals of policy in a pol. democracy. eg. Hoare/Laval plan. Was not a bad plan : but so sudden a reversal that p. opinion cdn't take it.

Right or wrong this policy wdn't get across.

Moreover, unbridgeable gap with Opposⁿ. Wd. end all hope of national unity. Can't rule out need for that if things got much worse.

Must we accept view tht. no hope of U.S. aid?

No certainty tht. B. plan wd. succeed – in his memo. Gamble wd. be v. serious.

Wd. oppose immediate action. Must give time for consultⁿ with Doms. and real consultⁿ.

Favour A.E.'s approach.

Ch. Alternative plan. Para (d) – cuts more severe than under B. plan.

Method of cut is important. On alternative : we wd. select what is to be cut. On B. plan price wd. limit what consumers' get : wd. work more slowly : much unemplt. before people didn't buy.
Oppose rationing by the purse.

P.M. Suggest R.A.B. shd. consider what has bn. said. We shd. meet this pm. and decide.

Sympathy with R.A.B. But large diff^{ce}. of view, wholly on merits.
Means it wd. be v. gt. risk to adopt this bold course.

R.A.B. Can indicate diff^{ces}. of alternative.

W. Is funding opⁿ necessary?

R.A.B. Yes. Too much on all.

R.A.B. All financial advice (save economists) is we can't get thro' summer w'out exchange crisis. And likely to come on publⁿ of March figures. All my colleagues advise me not to take 2 more bites.
Hence this plan – wh. gives hope for future and moves twds. market rate.

On U.S. aid, I've bn. much disappointed. Memo. available.
Y'day saw Holmes – he said in U.S.A. appropⁿ. Fr. were included as potential recipients and they got it. We were not. Our only hope was 10% of end item aid (\$500 m.) was at Truman's discretion.
Our 300 m. was to come out of that. But paymt. delayed. Urged Holmes to expedite : they will try to attach it to past shipments.
Comparison with France. H. says Fr. has remainder of the 500 m. as well as U.S.A. appropⁿ.

No chance of more U.S. aid save under new Appropⁿ wh. begins to be debated in March.

This makes all the more certain the need to act to save currency.

Advice has always bn. pessimistic. Never proved over-pessim.

Tel. of 11/2 to C.F. Ministers.

That is my opinion. Wrong for me to delay.

If we were bold enough to do this, we shd. be acting in time.

Others prefer to wait for force majeure – Salter's view, standby many of Cab. Never so effective as timely action.

L.P.S. case re dangers. What other course. P.T. suggested C.F.M.

mtg. But can't discuss in conf^{ce}. so Draconian a plan. When we act, it will have to be sudden. Finance involves credit – confidence – can't weaken it first. Will see how to carry Comm. with us.

We shall have to do this sometime, if not with Budget.

If Cab. decide to defer, it's easier for me. Tho' I think it wrong.

Alternative.

- i) Strong Budget. Means tackling Food Subsidies. Other unpleasant things too.
- ii) Bank rate : 4% will be essential. That will be said to be putting ourselves in hands of Banks.
- iii) Cut in defence prodⁿ. If we work thro' physical controls, not market rate, we must go back to Planning – tho' I think it failed. To adjust exports and prodⁿ for export. Metal using industries have £470 m. on defence. Must sell more munitions abroad.
- iv) Cut in imports. Asked Plowden for a plan. It involves £200 m. cut in imports. Larger cuts than in Plan B. (Cherwell dissented.) Wheat strategic stocks wd. go (down to 10 wks) : sugar as before : animal feed : run down raw materials. Softwood : either 50.000 standards or 10 m. (Plowden) with cut in housing p'mme. Cuts in zinc. Removal of o.g. licences. Tobacco 4¾ m. Delay Service oil stocking. Totals £150 m.
- v) Europe. B. plan threatened E.P.U. and Eur. unity. But alternative means further de-liberalisation. Machinery, textiles and food. This may involve retaliation.

P.M. Can't be blamed if we haven't the money to pay for imports.

R.A.B. The £150 m. avoids cutting into Eur. but v. stiff and may have to cut at E. if they are thgt too severe.

(vi) Wd. approach Comm. Govts. and ask them to raise C.F.M. targets. Cd. we do anythg. with balances? Comm. wd. not accept if we don't touch for. balances. But if you do latter you end sterling as a currency (internat^l).

So we shall have to leave balances alone. Tho' we cd. ask them to fund or to accept paymts. and agreemts.

(vii) Investment. Cancel depreciatⁿ allow^{ces}. Cut housing p'mme.

(viii) Borrowing. Wrong to try on an old negative policy. Shd. have to pledge securities.

Sw. Cuts in imports. "Less under B. than A.". Cd. we see both?

R.A.B. Will circulate these.

Adjourned until 3 pm.

P.M. On assumptⁿ tht. we are not suff. united in conviction to warrant launching Plan B.

1. Cabinet. [Enter Sw. and A.Salter
- P.M. Welcomed Lord Alexander.
2. External Sterling.
- R.A.B. New plan has bn. killed
- A.E. Not yet.
- P.M. I want to set the people free, but at the right moment.
- R.A.B. If we do it, we must do it in time.
- P.M. This is still alive. Suspended.
- R.A.B. V. well. We may be able to return to it.
Alternative : interim period plan.
Only £25 m. in this list wd. take effect by June.
Wheat : coarse grains : zinc and some metals wd. be immediate.
The Europⁿ. £50 m. wd. be quicker than many others.
Or attack on Can. softwood contract, wh. I don't want to do.
- Sw. Damages wd. be v. serious.
- P.M. Don't cut coarse grains. Must have pigs.
Wheat stocks. C.O.S. were v. cutting back to 10 (fr. 13½) weeks.
They felt v. strongly and might have resigned.
- Sw. £3 m. cut in softwood = another 50.000 standards. Wd. reach 250.000 standards by mid '53. Strategically v. diff. to replace in that – because Baltic wd. be closed and v. diff. cargo in Atlantic. Means much bigger p'mme in '53. prs. on a rising market.
- P.M. Defence. May have to announce further redⁿ as cpd. with White Paper.
Cd. put some blame on failure of U.S. aid. Alternatively, might slow down, without announcement.
- R.A.B. Only £20 m.
- P.M. Cd. find that.
- A.E. Talked with U.S. rep^{ves.} during lunch. Lectured them on \$300 m. They are trying to get some of it now. Can't blame them much because it was because of Gaitskell's statement we didn't want aid tht. we aren't in U.S.A. appropⁿ.

On Def. P'mme, I advise delay w'out announcg. or blaming U.S. The prodⁿ. freed cd. be used for exports.

- P.M. I wd. aim at saving in that way, but much more – eg. £100 m.
- R.A.B. £470 m. on metal industries on Defence.
- A.E. Small Ctt^{ec}. P.M. and AL. to select items wh. mght be delayed.
Eg. Armoured Divns = the most expensive. Shd. we add another in G.
- P.M. * £100 m. off Def. P'mme as a whole – of wh. about £40 m. on production.
- R.A.B. Limit over-riding priority for defence prodⁿ. Death knell for exports.
* Al. to look into this with D.S. and Sw. and Leathers.
* Al. to look into Service oil stocks, with Leathers.
- R.A.B. * Let me go thro' all this (save Defence) with Dpts. concerned.
Europe.
- P.M. Go for wine.
- R.A.B. They will retaliate.
- P.T. On textiles. Damage to E.P.U. etc. wd. be as great on this as under other plan. Wd. mean brkg. contracts – don't let's do that again.

Pattern of these cuts is wrong. No impact at once. Self-defeatg. if they cut prodⁿ. here or invite retaliation. Why torture U.K. to redress r.s.a. actions. Cut our imports by £60 m. and turn attentⁿ to r.s.a.
- Ch. Must get Doms. to cut their imports.
- W. What is our attitude about 2 plan? Has R.A.B. abandoned it?
Or is he going to take it by degrees?
- P.M. I support a return to market freedom. But not now. Public are not ready; and we aren't sufficiently united behind it now.
- H.M. If we do alternative, shall we be ok. Or is drain from r.s.a. such tht. we can't survive. If latter, choice is i) funding compulsorily ii) other methods eg. further paymts. agreemts. What are the facts?
- R.A.B. Can't guarantee to do Plan B. on lower reserves.
Alternative may be compulsory devaluation in 2 months' time.
Unanimous advice on currency. Conflict is fr. economists, who spk. only of effect on trade.

O.L. By keeping sterling cheap we intensify demand for dollars by countries like Australia.

R.A.B. Deterioration first known on last day of C.F.M. mtg. and I then warned them tht. plan agreed might not work and tht. more drastic action might have to be taken to save the currency. Then telegram circulated to Cab. on 11/2. I gave warning.

Agreed : Plan B. is not to be done now.

P.T. Reserve figures shd. not wait until end/March. Put them out before then.

P.M. We agree on B. as ultimate. Prs. in 2/3 mos. M'while interim plan must accord as much as poss. with that objective.

R.A.B. And in Budget say b/p. must be our 1st aim.

Sim. Resp. of Ministers from Bds. needs examination.

4. Parliament.

H.C. Business in H/C. for next week.

Budget. Gaitskell will spk. on Wed. Dalton on Thursday. Finish on Monday followg. Govt. spokesmen : Fin. Secy [and M/State for E.A.] cd. be mentioned, if I'm asked. R.A.B. wd. reply on the Monday. No possibility now of long Whitsun Recess. And both Easter and Whitsun Recesses must end on Monday, not Tuesday.

L.P.S. Opposⁿ. now want to p'pone F.A. debate until 9/4. Won't therefore follow immed^{ly} after Budget.

[Enter Sw., Ll.G. and S.Lloyd

5. Civil Service Doctors.

R.A.B. Propose to stand out against B.M.A. and Unions.

H.C. Not heard of this. Next week adjudicⁿ on salaries of doctors generally. Might have repercussions.

R.A.B. Will consult M/H. and S. of S. Scotland.

P.M. And delay it for a week or so.

H.M. Consult me too.

6. Import Cuts.

R.A.B. Anxiety re military preparedness – and sugar.

P.M. Military. (i) Wheat

A. If war comes, imports v. diff. in 1st few months. In '39 stocks at 13 wks. as they stand now. Involves a big risk. Wd. accept the risk on meat.

Cd. you get the wheat fr. Canada and pay them later.

R.A.B. Wd. work out as not buying pro tem.

A. C.O.S. are v. apprehensive about this.

Ch. Our harvest wd. be in before war is likely to start.

P.M. Cd. we express this as temporary reduction in stocks.

- I. We assumed need for such stocks in '39. But in event there was no diffy. for 8/9 months.
- L.P. Big drop in stocks at outset of '39. because c'dn't get the wheat in. Mght. have to live on reserves for several wks.
- Ch. Home harvest = 11/15 wks' supply.
- P.M. (Put it : no further import^{ns} until we see how we stand on the harvest. (A. to consult C.O.S. A gradual run-down to point of biggest danger before U.K. harvest. And have it understood tht. 13 wks. is our aim. R.A.B. can assume a saving of £9 m.
- (ii) Canned Meat.
- L.I.G. 40.000 t. reserved for military in 1st 6 months. 10.000 t. civilian reserve. Mil. wd. eat it.
- R.A.B. Wd. not announce our stock figures. Agreed.
- (iii) Sugar.
- L.I.G. ¼ t. p.a. cut already imposed. No dollar saving until '53 because committed. If we cut sugar : meat, shall be below any known level. Loss of efficiency must be expected. Below 2.800 calories : 2.900 is accepted safety minimum. Means cutting canteens in heavy ind^{ies}. May provoke demand for differential rationing.
- R.A.B. I didn't take a/c of meat, or propose to cut it. If we can't pay for the meat, we will restore sugar ration later.
- L.I.G. Of original cuts 50% fell on food. On this plan, 45% is on food.
- Ch. Only 3% of total imports – whole plan.
- R.A.B. Can't take whole weight on stocks. Must make some cut in rations.
- L.P. May give impⁿ of sacrifice : but will cause discontent, and will threaten efficiency. Politically : meat must be less. Doubt if we can have ration at all in 6 months' time.
- O.L. June = crisis month. This helps only in '53. Cd. wait – except for psych. reasons.

- LI.G. The variety in diet (fr. Europe) is now going to disappear.
- W.M. If it brings no benefit until '53, it wd. be wrong to diminish energy of workers this summer.
- Oils and Fats.
- R.A.B. Miscellaneous. I wd. be content to reduce to £2 m. in dollars and let the other £3 m. go.
- LI.G. This wd. be Canadian canned salmon. V. difficult.
- Softwood.
- Sw. Wd. reduce to 3 or 4 mos. supply.
Offer £18½ m. on pulp, paper and softwood, with discretion of virement.
- Accept £3½ m. cut on hardwood.
- H.M. Effect?
- Sw. By June '53 softwood stocks wd. be 3 mos. war consumptⁿ.
- Sw. And v. diff. cargo to ship, in war.
Trade must be told w'in a month how much of the remaining 150.000 they can order.
I wd. prob. prefer to take most of the weight on paper and pulp.
- Sw. What we buy in 1st half of '53 must be decided in a month or two.
- H.M. Can I be kept informed re effect on housing p'mme.
- Sw. Seen Chairman Commⁿ. Wd. sell Sudanese stocks and buy less of others.
- Reduced stocks wd. suffice if textiles go no faster than now. If there were a boom, we shd. hold back the last 10 m.
- P.T. Agreed.
- Ch. Then we cd. afford it because of improvement in exports.
- Tobacco.
- P.M. Aim at reducing consumption. Increase tax because we have big internal surplus.
Good to say : food at lowest war time levels and now we shall reduce consumptⁿ of tobacco – partly by deferring surcharge and partly by increasing tax.

- Ch. Its not a genuine surplus.
- R.A.B. Other indirect taxⁿ wd. be req^d if revenue on this fell.
- Tobacco : Agreed.
- Machinery Manufacturers – agreed.
- Europe.
- P.T. Deficit with E.P.U. has come down to £22 m. last month and we are at the moment in surplus. Don't want to bust it now.
Suggest removg. fr. o.g.l. a list of articles : brk. no contracts, but issue no more licences on that list for a month. Consider risk of retaliation. If we announce a figure, we shall bust E.P.U. Avoid threatening figures even for textiles.
- P.M. Wines.
- R.A.B. £12 m. in all. At most mght. get £1½ m. off (or ? in tax but at cost of gt. diffy. with Comm. and grave threat to Fr. economy.
Wd. sooner say tht. we avoid this deliberately on that a/c.
- S.Ll. A.E. feels v. strongly in favour of this view.
- P.T. Machinery. V. diff. to run licensg. system. Prefer to deal with it by removg. free of import duty concession + other measures proposed by R.A.B. on depreciation allow^{ces}. etc.
- R.A.B. wd. like to include it in standstill agreemt.
- P.T. Means 100 staff to examine individual appl^{ns}. We shall get results by other means.
- R.A.B. Must rely on £20 m. saving on Europe. Can I?
- P.T. Can work twds. posⁿ of balance with Europe. Can't get it before June. No cancellⁿ of existg. contracts.
- R.A.B. We have paid more than \$300 m to E.P.U.
- Agreed : Aim at £20 m. on para.10, but on B/T. lines.
- Sugar.
- P.M. On reflectⁿ I'm against doing sugar.
- Agreed. No cut on sugar. Misc. reduced to £2 m.
- R.A.B. Must aim at £100 m. – relying on £20 m. fr. Eur.

P.T. Don't talk about Eur. too harshly until we see posⁿ. at end/March.

A. to carry C.O.S. on military items.

1. Increased Transport Charges. [Enter Maclay. O.P.]

P.M. Concerned at H/C. disquiet. Suggested announcem^t. makg. it clear tht. Govt. are not responsible.

Text read out. Approved. Issue to Press this pm.

2. Government Information Services.

P.M. Deputatⁿ from 1922 Ctt^{ec}. y'day. L.P.S. Cttee?

L.P.S. One rpt. subm^d. Another (on C.O.I.) under considⁿ. Ty. enquiry proves economy of a central agency. Will submit recommⁿ to Cab.

P.M. But change personnel : esp. head of it.
Impressive deputⁿ (Maitland, Ian Harvey, Bicker White). Complained of presentⁿ. eg. of increased milk prices – announced by 2 Dpts. on separate days in inconsistent ways.

L. Announcem^ts. of increased gas and electricity charges – unco-ordinated.

L.P.S. Is this a job for Central Office? Shd. their Ctt^{ec}. not keep in touch with Dpts. – to put colour on Dpl. factual announcem^ts.
My Ctt^{ec}. wasn't intended to be a continuing one. Presume it will be wound up.

[Exit Maclay.]

3. National Insurance Rates.

O.P. Suggⁿ. after Budget I shd. meet both sides of industry. Want auth^y. to discuss with them age of 67. If I cd. get that agreed i) I cd. raise benefits to 1946 value. ii) wd. reduce future burden on fund. iii) wd. help national economy.

To avoid hardship, cd. offer slightly better than now rate for those who opt to go at 65 – for a few years.

Budget statement shd. be such as to ease negotiat^{ns}.

R.A.B. Not convinced about Ty. Major change. Pro : you can finance higher benefits w'out more public money. Con : weekly contⁿ wd. have to be raised. Wd. like O.P. to try it. If he gets agreement, I wd. support. But politically v. difficult.

I cd. spk. in Budget in such a way as to leave it open to negotiation.

Choice is betwn. 67 age and 65 + increments for extra years.

W.M. Fits in with our attempt to increase working age.
Diffy. on timing. Some short time unemplt. threatens elderly.

But even so, fits our long-term aim. Well worth negotiatg. on it.
Even at 67 want it as a minimum not normal age.

P.M. Increased longevity requires longer working life – or pension burden on young will be intolerable.

L. 25.000 miners entitled to go this year – only 4.000 have done so.

O.P. 50% of popⁿ. go on after 65, as at now.

Ch. In 25 yrs. £500 m. will be price of existg. scheme, if unaltered.

R.A.B. to consult O.P. on form of Budget statement.

H.C. Uniformity of benefit rates was aim.
If O.P. gets o.a.p. to 36/=, will that drag up the other rates.

O.P. Unemplt. rate can't be left lower, for then there wd. be inducemt. to retire. And health shd. follow.
Fund is at £1100 m. [Lost £50 m. on "Daltons".]

R.A.B. It is compuls. national savings. Can't draw on it w'out inflationary effect.

P.M. Say "want advice and assist^{ce}. of T.U.'s on this" – don't say "negotiate".
I prefer increment basis. The others cd. be represented as re-actionary or even breach of faith.

O.P. Cd. consider extending option beyond initial 2 or 3 years.

P.M. Let me be kept informed of progress of talks with T.U.C.

O.P. 2¼ m. now on p. ass. – 1 m. of them supplemtg. insurance benefits.
Want to increase benefits in order to reduce those numbers. That is why I don't mind dragging up unemplt. and sickness benefits consequentially.

H.M. That only reflects increased prices.

O.P. But dangerous to Party if 3-4 m. are subjected to means test.
Whole future of insurance is in jeopardy.

[Exit O.P.]

4. Defence Programme. [Enter 3 Serv. Min. M/S., M/F.,
Readg. Sw.]

Al. Exam^d. cont^{ns}. wh. won't jeopardise security of U.K. or efficiency of Forces. If we have to save more, we shd. cut into efficiency eg. by reducg. heavy A.A. equipmt. This is now best we can do short of that.

- P.M. Good economy on heavy bridging. Why not sugg^d earlier.
- A.H. We shd. have no bridges a heavy tank cd. cross on.
- P.M. Cd. bring them over on rafts.
- A.H. Leaves us enough for 20 equipmts. 14.000 t. remain to us for this.
- P.M. For new heavy form of tank. Only 1.000 t. allocated.
How many will you have.
- A.H. 25 this year and 120 in '53.
- P.M. Large steel cost for v. small no. of weapons.
- A.H. Other vehicles can use these bridges.
- Al. Leaves 10 sets, out of 60 planned – ample for experiment and training.
- Al. Centurions. Can manage another 100. Puts back by 6 months supply to T.A. form^{ns} – thou' they will have enough to train on.
- A.H. Engineering equip^{mt}. This is bull dozers etc.
Jerricans. Don't like this cut. We are v. short.
- O.L. V. necessary. We lost 30% of all petrol in M/E. before jerrican introduced.
- D. Bombs : speculation. Cost £25 m. Hope to see for £1.5 m.
Scrap value wd. be about that.
Vehicles : represents cut of about 50% of non technical vehicles.
- D.S. Swifts. P'mme of 175 for R.A.F. : then gap before a naval type comes in. Proposed therefore to run it on and make 200 for U.S.
- P.M. Won't fly until end '53. Nothing now in squadrons equal to MIG.15.
Frightened of giving away anything wh. our squadrons cd. use.
- D.S. All R.A.F. requiremts will be met first.
- D. x/. Quite a chance U.S. wd. allocate them to R.A.F.
- Al. Cdn't production be speeded up?
- P.M. I will accept this on basis i) our orders are filled first and ii) x/.
- Ch. Hutting. Hope steel can be saved on this. It's contingent on moving base in M/E. Also try to use reinforced concrete via steel.
- D.S. We cd. get more on this. 60.000 t. going this year into hutting.

£3 m. cost cd. earn £24 m. as exports.

A.H. That's not all W.O. Ours is i) 1/c in Europe, with Belgian steel.
ii) M/E. iii) A.A. equipmt. in U.K. Have called for further review :
economy.
M/E. need is in Cyrenaica and Tripoli, where we have no huts now.

Sw. Specific^{ns} re storage – steel economy – shd. be looked at further in
Steel Econ. Ctt^{ee}.

H.M. 60.000 t. = steel in 170.000 houses!

P.M. * Review hutting and storage with aim of reducg. this by 30.000. *
(M/Def. to organise this)

Oil.

Al. Deferred.

J.P.L.T. 6 mos. reserve. Seekg. 800.000 t. more this year. Accept 500.000 t.
with saving £3½ m.

L. This was sole Adm^y. contⁿ. Existg. stock exceeds by a little a 6 mos.
stock.
Believe 400.000 t. this year wd. suffice. Wd. bring it to 9½ mos. stock.
Saving £5 m. - £2 m. on oil and £3 m. on freights. And 80% of freight.

5. Investment in Plant and Machinery.

R.A.B. If Cab. dislike this, we must rely on Bank rate.

P.T. I wd. like this – avoids licensing of machinery.

Ch. Forced loan.

O.L. But fr. people who are v. short of cash.

R.A.B. Not essential to do this.

W. Don't like it.

H.C. Too much.

P.M. Undoes what you intend to do on E.P.L.

P.T. Wd. not be tolerable for long.

Agreed : don't do it.

[Exit D.S.]

6. Flour.

R.A.B. Manufrs. are w'drawing flour. M/F. want restⁿ scheme introduced on Sunday. Must we do this before Budget?

LI.G. Forestalling – has bn. going on for a week.

W. Now can do this sort of thing only on Monday.

R.A.B. Will provoke comment – and may suggest what's coming in Budget.

LI.G. Don't press it.

[Exit LL.G.]

7. Utility.

P.T. Main point will disappear when R.A.B. alters purchase tax. Propose safeguard thro' B.S.L. the main specifications wh. are still useful. Industry agrees. Not on a v. large range. But we can do in circs. There will be criticism. But in line with report of Ctt^{ee}. appt^d by late Govt.

O.L. P. tax over a larger range.

P.T. Yes : but no more tax will be collected.

R.A.B. This is only method.

P.T. shd. announce in speech in Budget debate.

P.M. Risk of extendg. p. tax to new range of articles. Needless pol. trouble.

P.T. This memo. doesn't touch p. tax side of ques.

W. Utility mark has lost its works. B/T. plan meets long-standing desire of trade. Progressive plan. Nothing to do with p. tax – wh. is a Budget matter.

H.C. I support this plan.

M-F. So do I.

R.A.B. Keep the word "utility" – "British Standards Utility" scheme.

Sw. Considered qua publicity. Cab. have accepted Douglas report : that being so, this is essential.

Agreed – to be expl^d in a speech, not a statement.

8. John Deere Project.

P.M. J.S. memo is conclusive.

R.A.B. Now said to be a dollar earner. Establish that, at mtg. with B/T. and B/E. and then let them go forward.

P.M. J.S. shd. attend to ensure success. R.A.B. E.P.C. cd then decide.

C.C. 28(52)

10th March 1952

The Budget.

No note taken.

1. The Budget.

P.M. Congrat^{ns}. Re-actions of City?

R.A.B. City concerned re Bank rate – but external as well as internal advantages.

A. Batt is v. pleased. Will help U.S.A. in W'ton.

2. The Cabinet.

P.M. V. grieved to lose Ismay for N.A.T.O.
Will be of advantage to U.K.
To be announced tomorrow.

A.E. Unan. demand for B. subject.
Round of applause for Ismay. All are delighted.

P.M. Salisbury to be S of S. C.R. – as well as Leader of H/Lords.
Cabinet not to be increased. Swinton to be constant attender for H/L.
business.

3. Deferment of Ex. Apprentices. [Enter 3 Serv. Mins. and M/S.

L. Shd. Victorious be included – v. long term affair.

D.S. More restricted plan. Wd. like extension – electricians and aero.
engine fitters. Total nos. under this plan 750 : with my add^{ns}. 1.000 or
1.050.
Details discussed with other Ministers.

W.M. Accept Victorious if Adm^y will resist extension to private yards.
D.S. extension depends on Services : if they don't want them, I'm
ready for them to be deferred.

J.T. Victorious. Will resist demand of private yards. V. is holdg. up other
work at P'south.

P.M. Importance of aircraft.

D. We favour deferment : on balance, wd. rather have these men in
industry via R.A.F.

A.H. We agreed memo. on basis tht. it stood firm. D.S. at once asks for
more. New list contains many on electronics : we shall have to call
most of those up because we need them.

Will these men be called up after 2 yrs. (para. 7) or not (para. 3).

W.M. Cases will be considered after 2 yrs.

D.S. If they think they will be called then, they will prefer to go early.
Don't ask for firm promise, however.

W.M. Doubt that, on experience.
Para. 3 is important because must see they stay on the jobs.

Agreed : Memo. approved plus additions of M/S.

[Exit 3 Serv. Mins and D.S.
[Enter Sw. and L.I.G.

4. Exports of Rubber to Russia.

P.T. As in memo. Hold it to 80.000 t. p.a. Our bargaining posⁿ is not strong with ½ m. tons of coarse grain outstanding and R. holding correctly to contracts.

A.E. Awkward qua. U.S. opinion.
56.000 t. last year. Yet 60.000 this quarter. Will raise a big row in U.S.

Accept B/T. proposal – tho' unhappy about carry-over fr. 1951.
(This is R. b'mail. Later in '52 they will press us to go beyond 80.000).

Warn Cab. of U.S. re-actions. Tell U.S. what we are doing and promise firm tht. whole year won't exceed 80.000 t.

Ch. Will last year's backlog of 18.000 (licensed but not shipped) be allowed this year?

P.T. Diff. to deny it to them.
Stick to 80.000 figure. Tho' it means 80.000 + 24 for 1952.
Shd. have to ship balance in next quarter.

A.E. They are not in excess of quote of coarse grains.

P.M. Hold up shipments and push some into 2nd quarter.

L. P'mme of shipping laid on. Have R. bn. given assurance tht. they can collect it.

R.A.B. x/. License the 9.000 t. as allocⁿ. for 2nd quarter. Delay ships accordingly.

- P.T. Rubber bought, but licence not yet issued.
May we do x/. Then discuss with A.E. and L. better arrangemts. for the future to prevent bunching of shipments.
- L.I.G. 350.000 t. of c. grains due by end/March.
- R.A.B. U.S. have swallowed this “backlog” shipment. Avoid the 9.000 add^l in this quarter.
- P.M. And explain to U.S. clearly and at once.
- L.P.S. Non sterling?
- P.T. For 1952 is it 80.000 or 104.000.
U.S. have accepted all backlog save 6.000. We cd. hold that back for decⁿ. late in the year.
- A.E. Diff. to explain backlog to U.S. people, even tho’ U.S. Govt. have accepted 18.000 of it.
- R.A.B. But grains is vital. Mustn’t lose that.
- P.T. (This years’ total : U.S. Govt. understand it will be 80 + 18.
(But further 6 can be held in suspense until year end.
(This quarter. Don’t licence the 9.000 until after ¼.
- Ch. Tell R. we can’t licence more than this 9.000 for some time.

[Exit L.I.G.]

5. Germany.

- A.E. Important advance on anythg. R. has offered. Due to Lisbon success. Adenauers’ reaction is tough.
New feature : measure of G. re-armament.
Clever move. May also be sincere. Sensible fr. R. angle.
Seen U.S. Amb. Will see him and Fr. Amb. jointly this pm.
My view : go on with existg. plans (E.D.C. and contractual). Negot^{ns}. shd finish in 6 wks. If we are at signing stage by Apl. we shall be deeply comm^d to that solution – tho’ not finally until ratificⁿ.
Thought it wd. appeal to G. qua. unity : but A. is not deceived.
Thinks it’s due to nearness of final agreemt. on E.D.C. etc.
Nearer still to that agreemt. may get better offer from R.
Test of their sincerity = their agreemt. to free elections. wh. is not conceded in this Note. We, U.S. and Fr. proposed in autumn U.N. commⁿ to supervise elect^{ns}. in all G. We can ask them to honour that.
- Later this month – Strasb. mtg. (Ad. Sch. and I. will be there. Acheson mght send Bruce to join – for 4 Power considⁿ. of R. note and agree a reply. Shall put tht. machinery plan today to U.S. and Fr.

Luckily U.S. realise tht. this = most imp. R. demarche of recent yrs. and needs v. careful handling.

P.M. Avoid upsetting Adenauer.
This is intended to obstruct. If it were sincere, they cd. go a step further.
Don't upset Lisbon agreemts. reached with so much diffy.
I wd. be much influenced by A. Neutral G. undermined by Commⁿ.
wd. go way of Czecho.

Keep close in touch with U.S. and don't let A. down. Want you to go to Bonn.

A.E. We can say if this OK. for G. why not for Austria.

L.P.S. Para. 7 wd. exclude G. from N.A.T.O. forever.

A.E. And prevent E.D.C. forever.
Means tht. R. are worried. It's heartening on that a/c.

6. Restrictions on Travel by Soviet and Satellite Diplomats.

A.E. Resl^{ns}. imposed with H.O. concurrence – as retaliation. We can relax in return for concessions by them.

P.M. Delighted to see it.

A.E. Agreed in Lisbon.

P.M. All will approve save Liberals.

7. Egypt.

A.E. Handed in revised version of joint statement.
Not hurrying disc^{ns}. Content tht. Amb. shd. have this for guidance only and refer back to us for final inst^{ns}.

A. "B. fighting troops" vice "B forces" in para. (2). A.E. agreed.
No time limit.

A.E. None in this. Disc^{ns}. will widen out to 4 Power basis or wider.

L.P.S. Can we call off w'drawal if no agreement reached?

A.E. Yes.

O.L. Delete 'inalienable' and 'full' in para. 5. Awkward in relⁿ. to Cyprus.

- P.M. My own view : we have more posⁿ of strength in E. We need not hurry. They wd. come round : wd. get somethg. better.
Must not offer w'drawal in one year – “super Abadan”.
Alter para. (2). The principle of evacⁿ of B. forces fr. Eg. soil in '56 was agreed in Treaty '36. If satisfy. agreemt. were reached as to arrangemts. thereafter the date 1956 mght. possibly be advanced.
- A.E. We only agreed to H/C. and withdrawn on promise to w'draw.
Para. 2 designed only to help present E. Govt.
Second half of para. 2 represents new offer by E. Govt.
- P.M. F. Power proposals bring in nothing but a defence organⁿ – no troops fr. any other Allied powers.
- A.E. Need for a statement of principles to help to steady the present E. Govt.

E. has abrogated 1936 Treaty.
- Sim. x/. “...principle of progressive w'drawal of B. fighting troops fr. Egypt upon the fooling tht. the Egypt. Govt.”.
- P.M. y/. Wd. agree as a gesture to take some troops away now.
- Al. Amb. cd. give a hint of that – not in formal text.
- A.E. I accept x/. May I authorise y/. in words to be agreed later.
- Al. I will consult C.I.G.S. N.B. to ascertain formula.

Sudan.
- R.A.B. Put some alternative.
- A.E. Cdn't accept that.
Approved : subject to above. [Exit Al.
- Sterling Balances.
- R.A.B. Will hold the £10 m.
If they apply import resl^{ns}. we shall refer to negot^{ns}.
But cotton is being financed (£2/3 m. p.m) and some decⁿ will have to be made.
Will hold until A.E. asks me to release and P.M. agrees.

8. Meat.

P.M. Believe we can get Adm^y: p'mme down.
3½ m. extra in refineries cpd. with '39.
Suppose we knock this down, and get somethg. off steel for huts (eg.
30/40.000 tons) – then I want some meat. 60.000 t. in Uruguay.
Consider again – on memo. at early mtg. P.M. Thursday.

9. Council of Europe.

A.E. Attempt to give it a job to do – Schuman and Plevin Plans. Tho'
members of neither, we shd. be there.

Diff^y of H.M. memo. is tht. Europe wants fedⁿ – which we cdn't
accept – we shd. be holding them back. Also in N.A.T.O. they have
comm^w basis.

Alternative in my memo. is more practical.
Suggⁿ re sterling wd. weaken st. area and conflict with Imp.
Preference.

[Exit Sim.]

M-F. End of p.1. last para. Wd. regret abolition of 15 Power Assembly.
What else is in A.E.'s mind?

A.E. If chief task is E.D.C. and Sch. Plan, then as we aren't members of
them our posⁿ wd. have to be revised to ensure a diff^t connection.
Wd. add O.E.E.C., as Salter suggests.

? A Ctt^{ee} with Nutting representg. me, and Salter for R.A.B.

H.M. My memo. puts on record Tory Party view of this.
Don't abolish C/Europe or turn it into mere instrument of E.D.C.
Powers.

Aim to subordinate Fedⁿ to C/Europe rather than reverse.

Agreed : Further Cab. discⁿ. Thursday with Nutting representg. A.E.

1. Parliament. [Enter Sw. B-H.

H.C. Business for next week.
27/3 : 2nd Rdg. N. Health Bill. Will be strongly opposed.

2. Home Guard in N. Ireland.

P.M. So far no steps. W.O. now want raise 10 Batt^{ns} – in cadre 50 men p. Battⁿ, N.I. Govt. have promised to help. Statement in H/C. Exclⁿ of N.I. was moved to H/C. and withdrawn on promise to lay Reg^{ns}. There will be pol. trouble, on basis tht. {N.I. Govt will recruit Orangemen}.

Al. Doubt []. In war, from R.U.C., they were all Protestants. Now you cd. get R.C.'s to join it. Wdn't bother about squeals from Eire.

M-F. Seeing Brooke this pm. But he's lunchg. with P.M. tomorrow and P.M. can discuss this. Religious feeling is not so strong as it was.

No objection raised by Cabinet. [Enter Nutting.

3. Council of Europe.

H.M. Our original aims frustrated by isolationist attitude of Labour Govt., wh. drove Europ. into federation. Will they like it so much when they get to it?

Either E.D.C. comes into force. Then we shd. remain full members of C/E. with the others who aren't members of E.D.C. Endorse A.E.'s plan v 'institutions' being same as those of C/E: but this shd. be a group w'in larger group – in order to keep the other 7 in Eur. family. Gt. blow to Tory fans if we get nil. more than further division of Eur – viz., Iron Curtain, Sp. and P., E.D.C. Powers the rest.

Comes up now on federalist plan. We resist that – but other 6 will too. We cd. say no need to settle anythg. until final form E.D.C. is known. M'while no urgency discuss reform of C/E. Statute.

M-F. Little diff^{cc}. of view on ideas. But language of A.E.'s memo. mght be misunderstood in Eur. Para. 4(a). We shd. m'tain right of Assembly to discuss generally but leave E.D.C. Powers free to have separate disc^{ns}. esp. on executive basis. Let Plan of E.D.C. come to C/E. but don't give C/E. power of decision.

Para. 4(b). Don't have double membership – 2 circles.

Further ques : need to find big subjects for discⁿ. Since W.S.C. initiative on Germany and Eur. Army, no decent meat has gone into sausage machine.

Favour discⁿ of Sch. Plan, E.D.C. – and also I wd. hope O.E.E.C. in a genl. way. Integrⁿ of O.E.E.C. shd. be an aim, tho' timing is for A.E.

P.M. I never contemplated amalgam Army.

H.M. Has moved a long way twds. yr. aim – Divns. are now the unit and each Govt. retains rights over own troops.

N. A.E. can meet M-F. points on presentⁿ. Language of Cab. memo. not same as that used in Strasburg. A.E. wants our membership firm and good work for C/E. to do. Putting Sch. Plan and E.D.C. under C/E. wd. do that. Our assocⁿ with those jobs cd. be worked out. We needn't commit ourselves to sheep/goat basis.

P.M. With strong bias v. any double membership.

N. On O.E.E.C. : C/E. can continue to discuss O.E.E.C. reports. We want them to do so.

L.P.S. Wd. support A.E. memo. But H.M. raises much wider issues. He wd. like to see U.K. leading and full member of Continental bloc. Many people wd. shrink fr. that. U.K. not continental Power. I wd. not like to see it pass Cab. tht. we all favoured acting like continental nation. Close assocⁿ – sympathy etc. but not more.

P.M. There is the Channel – can't smudge that out. Nor the once great Empire.

M-F. The Strasbourg boys have invariably refused to enter a fedⁿ of Europe. But not inconsistent with Tory tradⁿ to play a part in guiding and forming Eur. opinion. Disaster for U.K. to shrink from that. Free expⁿ of opinion in Assembly – safeguard by Governmental veto in Ctt^{ee} and Ministers. If we hang back, the lead in guiding Eur. opinion will be seized by Germany.

L.P.S. We must leave ourselves free to influence b/power in Europe. "With but not in" yes : but no further.

P.M. I don't accept whole of H.M.'s thesis. Fully support A.E.'s approach : and wd. like to add O.E.E.C. in due course.

A.E.'s memo. approved.

H.M. Presentation in Cab. has glossed it. No fear now
that C/E. is to be broken up. C^d have waited.

H.M. Expressed dissent. [Exit Nutting. B-H.
[Enter 3 Serv. Minist. & D.S.

4. Arms for India and Pakistan.

P.M. Worried. Wanted Cab. to see.

I. I/P. must have lower priority than other Doms. and N.A.T.O.
But they don't seek arms to fight one another – for other purposes :
both have v. dangerous frontiers to guard.
If we play the hand right, I believe we'll have them on our side in 3rd
war.
Politically, can't afford to let them seek arms fr. elsewhere. Eg. Pak.
has half promise of aircraft fr. U.S. – objectionable qua. types and also
dollars.
We shd. give them what we can.

P.M. But what can we afford to give.

J.T. Attackers cd. be spared. x/. But must hold back Sea Fury and Seafire,
for our own needs.

P.M. Why don't you need Attackers? Naval Air Arm produces v. little
result for money spent.

Agreed : Let this go pro. tem. subject to x/.

Al. Support I.'s view.

P.M. * Work for Indian and Pak. Contingents at Coronation. *

DeL. Lincolns. Wdn't strengthen Pak. A. Force. Prefer to teach them to fly
fighters. Tho' we cd. spare them, or some of them.

P.M. What will India say?

I. Don't bother about that.

P.M. Let this roll on : delivery is not until 1954/5.

I. Don't let them go to U.S. instead. They will go there.

Al. Let them start a trickle : even of more obsolescent types.

P.M. M/D. and Serv. Ministers see no harm to U.K. in letting these go
subject to x/.

DeL. Wd. like to give them some Spitfires, vice Seafires.

5. Defence Production Priorities.

P.M. Much time lost in argument. Must go ahead now. M/D. has done much to help our finances. This essential part of defence production must go ahead.

R.A.B. Para. 6(b) of M/D. memo. P.M.'s minute gives sub-contractors automatic rights. We shall have same troubles as in early part of war. Will distort whole of industry.

P.M. Surely we can rely on M/S. to control use of this – he is subject to Cab.

D.S. This is restricted v. narrowly to most important items.
Sub-contractors : it is there tht. bottlenecks mostly occur – and cause the delays in the main works. Alternative of ad hoc action won't do i) we shd. have to wait until somethg. went wrong ii) extra staff.
Suggest instead spot checks to ensure symbol is not being improperly used. Cd. get industry to police it because abuse hurts other firms. Industry pressing me v. hard now P.M. has announced it in speech.

O.L. Unless you have allocⁿ. scheme (wh. you can't now) you must let symbol go down to sub-contractors. Allocⁿ. is of course better but can't do it in peace – and admin. cost is v. large.

P.T. Haven't pushed claims of exports v. defence (eg. on apprentices). But am advised tht. this wd. lead to abuse, and can't be policed. Hope R.A.B.'s alternative can be preferred.

O.L. Means letting them get out of phase before you intervene.

Sw. If U.S. will buy some of these, it helps export as well as defence.

R.A.B. Another battle lost in b/payment war.

P.M. These few items are vitally important.
Make M/S. responsible for seeing there is no abuse.

R.A.B. i) No increased plant needed for Centurions.

D.S. Cd. leave them out – priority not requ^d. for existg. p'mme.
Larger tank prodⁿ. wd. interfere with exports.
Omission of Centurions wd. go far to meet R.A.B.'s views.
Nor do I think procedure need be applied to atomic energy, tho' I wd. like it.
Even at 100% abuse, only 3% of engineering industry wd. be affected.

P.M. Ready to concede no additional plant.

Sim. Cd. we not devise sanction to prevent abuse. Criminal penalties might be provided.

D.S. Industry wd. police it.

Agreed. (no extension of plant for Centurions
(monthly report to Cab. on working of scheme
(M/S. to ensure no abuse
(Sim. to consider possibility of sanctions.

A.H. Shortfall on Centurion shd. fall on U.S. or Canadian orders.

R.A.B. Not to apply to obsolescent types of aircraft.

D.S. No.

D.S. Extends to 20 and 30 mm. ammunition.

P.M. Yes.

[Exit J.T.

6. Brabazou and Princess Aircraft.

D.S. As in memo.
No buyers or users pro tem.

O.L. Large ques. Flying boats as troopers w'out risk of sub. attack.
4 of these wd. carry a whole battⁿ.

D.S. R.A.F. plan to use them as carriers depended on Proteus III with longer range.

P.M. Gt. advantage of Princess for trooping.
At least keep Brabazou flying.

O.L. 30.000 men in pipe-line when trooping by sea.

D.S. Another £5½ m. to complete all Princesses.

A.H. We are trooping to F/E. by civil aircraft – cheaper than sea, but dearer than R.A.F.

DeL. Pr. III. non-stop to Eg. 200. Singap. 6 stages.
II stop and only 150. “ 12 “
Base facilities are needed, for numerous stops.

{ Ctt^{ee}. {M/Def.} Sw.
{ {Salter.} with M/Supply. S. of S. War and Air.
{ Report at once. Today.

[Exit D.S., de L'isle.

7. Libya.

- P.M. Why not stand pat or clear out.
- S.Ll. Trying to negotiate a Treaty a) Econ. (easy because we are giving money) b) Mil. We have enemies as well as friends in L. Violent pro. Egypt. party. They (our friends) want some bldgs. in Benghazi.
- P.M. Told we are making demolitions in B. Give me a report on that. We can't evacuate these barracks at cost of bldg. more.
- S.Ll. If nothg. done, we shan't get much of a Treaty. C.O.S. won't like that. Eg. period of yrs. might be less.
- A.H. We cd. give up a little accommⁿ in Benghazi with a lot of fuss. }
 } Agreed
 }
- S.Ll. Send out the Board also. Show the flag. [Exit A.H.]

8. Human Rights.

- S.Ll. Designed to embarrass Russians, has ended by embarrassing us and U.S. much more because of our coloured popul^{ns}.
One Covenant signed.
This one will surely emerge in a form in wh. we can't ratify.
We must go on, tho' with knowledge we shall never ratify.
- O.L. Can't ratify anything wh. involves enforcemt.
- M-F. We cdn't reverse engines on enforcement.
- O.L. V. well. Let's pursue policy of steady obstruction by legal quibbles.
On Econ : pursue para. 9(b).
On Civil : it will emerge in a form we can laugh off.

9. Civil Service Arbitration Tribunal.

- W.M. Some row whichever way we decide it.
This man is an active Communist – Chairman of Edⁿ. Ctt^{ee}.
This may, however, be a challenge.
I'm prep^d to say if necessary tht. it wd. be wrong to make such an appointmt. in connⁿ with industrial relat^{ns}.
- R.A.B. That wd. be an extension of Govt. policy.
- M-F. Then let us extend it. People shd. not arbitrate who don't carry confidence of those who appear before tribunal.

Sim. V. strongly approve.

R.A.B. What will T.U.C. say to that principle? [Try to carry them with you.]

P.M. Take this line, but [].

R.A.B. Will be trouble with C.S. Staff Side. Agitation in H/C.

1. Local Government Elections. [Enter Sw., Ll.G., B-H.

P.M. Under Secs. and Ministers shd. spk. in Ldn. local elections.

H.C. Pause before we do this – have never done it before.

A.E. What about provinces. Can't do for Ldn. what we deny to B'ham.

H.C. While H/C. is sitting can't do this in Provinces. Scotland.

P.M. But this is a critical time.
Wdn't advise tht. Cab. Ministers shd. spk. in bye-elections (?) But someone shd.

M-F. If you like, I cd. spk – as President of Ldn. Assocⁿ.

P.M. And 3 or 4 Junior Ministers shd. certainly spk.
Ch. Whip to organise all this.

2. Parliament.

P.M. Debate on tin and steel. Who will speak?

Sw. H. Hopkinson.
The story is a good one. He knows all about it.
Gone thro' (tin) quicker than expected – and overspent my estimate.

[Exit B-H.

3. Export of Rubber to Russia.

P.M. B/T. had good answer to S. Dispatch.

P.T. We agreed to put back 9.000 to 2nd qur. }
to say that this + 6.000 was all they wd. get in 2nd qur. }
Told R. about i).
But M.A.C. have told R. previously tht. 20.000 wd. be max. for 2nd
qur. (viz ¼ of annual rate) U.S. also told. Shd. we not stick to that
figure.

A.E. 50.000 in 1st qur. (includg. 18.000 backlog). If 20.000 in 2nd qur. then
we get too near to years' total.

P.T. U.S. have accepted 80.000 + 18.000 backlog.

A.E. U.S. public won't wear it; and Govt. will then run away.

Ll.G. R. have shipped 80% of c. grains. Always prompt on contracts.

A.E. Mustn't go beyond 80.000 (or 98.000 if U.S. fully agree).

O.L. Indonesia and Ceylon will be tempted to sell more to R. – because U.S. have bn. forcing down the price.

Sw. Don't ship more at outset of Congress hearings – even tho' U.S. Govt. have agreed. Ques. of atmosphere.

P.M. 80.000 limit (includg. backlog) = 62.000 met.

P.T. U.S. have accepted 18.000 b-log.

A.E. Agreed. {as U.S. have accepted 20.000 for 2nd qur, let it go.
 {But no commit^{mts.} on 3rd qur. and keep it open for us
 {to argue v. b'log. Room to veer and haul.

[Exit L.I.G.

4. Egypt : Motorised Gendarmerie.

A.E. As in memo.

Al. Began opposed to this. But modified my view. Our chance of settlemt. lies with Farouk : we shd. back him. Also U.S. are keen to supply. Risk tht. they may be used v. us – we can cope with physical risk.

P.M. A good democratic move!

Memo. approved.

5. Bamangwato : Seretse Khama.

I. 3 point p'mme. Tshakedi is settled. R. has gone back. Now we must settle on Seretse.
 Govr. Jamaica has promised him a good job, subject to consent of his Council.
 Shall we prefer indecisive line of Labour Govt. No immediate row : but continuing trouble in B. Reserve.

If Jamaican job is clinched, I will see S. and give him 24 hrs. to decide wthr. to abdicate. Then, go ahead with statement. After 6 wks. we legislate (O-in-C.) to extinguish his claims. No Tory is conn^d to anythg. inconsistent with this course.

P.M. Will cause a 1st class row in H/C.

R.A.B. No future for S. in Africa.

- L.P.S. If we allow the 5 yrs. to run out, our decⁿ will be the same – and more awkward. to take it (politically) then and B. Reserve will go on in turmoil m'while.
I wd. bring this to a head now and face the row in Parl.
Can say tht. local situation is not improv^g. as Labour Govt. expected.
- H.C. Favour this course.
- Al. View of S. Afr. Govt?
- I. This wd. please them.
- L.P.S. App. B. Paras. 4-5 imply ref^{ce}. to S.A. views. We shd. not stress that.
We shd. rely on interests of Tribe.
- I. Agree – wd. like liberty to revise Appendices.
- Agreed : {Go fwd. with this plan.
{Submit revised Appendices to Cabinet.
{Report results of interview with Seretse.
- Will see S. 24/3. Give him 24 hrs. Announce 25 or 26/3.
- H.C. Cdn't have debate until end of followg. week.
- I. Wdn't mind waiting : will be presenting fait accompli.
- H.C. Isn't 24 hrs. rather too short. Will be criticised.
- A.E. and L.P.S. agreed. Agreed. Make it 48 hours.
- I. Shd. I tell G. Walker about this?
6. Royal Style and Titles.
- J.S. Any other Dom. likely to raise ques. of Eliz. II?
- N.B. We know informally that Canada won't.
- Sim. Consultⁿ by mtg. in London?
- O.L. Suggⁿ – beyond the Seas.
- Sim. Will consider it – but doubtful.
- P.M. Unity in variety.
- L.P.S. Lack of uniformity is regrettable, but can't be helped.
Stresses divisible Crowns. Neutrality etc.

I. Amb. of Irish Rep. says de Val. wants "U.K." tout court – to avoid mention of N. Ireland. Promised to bring this to notice of Cab.

Memo. approved.

7. Persia.

A.E. We wanted a break. Best chance of getting rid of M.
U.S. now wholly with us. Rowntree is converted.
Chances are better than ever of getting some arrangement.

8. Transport Charges. [Enter Maclay.
[Exit Maclay.

P.M. Don't like standing firm on no alternation in shift-workers tickets.

Macl. Anomalies. Apply in day as well as night. Drivers eligible,
conductors not. B.T.C. have acted precipitately and caused trouble.
But principle of abolition shd. stand.

W.M. Shd. like to consider this ques.

Macl. Must uphold impartial independence of Tribunal. Only protectⁿ v.
Govt. acceptg. full responsibility

P.M. Your reply put too much responsibility on this Govt. for acts of
persons nominated by Labour Govt.

Maclay. Final para. of P.M.'s re-draft. First sentence wd. be taken as attack on
independ^{ce} of Tribunal.

[H.C. They are judicial body.]

M-F. Tribunal is not feature of natⁿ. It existed beforehand.

W.M. Then dealt only with rlways. But in principle, no difference.
It is a judicial body.
Their decision on shift-workers was presumably deliberate and w'in
their competence.

L. Statement cd. be made about B.T.C. – but not about Tribunal.

M-F. all the functions exercised by B.T.C. were created by the last Govt.
and they are

L. No complaint v. Tribunal save prs. tht. they left too much to discretion
of B.T.C. – and they acted too precipitately.

- H.C. No one suggests Tribunal is at fault.
- Macl. Is last para. necessary at all in reply to this P.Q.
We have got it across now tht. this is not a Govt. decision.
Better not to repeat it in formal replies.
Further danger – 1/5, when rlways scheme outside Ldn. comes into operⁿ. Don't know what B.T.C. plans for this are. May have to report on that to Cabinet.
- Sim. Avoid suggesting tht. Tribunal is feature of natⁿ. It is not.
- P.M. Insist on final para. as : [“All these rules were made and] all the functions exercised by the B.T.C. were created by the late Govt. and are a definite feature in the nationalisation policy.”
- Macl. Wd. still prefer to omit that fr. a formal reply.
- H.C. Ministers have put it across in H/C. effectively.
- M.F. “All the relevant stat. prov^{ns}. were result of legⁿ. of late Govt. etc.”
To avoid [].
Reply to P.Q. – as set out above.

[Exit Maclay. Enter P.M.G.]

9. Postal Services.

- P.M.
- P.M.G. 400/500 more men wd. enable me to avoid some of this.
Increase of 1.800 wd. have left me below auth^d. establ^{mt}.
I agreed to this on assumptⁿ tht. it was to be severe Budget. V. hard to defend these now I see how gentle Budget is (!)
Delay in finishing time and dropping 2nd delivery in rural areas
x/ are the two things I wd. like to avoid.
- R.A.B. There was a loss of £14 m. We have bridged most of it. This also was part of plan to save 10.000 on C. Service.
All this was agreed by H.A. Ctt^{ee}. 2 wks ago – before Budget was in ques.

I must continue to press for economies.
If we restore 400/500 men we don't get the 10.000 saving in man-power by mid summer. Wd. cost £100.000.

Agreed : Refrain from doing x/.
Then no need for Parl^y. announcemt. at all.

[Exit P.M.G.]

10. Economic Survey.

R.A.B. Merely a factual statement. Cd. it go to E.P.C. via Cabinet.

P.M. Let it go to E.P.C. first anyway. Prs. allow other Cab. members to attend.

Agreed : Try it out in E.P.C. Bring to Cab “if necessary”.

1. Parliament. [Enter Sw., B.H.]
- H.C. Business for next week.
2. National Health Service Bill.
- H.C. Three amendments suggested. Cost about £1½ m. Ty. agree.
Hearing aids – charge mght be imposed later.
Shall I announce these at once on 2nd Rdg.?
- Sw. Yes : valuable qua publicity to seize initiative.
- P.M. Agree. Good to make minor concessions to Parl^y. feeling, when it
reflects public money.
Our aim was not economy for its own sake, but to check waste.
- H.C. May I inform N.I. at once. Agreed.
3. Steel. [Exit B-H.]
[Enter D.S. & M-Buller.]
- H.C. Bill now ready for approval in principle – subject to minor changes.
- D.S. Assets to be transferred to a Realisⁿ Agency respons. for returng. them
to private enterprise as quickly as may be. In agency clauses have
provided for leasing assets (via selling) which can't readily be sold :
this wd. involve less capital.
- Supervision : Bd. on lines of old Bd. with increased powers. Prices,
with over-riding powers to M/Supply. Development : includes Govt.
positive action. T. Unionists individually carried on this scheme : but
not T.U.C. as a body.
- P.M. Positive powers on developmt. Wise to restrict Govt. intervention to
what is needed for defence.
- D.S. Want also to cover development in distressed area wh. mght not be
fully economic.
- P.M. Suggest Ministers send written comments to Ctt^{ec} : and any outstandg.
points can then be brght. to Cabinet.
We can today only consider ques. of principle.
- R.A.B. Cab. shdn't think any substantial part of assets will be saleable.
Oppⁿ threats will deter buyers. And no guarantee clause if practicable.
M'while Ty. will be in unprecedented posⁿ of interestg. itself in
divided policy and long term development. Bank however think that

unless Ty. so acts no other agency cd. Dislike this role, esp. before P.A.C. v. embarrassing.

D.S. Hoped Agency wd. do little more than dispose assets – leaving cos. to function as independently as possible.

Ctt^{ee}. met this am. and decided to revert to 2 lists of activities of Bd.
i) basic activities wh. are clear ii) fringe industries, wh. are in doubt.
Bd. wd. take over i) at once : those in ii) wd. be a matter of negotⁿ.
followed by orders subject to Parl^y approval.

P.M. Give 2 weeks for comment. Then to Cabinet again

R.A.B. Prospects of sale wd. improve if we won next Election.

P.M. Or earlier. For Bill meets genuine Labour apprehensions – atmosphere may change after Act has passed.

H.C. We shall have done our best and carried out our pledge.

Sw. Private investor won't take these up. But 80% was held previously by companies eg. Vickers.

O.L. Long business. But not so pessimistic. Re-capitalisation wd. help.
Make it clear tht. this is a long process.

[Exit M-B. & D.S.]

4. Financial Situation.

R.A.B. Only about \$100 m, above devalⁿ level.
March figures can be presented w'out gt. shock because what was said in Budget. Posⁿ. can be held therefore a bit longer.
E.P.U. may improve because cuts made. I may have to go to O.E.E.C. mtg. next week.
On fwd. exchange £1 is holding up well. Budget app^d by for. banks.
By Apl/May it will be below \$1.500 m. Some emergency action may be needed.
Trade pattern improved by cuts.
St. area acting, as Austr. shows. More gold from S.A.
If we cd. have acted in Sept., we shd. have bn. in time.

P.M. Urged to b'cast on 31/3. Will decide tomorrow. Some broad statements cd. be made – steadied out even in 20 wks.
Get across some major points.
No threat of reversing pol. dec^{ns}. by industrial action. Attitude of T.U.'s is encouraging.

L.P. Hope P.M. will b'cast.

- R.A.B. Tewson has told me he realises we had to cut food subsidies because of posⁿ of £.
- W.M. He also wants to handle wage claims individually vice generally.
- O.L. Danger = trade recession. To become solvent s. area has to be restrictionist. We want capital movemts. to compensate for that. U.S. ought to be liberal on rubber and tin.
- Ch. Try to concert buying policy with U.S. – drops in their imports are always followed by U.K. crisis.
Hope R.A.B. will go to W'ton on this.

[Enter Ll.G. and T.Dugd.]

5. Farm Prices Review.

- T.D. May come to point of fixing prices w'out farmers' agreement.
We aim at £42½ m.– 45 m. increase. Farmers claim £60 m.
Farmers' leaders may not be able to carry followers in an agreement.
If there is a break, we c'dn't impose measures to increase efficiency.
Crunch will come in next week.
Goes back to last year, when they were under-compensated and angry with leaders for accepting decisions.
- J.S. Narrow time limit. For prices must be announced on 1/4.
- T.D. We shd. like to give less for cereals (but can't because M/F requirements) and this leaves us with not enough to compensate small men. Old problem : can't compensate small w'out giving too much to the large.
Pl. subsidy is going well. Shd. get increase of ½m. acres as result.
Must have Cab. support if I am to break.
Big item is £10 m. for calf subsidy as cpd. £5 m. of our plan. This mght yield another 400.000 calves by '55/6 = 110.000 t. eventually of meat.
Farmers say we won't get it w'out big bribe at outset.
- Ch. That = ⅔rds of Argentine imports.
- R.A.B. Farmers ask 2d. p. g. on milk. £80 m. subsidy already.
Meat : wd. mean increasg. retail price. Ready to consider other means.
900.000 t. of our supply is U.K.
- J.S. Want to shift emphasis from milk to meat, if we can.
In Engl. small men depend on milk, unhappily.
- T.D. Also want to persuade them to keep on bull calves vice killing them.
- T.D. Since 1951 review prodⁿ has turned downwards because of lack of confidence due to disapp^{mt} on milk and egg prices awarded.

- W. Can't bridge that gap by negotiation.
- T.D. Warning only today.
- R.A.B. £53 m. is real increase in costs. Another £7-13 m. for incentive to prodⁿ. is v. large. If they got this, they wd. alienate public opinion.

6. Food Production : Pigs and Potatoes.

- T.D. Over 4 m. pigs. Now level with pre-war.
- P.M. But 2 m. more people.
- O.L. Extraction rate lower [to give more animal feed.]? Is it too high?
Causing waste.
- T.D. 417.000 t. pig meat in '52. Another 193.000 t. by '55/6. Wd. give over 600.000 t.
- P.M. Potatoes. V. dirty, I hear.
- T.D. Worried about next year because too many now. Glut or shortage depends on yield and this year there is a glut. Therefore they won't plant so much next year. Fear also of labour shortage to lift crop.
- W. Launch publicity campaign – eat potatoes to save the £.

7. Meat Supplies.

- P.M. Let Ty. consider this against my assurance of cuts in Adm^y. oil. and steel for Service huts.
- L.I.G. 300.000 t. available 1952/3. (June) in S. America. Price : my guess is £175 p. ton. = £50 m. for all 300.000.

1. Unemployment in Textile Industries.

[Enter Sw., Maclay., Att.Genl., B-H., Salter.

- P.M. We shd. be ready to spend money to check this.
- R.A.B. Diff. to solve by palliatives. Want some absorbed in def. prodⁿ.
- W.M. None ready to absorb them there. 10% of labour-force now on part-time.
- P.T. V. large pol. pressure – includg. easing of p. tax.
- P.M. Stock-pile Army clothing – outside Def. Estimates. Clothing for Home Guard.
- Sw. Only 5-10% of industry.
- M.F. Cd. do with more C.D. uniforms.
- P.M. Won't do for us to say "let it take its course". Classic criticism of Tories between the wars. Must seek more work for Lancs. and N. Ireland.
- P.T. Japs and U.S. have unemplt. and have cut back production. Remedies i) buying more dollar cotton ii) relief from p. tax.
- R.A.B. Cdn't hold ii) to textiles : wd. spread to footwear, gloves etc. Cost in revenue wd. be £40 m. But may have to adjust p. tax in Fin. Bill.
- P.M. Say in debate we are resolved to apply remedies in short term, pending growth in def. prodⁿ.
- B-H. Opposⁿ have now decided debate tomorrow shd. be on a motion.

2. Economic Conference : Moscow. Attendance of Conservative M.P.

- A.E. Drayson has accepted invitⁿ to Moscow for Econ. Conf^{ce}. Says he will go to encourage trade in textiles. Conf^{ce} boycotted by T.U.'s and Labour Party Officials.
- P.M. He shd. be dissuaded from going. Ch.Whip to tackle him.

3. Parliament – Foreign Affairs.

- A.E. Opposⁿ don't want F.A. debate – next week.
Shd. I make a non-Party statement in b'cast – Sunday. I wd. hang it on
reply to Soviet note. B.B.C. are willing.
- H.C. Why on a Sunday? Will antagonise much feeling.
- J.S. Only on urgent ques.
- A.E. Can't do it on any other day.
- L.P.S. Shd. regret ordinary pol-action on Sundays. Wd. lead to Party mtgs.
on Sunday, which wd. be deplorable.
- M-F. Pol. advantage to us to avoid politics on Sundays.
L/N. Union business was done, with parsons' co-opⁿ on Sundays.
A non controversial statement wd. get by.
- Sw. I agree – if limited to non controversial.
- R.A.B. F. Affairs wd. get by on Sundays.
- A.E. Don't want to establish a precedent.
- P.M. Not inappropriate if its' a high level, bi-partisan, related to peace etc.
- A.E. Will see wthr. I cd. do it on another evening.
- P.M. Leave it to A.E.'s discretion.
- Al. Try it out and see what's said.
- A.E. Don't want to be wholly non controversial.

4. Road and Rail Transport.

- P.M. "I have bn. much disturbed by this and have bn. doing all I cd. to
disturb others."

Much feeling in Party tht. this shd. precede Steel.
Can't deal finally with W.'s report today. But if generally approved we
might make announcemt, on lines of draft.
Att.G. has agreed tht. directive cd. then be given to B.T.C. to do nothg.
prejudicial to our plans.

Possibly unnecessary to announce publicly. If we approved plan,
B.T.C. cd. be told privately and persuaded to lay off.

40.000 lorries under B.T.C. administered by 11.000 officials. Can never pay in competⁿ it is admitted. 7-800.000 C. Licences – wasteful one-way traffic to avoid incompetence of nat^d haulage. This must be stopped.

- W. Need we publicly state all that is in draft? Wdn't statement of (a) suffice?
- O.L. Wd. provoke cry tht. you are takg. profitable part of nat^d undertakg. away and havg. only unprofitable part on backs of taxpayers. Must have (c) as well.
- A.E. Why (d)?
- Macl. Not controversial : wd. relieve anxieties.
- M.F. Yes – eg. l.a. transport. Wd. be welcomed.
- A.S. (c) involves my point of dissent.
- P.M. Don't believe this infringes yr. principle because transport is a single whole.
- R.A.B. His dissent goes wider than that.
Why are long distance road passenger vehicles not subject to levy?
- L. Not w'in goodwill argument. Their fares have gone up because of increased petrol.
- Macl. Controlled under 1930 Act : nos. falling lately.
Subject to tighter control.
- W. V. little justificⁿ for extendg. levy to them because no goodwill compensⁿ paid to them.
- A.S. Goodwill argument doesn't apply to all case for levy.
Levy on roads to meet rlway losses over indef. future for variety of reasons. Puts levy on one of 2 competitors wh. will increase in propⁿ to road's efficiency and rlways inefficiency.
Only assurance of rlway efficiency = tht. they must pay their way.
- P.M. Unlimited in time but not in amount.
- A.S. Continuing subsidy for operatg. losses.
- P.M. Rlways' remedy was to interest themselves in road, and also reduce dividends. Now compensⁿ burden is a fixed item. Rlways must be m'tained for some essential traffics.

- Sw. For 25 yrs. have sought means of compensatg. rlyways for cost of m'taining permanent way. Here at last is a solution. But must you keep 25 m. limit until B.T.C. wholly disbanded.
- L. Only temporary – to get transfer completed, at reasonable price.
- Sw. Watch our pledges on this point. May we discuss with W.?
- M-F. Those not acquired are short distance hauliers. Not so much cause to complain. Relaxⁿ of licence, to cover occasional long journeys, wd. meet the point.
Don't agree with A.S. on diffy. of quantifying abstraction of traffic. Can do it, and make this workable scheme.
- A.S. Cd. do so shortly after Bill. But 10 yrs. ahead cd. you do so – traffic transfer result from this Act.
- R.A.B. Ty. have grave doubts re this scheme. Don't believe this solves road/rail problem.
- P.M. A.S.'s comment is destructive of any practical plan.
I propose tht. other members of Cab. shd. consult with Ctt^{ec}. to i) draw up a simpler and shorter announcement ii) assure ourselves of means of avoiding further prejudicial action by B.T.C. M'while B.T.C. be told to lay off, or if he won't he will receive directive.
- R.A.B. Cd. L. and M/T. consult B.T.C. before Cab. reach decision even in principle.
- Macl. Rlyways now have no incentive to efficiency at all. Our plans provide some.
- Sw. How cd. B.T.C. give an impartial opinion on this plan?
- P.M. All I want is an announcemt. sufficient to warrant directive (or agreement) to B.T.C.
- P.T. B.T.C. can't w'stand competⁿ. Must sell all or none.

R.A.B., Sw., J.S., W.M. to consult with Ctt^{ec}, to get a draft statement for approval by Cabinet.
B.T.C. to be told m'while to lay off.
- [Att.G. No dirⁿ can be given until plan approved and announced.]
[Exit Att.G. , Maclay., A.S.]
5. Trieste.
- A.E. Diffy because, to help Gasperi 3 yrs ago, Labour Govt with U.S. and Fr. announced tht. whole of both Zones shd. revert to Italy. Succeeded

in getting de G. re-elected, but now has come home to roost. It./Yugos. deadlock ever since.

In Paris before Dec. got joint It/Y. talks. No result. At Lisbon suggested 3 Power mtg. to impose a solution. First mtg. held W'ton y'day. But what now?

Only solution is for us and U.S. to w'draw fr. Trieste. Believe U.S. mght now agree. Result : It. wd. have Zone A and Yugosl. wd. keep B. Italy wd. get whole City. 3 Powers wd. suggest It/Y. effort to draw ethnographical frontier or transfer of pop^{ns}.

Risk : leaves It./Y. fronting one another.

Advantage : if Italy agrees, we cd. w'draw 10.000 Br. and U.S. troops (5.000 each) costing us £1½ m.

Anglo/It. relations will suffer if we don't find a solution.

Sim. Any part in Zone B. for Yugoslavs?

A.E. Yes – Pola; and they cd. get some facilities with quid pro quo.

Al. Fair solution is what A.E. suggests – City to Italy, B. to Yugosl. But how? W'drawal mght precipitate a fight. Cd. we force agreemt. by saying unless reached w'in specified period we will w'draw.

A.E. Must go on with elections in Trieste – despite fears expressed by Winterton (local Genl).

P.M. Services shd. not make appoint^{mts}. with 'diplomatic' responsibilities save on approval of M/D. who will consult A.E. as required.

6. Soviet Note on Germany. [Exit B-H.

A.E. Handed in copies. To be publ^d. on Wed. am. Agreed with U.S. and France. Adenauer is content with this.

P.M. Good note.

P.M. Cd. M/Def. have a map made of Polish E. Frontier – to illustrate the E. and W. Niesse ques. Small scale for circulation to Cabinet.

7. Seretse Khama.

L.P.S. [Malan has strengthened posⁿ by getting Hav. to go with him. No def. report to make. Posⁿ. hardening on both sides.]

L.P.S. Cab approved general line.

Y'day I. and Ismay saw Mr. and Mrs. Seretse. They listened, w'out emotion.

Believed they expected what they were told. Save Jamaica, which was a surprise : and they wanted to think it over. V. remunerative offer - £2.000 free of tax + quite a lot more. (?)

Told announcemt. wd. be made on Thursd. If he agreed to abdicate we wd. agree reply with him.

“Cd. he ever go back”? Said : if he abdicated, prs. he mght. after a period.

Asked them not to leak. They have obeyed – to extent of not telling his legal adviser!

See them again on Wed. at 3 pm. Thereafter Press will be seen. Thursday, statement in both Houses. Draft A. or B. If A, must be variable to S. suggⁿ. If B, will make some changes in para. 4, delete para. 5; and base it on interests of Tribe w'out ref. to S. Afr. opinion.

P.M. Row in H/C. if we have to do B.
Isn't it a bit long?

L.P.S. Will see if it can be shortened.
Main point, however, is tht. it uses language of Socialist Wh. Paper.

P.M. Don't make it too much of an attack on S.
Para. 8 is a bit tough. Substitute : “For reasons stated in Wh. Paper”.

8. National Health Service.

H.C. Adjudicⁿ. on doctors' pay. all done by Socialists, save appt^{mt}. of Chairman.
He has found heavily v. us. Must inform Parlt. at once. For 51/52 add^l. £9¾ m. for g.p.'s alone. Will mean Suppl. Est. of £40 m. – more than twice our economies.

1. Seretse Khama.

[Enter J. Foster.

L.P.S. Ismay and I saw them y'day. Cdn't get him to abdicate. Willing to renounce Chieftainship but not right to intervene in pol. affairs of Tribe.

G. Walker has said Opposⁿ. greatly moved : sought for delay.

Cl. Davies later called on me. Put propⁿ. i) renounce Chieftainship on condⁿ. C/State appt^d. ii) not to include S or T iii) S. not to return unless invited by Council iv) C/State to be appt^d. by H.M.G., but T. and S. to advise on membership.

Promised consⁿ. My advisers are v. this plan. B. need a Chief, not a Council. S. wd. remain Ch. in their eyes unless another elected. T. who wd. accept our plan, wd. not like this. Malan wd. think it a surrender to S. and wd. bring up Territories in election. ??? R. agrees. Cab. shd. consider pol. consid^{ns}. : for not sure I can carry Liberals. Kgotlas mtg. this pm. to hear App. B.

Only possibility : persuade S. to abdicate on promise of this plan.

O.L. C.O. don't believe this wd. work.

A.E. S. unlikely to accept alternative. Tactically wise to put it to him as at x/.

L.P.S. V. embarrassing if he accepted.

H.M. Indefinite C/State unacceptable because abolishes monarchy.

P.M. We shd. go forward with decision already taken.

J.F. a) See S. this am. and make same offer as y'day but with C/State. If he refuses, we can carry Liberals. If he accepts, we secure vol. abdication – pol. good here, tho' diff. in Africa immediately because will confuse the Africans.

L.P.S. We tell them he's not to come back in order tht. they may choose a new Chief. Then, later, tht. its in order to appoint C/State.

P.M. Bad to alter our course and make a new offer, just to get 5 Lib. votes. Stand by our decision. We have made every effort to meet.

Sw. Idea of C/State quite alien to native opinion in these territories.

Agreed : Stand by decision.

[Exit J.F.

2. Parliament.

H.C. Business for next week.
10/4 to 21/4 Easter Recess. Viz. Mon via Tuesday. Will announce this today.

[Enter D.E., and de la W.]

3. Government Information Services.

L.P.S. Central agency makes for economy, if not efficiency.
x/ Has no relⁿ with Press. Policy is for Ministers. Like Stat. Office.
Favour keeping it. Wthr. it shd. absorb more, eg. M/W. or G.P.O. is for considⁿ. W.O. also oppose transfer of C.O.I.

Have cut out some activities already eg. films (wh. cost ½ m.) and lectures. Because of risk of Party propaganda.

Para. 7. Doesn't alter my view because of x/ above.

Let Ty. consider what transfers to C.O.I. – also Min. control.

Head of C.O.I. was Socialist. But has done efficient job and co-operated in securing economies. Wd. have to find him another job.

R.A.B. In 1941 elected to remain in C. Serv. and give up pol. activities. No ground for suspectg. his current loyalty, on his job.

W.M. Worked under me in M/I. Ministers then thought well of him.

P.M. Leave him there, unless he makes a major pol. indiscretion.
Let me have report – staff nos. salaries of C.O.I. and Dpl. staffs.

R.A.B. Fr. £5 m. to £2.7 m. since 1948.

L.P. Mainly drop in Press advertising?

R.A.B. Tho' some have increased eg. G.P.O.

P.M.G. We are trading service : must have own P.R. staff, as do socialised industries. Loss of efficiency is getting our work done by C.O.I.
We cd. save 9-10% if we made no use of C.O.I. at all.

R.A.B. Let me go into this ques. of transfer with dissident Dpts. – to avoid duplication while leaving responsibility with Dpt. Ministers.

H.M. May be more economical, not sure it's more efficient.
Will use C.O.I. as far as we can : but want right to do somehtgs on our own eg. D. Mail Exhibition.

L.P. Cd. we have figures before final decision.

D.E. C.O.I. estimate for films was 5 times what we cd. get it for ourselves.
I want M/W. publicity shifted off to industry itself.

- P.M. (Take note of memo. No final decision.
(Ty. to discuss with those contracting out.
(Ch. to submit further report, with figures.
- P.M. I have also bn. considering Party machinery.
- [Exit D.E.]
4. Anti Jamming.
- A.E. As in memo. Net cost = £50.000 this year.
Later on M/D. and F.O. shd. consider general strategy of counter propaganda to make sure of value for money.
- P.M. Mistake to spend so much on defence : neglect this corresp. effort.
- R.A.B. Jacob, when cut down in expenditure, only goes higher.
Can P.M.G. help re understanding.
- P.M.G. Doubt it – they are v. short.
- R.A.B. Agree to expenditure on anti jamming.
- A.E. I want to announce tht. we shall go on with anti jamming.
5. Farm Price Review. [Enter T.D. and Ll.G.]
- T.D. Thursd. pm. farmers consulted Council and got agreemt tht. their figure of £66 m. was minimum they wd. accept. Dpt. officially informed. Was this an ultimatum? Ministers have discussed, but no negot^{ns}. Y'day farmers walked out : on £42½ m. v £66 m. I then saw Turner myself, said Govt. cdn't negotiate under an ultimatum. He agreed to go back for more latitude. At midnight he said he wd. resume negotiations.
- Now I need to know how far I can go. Agreed tht. to recoup costs £42½-45 m. but this contains no incentive for future. Between 45 and 50?
They are worried re workg. capital as costs increase.
- R.A.B. On milk and eggs, eg. they ask for more than re-coupment. And for more fertilisers than there are.
Go up to limit (45m) of no more food price increases + 2½ m. viz., £47½. That figure may involve some small price increases.
- A.E. Close quickly.
- Ll.G. Don't want to go beyond £45 m. because will upset Budget calcul^{ns} on food prices.
As little as poss. shd. go on to milk and eggs, if we go to £50 m.

[Exit L.I.G and T.D.

6. Scottish Airlines. [Enter Maclay

P.M. Can't survive in Scotland unless they take in C. Islands!

J.S. Agree they are asking more than they can have.
But want careful statement.

Approved.

7. Road and Rail Transport.

L.P. L. has spoken to Hurcomb. No need for immed. announcemnt. Will
submit draft soon. Shall need Wh. Paper – M/T. working on that.

1. Farm Price Review. [Enter Sw., Ll.G. and T.D.]

- L.P. Discussions have not gone well. Farmers have rejected offers made. Farmers want increases on milk and eggs, on wh. they get quick money.
We want more on meat.
- T.D. We have offered £46½ : farmers come down to £61. Can't close this gap at 50.
Farmers fear they can't increase prodⁿ. w'out further recoupment.
Won't ask for more money. But a break wd. be serious because c'dn't get drive for efficiency w'out their co-opⁿ. They are depressed by continued rise in costs.
- Ll.G. Excessive recoupment on milk (200%) and eggs (150%) as cpd. with pigs (only 70%).
We must not encourage milk and eggs at expense of meat.
- R.A.B. £61 m. means defendg. over recoupmt. of costs. Wd. be worse than break because public opinion cd. not be carried.
Propose L.P. and I. shd. see leaders to try to make them see sense.
Only other variant : suspend increase in cost of animal feed – wd. take £14 m. off farmers' figure and wd. help smaller men.
- A.E. Wdn't help to close the gap.
- T.D. But wd. assist in presentation.
- J.S. Don't do it save to secure agreement.
- O.L. Paper pounds can be tolerated if they help b/payments. Mistake to offend farmers for £5 m. or so of paper.
- L.P. We have already given them £10 m.
- T.D. I cd. prob. settle at £55 m.
- P.M. They have to borrow.
- R.A.B. But Banks have agreed tht. agric. shall not be squeezed.
- P.M. But they pay the 4%.
- T.D. And it isn't taken into a/c in the £47½ m.
- P.M. ? £54 m.
- Sw. Can it be done w'out reflection on food prices.

- a) Milk means meat. Must get it thro' small diary herds.
- b) Fertiliser plan, wh. avoids increasg. food prices.

L.P. Shd. be no further increase in food prices.
Cd. be done as by line subsidy.

R.A.B. We cd. make fertiliser subsidy a direct Govt. grant., via food subsidy.
It's not correct to do so because fertilisers improve crop not capital value of land.

Sw. Direct incentive to productivity.

R.A.B. Means defendg. great increase in farmers' income. Diff. unless we put it on b/paymts. grounds.
If we did this on fertilisers, we cd. not agree to over-recoupmt. on milk.

x/ R.A.B. and L.P. to see farmers' leaders tomorrow, with Agric Ministers and have a show. down. Settle it then.

R.A.B. Tell them no further recoupmt. on milk and eggs.
Offer the animal food concession.
Suggest fertiliser direct grant.

P.M. {x/ tomorrow.
{Cab. take final decision Thursday.
{Debate Friday.

[Exit L.I.G. and T.D.]

2. Parliament. [Enter H.M.]

H.C. Opposⁿ. have tabled 59 new clauses on Army Bill. Declaration of procedural war.

P.M. We can threaten to resort, if necessary, to guillotine.

H.C. This Bill must be obtained because of time limit – annual Bill.

P.M. H.C. shd. study precedents on guillotine procedure : in preparation for Steel Bill eg.

3. Tangier.

A.E. Sent tel. saying most reluctant to agree to any troops going fr. Gib to Tangier and none shd. go w'out ref^{ce}. to Ldn.
1600 B. subj in T. And one of Power to Convention.
Not keen to join in with Franco and France in killing Moors.
Order is being restored. Hope we may arrive, if we have to go, after all is over and share the credit w'out bloodshed.

P.M. Content to leave it to A.E. to decide.

4. Regency Act.

P.M. Propose to recommend to Queen tht. Queen Mother be added to Counsellors of State. Legⁿ will be needed, tho' not urgently.

5. Eritrea.

A.E. Mention because may be public criticism.
We want to get out and shall find it diff. to do so if law and order not preserved.

Memo : approved.

6. Yugoslavia : Economic Aid.

A.E. As in memo.
£4 - 4½ m. may fail – U.S. may say it's not enough. £10 m. last year.
Hope to get more back fr. Y. eg. in maize : we ought to attach strings to any further loan.

R.A.B. Grateful to A.E. : hope he can settle on this figure.

Memo. : approved.

A.E. Will come back to Cab. before there is a break down.

7. European Defence Community.

Al. C.O.S. are considering this today.

A.E. Then we can wait until Thursday's Cabinet and have C.O.S. views.

[We have 4½ Divns.	aircraft.	120.000 ration strength
U.S. “ 6 Divns.	aircraft.	290.000 ration strength.]

8. Admission of Foreign Communists to U.K.

M-F. Refuse admⁿ to people who want to come to anybody concerned with World Peace Council. But, subject to individual objⁿ, want to admit fraternal delegates to T.U., Student Congresses or other B. institutions. Paras 5 - 6. Disposed to admit to conferences of B. Comm. Party – a legitimate pol. Party and not likely to deceive re its aims.

- P.M. So called “World Peace Movement”.
- H.C. Suppose B.C.P. organised World Comm. Mtg.
- M-F. Mght come under para. 1 as bogus. Wd. cease to be a B. affair and as international wd. be “boycotted.” Must have discretion.
- A.E. I support these principles. Leave it to H.O. and F.O. to forestall any excessive attendance of foreigners to B.C.P. mtgs.
- L.P.S. What is posⁿ of B.C.P. – is it a legit pol. Party.
- A.E. H.O. and I can concert what we do.
- P.M. “tolerated” vice “recognised” pol. Party.

9. Atomic Energy – Security.

- M-F. D. Mirror and D. Express scare re atomic pp. found in H’s stead.
This is 1/4 hoax.
U.S. Press have it as B. breach of security.
Best to have a P.N. Ques by me and handle it as a hoax.

10. Egypt.

- A.E. C.98 is for informⁿ
i) E. elections p’poned. ii) On defence side, E. have come some way to meet us, eg. technicians and air. iii) Even on Sudan they have made some move.
Amb. has asked leave to return for consultⁿ. I’ve told him he can if he sees sign of progress.
They have yielded – they do want a settlement.
- L. Shipping interests concerned to know tht. some protectⁿ will remain for them.
- A.E. Suez Canal Convⁿ comes up for separate revision in a few years.
Will help if a more friendly Govt. can be establ^d in Egypt.
- Al. Para. 1. at end of first sub paragraph : subsistg Add “satisfactory to both parties.”

Para. 2. No reference to our Base. Must say E. are prep^d to play their part. Leaves too much to their discretion. They shd. be pinned down more definitely to Egypt via “M/East.” Proposed add^l
- P.M. Other Powers shd. be pressed to accept responsibilities in E. on basis tht. we shan’t stay indefinitely. Press for token forces, esp. fr. U.S. and France.

- A.E. Ready to omit “thus”.
- Al. Or substitute “also”. Agreed : Omit “thus”.
- A.E. No agreement with any E. Govt. on basis of adding Fr. or Turkish troops in Egypt.
- Al. Must have striking force w’in distance of Base. Gaza wd. cost £100 m. over 10 years.
- L. Why shdn’t maritime Powers of world share in that cost.
- P.M. We shd. not w’draw until we have secured 5 Power guarantee of this Canal.
Para. 2. (designed as putting our aims on record) is the worst of the lot.
- A.E. Para.2. = 4 Power proposals. We supported them at Genl. Election. Are we to go back on it now?
If you think there’s no security without B. land forces in E., I must stop negotiations.
- P.M. Let us continue our discussion on Thursday.
- H.C. Is there anything new in this memo?
- A.E. No.
- Al. Para. 2. is distasteful. Can’t we omit it?
- A.E. It benefits us because it draws them into M/E. defence, wh. they have h’to refused to do.
- R.A.B. E. Govt. and Bank are in bad way : want to avoid atmosph. of disagreeemt.
Shall have to raise on Thursday ques. of balances. They are right out of funds.
Remember Lancs. situation.

1. Transport. Scottish Bus Services. [Enter Sw., B-H and Maclay
- P.M. Concerned at this suppression of private enterprise – wh. has bn. under cutting rlways.
D. Mirror article is a masterly exposⁿ of Tory views – so is News Chronicle.
How did this happen? And why wasn't Cab. told in advance?
- Macl. N. Roadways applied last yr. for licence under 1930 Act : granted by an independent licensing auth^y. Act provides for appeal. Co-operated pending hearing of large no. of appeals. Heard in Nov '51, Edinb. by M/T. Insp. appointed under statute. Report received in Feb. by M/T. recommending revocation. Appellants : rlways., B.T.C. long distance cos, Ribble Motor Co. and some others (with 56% priv. ownership by B.El. Traction).
- Many such cases. This decision followed precedent in case law.
All we didn't know was that Co. had made fwd. bookings throughout summer, despite appeal pending.
- P.M. Read articles from D. Mirror.
- Macl. This Co. had never operated this type of service until last spring.
- W.M. You can't alter policy by one case. Estab^d principle of 1930 Act is to exclude new entrants where sufft. services are already available. This is a broad problem which needs to be tackled as one of principle.
- Macl. Cases of this kind come up every week.
Major decision irrevocable.
- P.T. Since 1930 rlways have bn. sustained by cutting out this kind of competition. Cdn't take contrary line on an individual case.
- P.M. If we had known in advance, M/T. reasons cd. have bn. publicised.
- H.C. This sort of criticism is inevitable while we administer old Acts before we can introduce amending legis^l.
- P.M. Cd. you let them carry on during summer?
- Macl. Am asking licensing auth^y. what period of grace he can allow.
- L. Wh. Paper leaves 1930 Act intact. Doesn't affect road passenger services.
- L.P.S. In H/L. unstarred Ques. gives scope for a small debate. I cd. provoke one on this ques. and L. cd. reply : next week.

- Macl. P.Q. in H/C. on Monday.
- P.M. Principle : lieges shd. have chance of choosing easiest and cheapest mode of transport.
- M-F. 1930 Act was designed to protect rlways. And Tory Govts. used it for 8 yrs. pre-war.
We must review 1930 Act – and the Ty. proposal tht. levy shd. extend to coaches.
- W.M. Before 1930 there was excessive competⁿ and overcrowding on roads.

Agreed i) M/T. to try to extend l.a. discretionary period for winding up these cos.

ii) Transport Ctt^{ec} to consider coaches.

[Exit Macl.

2. Parliament.

- H.C. Business for next week.
Statement will leave it open to propose a compulsory time table for N.H. Bill.
- R.A.B. Opposⁿ want Fin. Bill on Wed vice Mon.
A long and diff. Bill. Don't want to spoil atmosphere. Wd. like to meet them.

Agreed : R.A.B. to tell H.G. tht. Fin. Bill must be on Monday.

3. B.B.C. Monopoly.

[Enter P.M.G.

- L.P. Much controversy. Some people have strong views on principle. I haven't.
Can get agreemt. in Tory Party on basis indicated in memo. viz., leave B.B.C. as at now but undertake to allow one competitor on television when capital invest^{mt} position allows. Party won't ask for another sound b'casting organⁿ.
Proposed in para.(2) put fwd. by our own supporters.
These proposals are supported by B'casting Ctt^{ec}.
- R.A.B. Wd. sooner leave television proposal optional.
- L.P. Need only say tht if there is a demand for it, it will be conceded.
- L.P.S. Who licenses the competitor? What is meaning of last sentence of para.(2)?
- L.P. Body under (2) have to appoint a licensg. auth^y.

- L.P.S. I wd. much prefer P.M.G. to license.
- M-F. Not sugg^d that P.M.G. shd. not licence. The other body wd. be concerned with “standards”.
Party won’t accept anything wh. doesn’t make a specific proposal for breaking the monopoly.
- B.H. At least 70% favour brkg. the monopoly.
- R.A.B.}
P.M.G.} B.B.C. will demand the 15% of revenue which we are at present w’holding.
- P.M. Cd. we p’pone for another 10 mos.? Public opinion is forming still.
- L.P. I asked our H/C. people not to join in newsp. controversy. They have held back tho’ they feel v. strongly.

Agreed : White Paper to be produced, for Cab. discⁿ on basis of C.99.

[Exit P.M.G.]

4.

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

[Enter Ll.G. and T.D.]

5. Farm Price Review.

- L.P. Reported interview with farmers.
- T.D. Agreed now tht. net income to be earned in current year = £296½ m.
Farmers want prices wh. will increase that.
Cab. have accepted some increase. Ques : how much? My view : some global figure must be fixed before discⁿ of price schedules begins.
So far we have said £50 m. recoupmt.
Better now to put it on net income. Offer £310 m. vice £296½ m.
This wd. mean another £4½ m. added to the £9. This wd. be the same as P.M.’s figure of £54 m.
- Ll.G. Gap now = £13 m. betwn. us and them.
Excessive recoupmt. on milk must be reduced. Y’day’s discussion proved 200% recoupment on milk is what farmers aim at. Will mean over prodⁿ and increase in subsidy. We cd. cut £10 m. off milk and

eggs in public interest. If we don't, farm workers will demand wage increases and prob. will get them (12/= a week).

T.D. We will come back to Cab. on schedules if I disagree with M/F. But I must have a global figure today.

R.A.B. These add^{ns}. will all go on to consumer, in food prices. Budget allowed for £45 m. only. At £54 (9m. wd. go on to consumer.) If we put fertiliser on direct grant, it will be rumbled as unrealistic.
V. diff. to justify anything more than £50-£51 m.
Turner admitted y'day tht. his claim included £13 m. of capital injection.

Ll.G. Danger of over-production of milk.

P.M. V. ugly. Shall be said to have squared our pol. supporters at expense of consumers. Will stimulate wage increases and the spiral.
Don't think we shd. be blackmailed or bullied – unduly.
Support R.A.B.
Offer settlement at £52 m. or nothing?

Sim. I wd. be tough with them. [Exit A.E.]

Agreed : £50 for imposed : but liberty to go up to £52½ m. to get a settlement and cut down recoupment on milk.

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

6. Egypt : Sterling Balances.

R.A.B. Urged release of £10 m. to forestall retaliation.
A.E. supports this.

Ch. Why shdn't E. deposit dollars v. this?

R.A.B. They have refused – tel. of 31/3.
V. unusual thing to do : confidence in sterling : not now a ques. of murders etc. a diff. Govt.

P.M. V. well. Have still a bigger fin. weapon in reserve.
As R.A.B. and A.E. want it, I will agree.

1. Name of Royal Family. [Enter Sw., O.P., P.B.]

P.M. Is it necessary to have this published in Gazette.

Sim. Wd. allay idle talk.

P.M. V. well. Will reconsider if Queen dislikes this publicity.

2. Farm Price Review.

R.A. B. Letter to M/Ag. fr. N.F.U. Turner says he wishes £52½ m. net : other cond^{ns}. also. M/Ag. and Ty. think this involves add^l £4 m. Vandepier thinks even at that figure they will kick v. redⁿ in milk prices. If we give way, we shall go too far. Better to stand on y'day's decision. Farmers meet on Tuesday. £52½ m. (if we stick to it will be put to them then).

A.E. Can a memo. be circulated, for informⁿ over week end.

P.M. Yes : but let us stand by our decision of y'day.

3. Textile Industries.

P.M. Can't take decisions, but wd. like prelim. discⁿ.
Hope vigorous action can be taken on p. tax.

R.A.B. If we made £40 m. concession on p. tax, it wd. affect only 30% of ind^{ies}. because many goods free of tax. Retail Distrib. say tax holiday won't help. Our conclⁿ : Govt. orders is best method of giving direct help. Ordered enquiry into means of placing up to £20 m. such orders.

P.T. About one week's work in whole of Lancs. But cd. be useful if directed to the bad areas where other work is not available.

L.P. Can those areas produce those goods?

P.T. That is being considered.

L.P. Don't want tax holiday on p. tax – disruption of trading.

P.T. I agree. P. tax concessions won't make much impact. But some anomalies in D. scheme cd. be removed with advantage.

R.A.B. Intend to make such concessions in Ctt^{ee} Stage of Finance Bill.

- Sw. More dollar cotton. Some months since non-dollar cotton was 60% over but now diff^{ce}. is only ½ cent. betwn. U.S. and Brazilian. There is now nothing in this point.
- P.M. We must make gt. efforts to help Lancs., none the less.
- Ch. Falling off in world demand. What can you do to help that?
- L.P. Prices will go on falling.
- P.M. May revive demand.

Resume discussion on Tuesday.

4. National Assistance.

- O.P. Bd. propose increase of 5/= (single) and 9/= (married).
Rates last fixed Sept.
This won't come in until mid June : and they take a/c of prospective rise in c/living m'while.
Advise we present these to Parlt. before Recess.
- R.A.B. Accept this. Feared it might be more.
- Sw. Before announcemt, Minister shd. concert publicity with Central Office.
Applies equally to Minute 5.
- P.B. Will T.U.'s be able to see this includes anticipⁿ of c/living increases to come. Wd. be used in wage negot^{ns}. – where we prefer a lag!
- O.P. We can't have constant changes. Bd. always say they have taken a/c of current trends – to forestall criticism.

Memo. approved.

5. National Insurance.

- P.M. Fear criticism tht. Tories are increasg. retiring age. Aren't T.U.'s leading us into a trap? OK. if it remains optional : but dangerous to cut into contracts.
- L. Miners are staying on, under option.
- R.A.B. We cd. have enquiry into o. age generally. Young aren't too keen to carry so big a burden. OK. if we don't press for 67.
- P.M. Don't let us say any more about 67.
T.U.'s will turn us down and claim the credit.

- O.P. Raising age is off the map for time being – clear fr. my consult^{ns}.
Only ques. now : crushing burden suggests need of general enquiry into means of handling this – incldg. optional arrangemts. There is also ques. of supplementary industry schemes – enquiry on that cd. be merged into general enquiry into means of persuading people to remain on in industry.
- A.E. Don't be committed to this enquiry now because present political climate.
Let's see t. of r. And wait a bit.
- O.P. Will put t. of r. to H.A. Ctt^{ee}. in first instance.
- M-F. Hope Bill for increased benefits can be hastened.
- R.A.B. M/P. is coming out v. soon.
Income tax concessions will come on 8/6, when backlog will be paid.
- O.P. Want to make statement on Wed. next and introduce Bill immed. after Easter Recess.
- H.C. Tuesday wd. be a better day.

Re enquiry : want discretion to make it clear, if leakage continues tht. proposed to raise age include provⁿ for larger pension.
- P.M. Why.
- O.P. To clear our record if it's attacked.
- P.M. Let me see statement in draft.
[Exit O.P.]
6. European Defence Community.
- A.E. Suggⁿ G. covered by what we said on Berlin Air Lift. We need now only cover Italy. The 6 will then make reciprocal offer.
E.D.C. runs longer than N.A.T. So we shd. limit our guarantee to period of N.A.T. – so tht. we don't get left in when U.S. is out.
We may be asked to send observer to E.D.C. I favour that.
- P.M. So do I.
- O.P. No comment.
- A.E. We mght publish in 2 wks. U.S. declⁿ wd. be v. helpful.
- L.P.S. Inform Doms. (Agreed).
- H.M. Support this.

Document re situation in France confirm my views.

Memo. approved.

7. Egypt.

- A.E. Progress not good. Sudan hasn't helped.
Two alternatives to escape deadlock :-
- i) Recall Stevenson and Howe for discussions.
 - ii) Go to Cairo and Kh myself
- P.M. Don't like para. 2.
Hold on somehow. a) Show E. they can't turn us out by force or threats. b) Tell U.S. proper provⁿ. must be made for securg. safety of Canal.
We don't offer to do that for ever. They and the French must come in and help. Then, with Turkey, we cd. force E. to join in 5 Power system.
- Base in M/E. Asked M/D. to prepare a lecture on extent of threat to M/E. by R. (see Minute). My view : strong Air Base in Cyprus wd. suffice to hold back, by denying Commun^{ns}. any R. advance upon M/E. I'm not convinced tht. big M/E. base is vital. All we need is enough strength to keep E. in her place in peace and preserve the Canal.
- A.E. Do you wish me to break off negotiations?
Is memo. acceptable or not?
- P.M. Para. 2 certainly is unacceptable.
- L.P.S. We are all pledged to a M/E. Pact. My only doubt is wthr. we can get fwd. on bi-lateral basis? If we cd. get it on to multi-lateral basis, we cd. pin down E. re M/E. Pact at same time as we commit ourselves to w'drawal.
- Al. Striking force near Canal, eg. At Gaza, wd. suffice to protect security of Base. A Brigade Gp. wd. prob. do, to start with.
We want E. agreemt. to air organisation. They wdn't dare attack it once it was under Allied control.
C.O.S. content with memo. save for word "thus". Only intended for purpose of getting negot^{ns}. resumed.
- A.E. Can't get other Powers into negot^{ns}. at outset.
- Sw. Unless E. accepted 4 Power basis in some form or another, we shd. not conclude an agreement.

A.E. If you don't want para. 2., I'll leave it out. I put it in to serve our own advantage.

Agreed : Approve para. 1. only. Omit para. 2.

1. Transport.

[Enter Sw., D.S.]

L. Bill will take 2½ months to prepare.

P.M. Can't accept that. Can it not be simplified?

L. No.

P.M. Then a one-clause Bill must be passed to enforce a standstill on refusal of licences [under 1930 Act]. Quite imposs. to justify this at time when rlyway fares are going to be raised.

L. 80/90 cases decided, w'out publicity, since Govt. came in.
Don't arise from natⁿ : all under 1930 Act.

P.M. That was a Labour Govt. Act – based on woes of rlyway shareholders.
Tolerated on that a/c by Tory Govts. in 1930's. Diff. now rlyways are nat^d. That transforms the posⁿ.
Standstill must apply to 1930 Act.

L.P. Can go on to consider 1930 Act – but separately.

2. Unemployment in Textile Industries.

R.A.B. Owing to Lancs. recession Press expects concessions on p. tax.
£80/100m quoted – wd. mean total removal of tax fr. textiles.
Alternative approach, preferred by B/T., is to place direct Govt. orders.
This wd. give certain empl. – 14,000 p.a. for £10 m. of orders.
M/S., H.O., M/S., M/N. are in posⁿ to place about 20/25 m. – 28,000 to 33,000.

Tax relief wd. affect only 30% of industry. Not certain people wd. spend the extra money on textiles. Unsound to do this.
In May, on Ctt^{ee} of Fin. Bill, concessions will be made on p. tax on furn. fabrics, footwear etc.
Prefer therefore to announce today direct orders : say p. tax must await Ctt^{ee} Stage, but no ques. of tax holiday or total removal.

L.P. Uncertainty is v. bad. £12 m. of goods now held in Lancs.
R.A.B. shd. be firm on p. tax – otherwise traders will hold back and things will get worse.

A.E. World over-prodⁿ of textiles – now : for a time. Some textile labour must move into other occup^{ns}. We shd. not do anything inconsistent with that.
Must face that reality.
Prefer orders to tax relief. But will they come off future years?

- M.F. Much of mine = restoration of cuts. More will be needed later.
- D.S. At £25 m, £20 m. wd. be M/S. on defence. £87 m. this yr. on clothing. Balance for 3 year def. p'mme will be £59 m. and the £20 wd. come out of that.
- P.M. Alternative : tell Lancs to go on dole. Many of them can't go into def. prodⁿ. or other work.
10% of unemplt. in cotton, at a time when at large there are more jobs than applicants. Purely a local evil. But affects Tory Party v. seriously.
- A.E. Doesn't help if next year we have no more orders to place.
- O.L. There shd. be some recovery in the trade by 1953.
- L.P. As soon as confidence grows tht. prices won't drop any further.
- Ch. Over £1.000 m p.a. output. A 10% change makes an enormous problem.
But in 2/3 yrs. we must get a shift of labour out of textiles.
- W.M. 40.000 increase in unemplt. in Lancs in March = total increase over U.K. Switch to defence can't happen until steel available and plants tooled up. Only 7.000 needed in 1952 in Lancs : 2.200 in Yorks. And 70.000 unempl^d. and more on short time. Orders wd. help to fill this interval.
- D.S. Possibly 60.000 more needed on aircraft in '53.
- J.S. We shd. have ordered C.D. Supplies this year, had it not bn. for economy cuts.
- A.E. But, in long term, we must draw down textile production.
- L.P. Same problem in U.S., Canada and Japan.
- O.L. These orders won't cure whole problem. [Exit D.S.]
- Agreed : Place £20/25m. direct orders. Announce today
"between £20 and £25 m."
Supplementary Estimate in due course.
- D.S. There will be 50% of current years' p'mme still to be placed.
- P.M. This shd. be mentioned also today.

Purchase Tax.

- P.M. Don't believe orders alone is enough. Think we shd. do somethg. on p. tax.
- R.A.B. C.117. Para. 4. Tax holiday wd. shake confidence. Agreed.
Para. 5. Tax doesn't affect sales or depression.
Anomalies of D. scheme "some concessions will be made. Don't want to make them in advance of Cttee. Stage. Must have somethg. to give away then., esp. on fabrics.
- Para. 6. D. scheme is designed to help top grades (?)
- Want to say today – no tax holiday, D. scheme must stand, will look at particular anomalies in Ctt^{ec} stage.
- P.M. Then uncertainty will remain.
If we announce this now, we shan't spoil Lancs – ship for ½ of tar.
Qua. tactics I wd. like it said now – with warning of no more concessions in Ctt^{ec}.
- A.E. You can make a v. good case for direct orders via tax concessions.
You spoil that case by small immed. tax concession.
- P.T. H/C. wd. say we were on the run, if we announced 25% cut, and keep up increasg. pressure for more.
- H.M. Believe slump is coming. P. tax can't go on indefinitely. Designed to curtail consumptⁿ in war. In slump, we cdn't use it.
For the moment, wd. prefer to say we will spend specific sum of money on this eg. £20 m. on orders and £20 m. on tax adjustment.
- A.E. Clothes for Arab refugees. I will consider this.

1. Exports to China and Soviet Union. [Enter B-H., S.Ll., Sw.

Telegram amended and approved.

P.M. Gist (tho' not text) may be published.

2. Parliament.

H.C. Business is fluid because of uncertainty of N.H. Bill.
Propose : Monday small Bills etc.

3. Government Publicity.

P.M. Have asked Swinton to take general interest in Govt. publicity – in addⁿ to his other duties.

[Exit B-H.

4. National Insurance.

Draft announcement read and approved.

P.M. If suppl. asked re increase in pension age, he will deny it flatly.

5. Kashmir.

Sal. Not mentioned since Jan. Cab. shd. be brrgt up to date.
a) No and propⁿ of troops was then crucial point in demilitⁿ. b) India mght be ready to compromise. c) Graham shd. try again.
Graham went out; but left w'out agreemt. on a). Pak. got v. emotional about it. Quieter now : but p. opinion v. excitable.
Zaffrullah wants G. to come back and negot^{ns}. to be resumed, w'out return to Sec. Council. We and U.S. pressed G. to return : but he won't and has gone to N. Yk. spkg. of a "new approach". No rept. of his mtgs. there.

We want a) damp down tension. b) Continuous disc^{ns}. W'out ref. to Sec. Council. c) Bring 2 parties together.

Faint signs of improvmnt. in attitude esp. of India. They now agree to appt^{mt}. of pleb. administrator. And, privately, have said they are about to draw back their advance forces.

On nos. of troops India suggesting some concessions : also Pakistan. Both sides may be ready to start an Oriental bargain. Pity therefore tht. G. has gone away. In odd frame of mind. May be merely fed up, or may have a new idea. Unwise to press him to return v. his will, for 2nd failure wd. be v. dangerous.

Will report any developmts. Main thing = prevent return to Sec. Council.

Al. N. will stall because longer he is there better for him.

S.Ll. Don't like the look of G. A bit wild eyed, and impetuous.

Sal. Evangelist by profession!

Note taken.

6. Meeting of British Communist Party.

M-F. General policy approved, subject to doubt on nos.
Mtg. of B.C.P. : 4 appl^{ns}. fr. persons needing visas : no personal obj^{ns}. to these. Another 10 will arrive from other countries. Told A.E. about 12 wd. come : thght that was rather a lot. But I can't control save at port. Wd. prefer to admit 10 fr. non visa countries (2 fr. each). My policy has excited no H/C. opposⁿ. Want to m'tain it. A.E. wd. accept 6 or 8 : I wd. like to make it 10. Diff. to justify "1st come 1st serve basis".

S.Ll. 12 maximum, wd. have preferred 6/8. A.E.'s view.

P.M. Effect in U.S., where it wdn't be allowed.
Shan't get any thanks, if we do risk U.S. offence.

H.C. How many fraternal delegates attend mtgs. of Labour Party? Cdn't we do the same?

P.M. Limit it as A.E. proposes.

M.F. One from each country wd. be 5 + 4.

Agreed : Limit admission to 9.

[Exit S. Lloyd.

7. Date of Coronation.

[Enter D.E.

M-F. As in memo.

P.M. 29/5 = Friday. Thought unlucky.
3/6 = Derby Day. Why not 1/6.

Sal. Monday : Prep^{ns}. on the Sunday wd. be unpopular.

H.C. Also visitors fr. outside Ldn. wd. have to come up on Sat^y.

P.M. Coronation Commⁿ. D/Ed. in Chair.

(D/Ed. will also attend mtg. King Geo. VI Memorial Ctt^{ee}.

Sal. National or Commonwealth Memorial?

P.M. National.

D.E. 28/5 wd. suit us. Said 2 Bank Hols. in 1 wk. But wd. it not be worse to have 2 weeks each with 1 Bank Hol. in it.

H.C. Wd. be in Parl^y. Recess on 28/5. If 2/6, we shd. have to extend Recess.

P.M. Against having it in Whitsun Recess.

R.A.B. Prefer 1/6 qua industrial.

P.M. Argument points to 2/6. [Exit D.E.]

8. Civil List.

P.M. Wise if R.A.B. now spoke of this, to C.R.A. and prs. Gaitskell.

R.A.B. Yes : wd. like Cab. first re-actions beforehand. This is acceptable to Queen and Mick Alexander. Want to be seen Cab, are in broad agreemt. too.

J.S. Will be some diffy. in H/C., in these diff. days, over some of these increases.

R.A.B. On c/living, this is less than '37. Palace incurring v. heavy loss. Duchess/Kent children won't otherwise have a livelihood. Otherwise Queen will have to provide for them and others in like case. Considered wthr. complete review shd. be undertaken – Windsor and B'ham Palace being handled as national responsibility. But State wd. have to pay just the same. Can't do more than take over "industrials".

P.M. Courageous approach. Accepted by the Court. Let us approve in principle.

(Approved in principle.

(R.A.B. to discuss in confidence with Opposition

(leaders and report again.

Sw. C.R.A. may suggest abolⁿ of Duchy/Lancaster revenues. Wd. be wrong to do this. You shd. be prep^d. for win. He advocated it earlier.

H.C. Why shd. State pinch 2/3rds. of D/Cornwall revenues?

R.A.B. Duchy suggested it in principle. Justified as quid pro quo for additions made under Civil List.

[Enter G.L.I. Geo.]

9. De-Rationing of Tea.

- G.L.I.G. As in memo.
Means complete freeing of trade by end/year. Good effect to offset general poor posⁿ of food.
- L.P. If we don't do this, price will rise by 8½d. If we do it, lower grades will rise by only 4d.
If we open tea market in Ldn. we shall get export trade in tea, some in dollars.
We shall have achieved something in dirⁿ of de-rationing food.
No commodity so popular, save meat.
- L.I.G. Some eventual saving in Staff.

Approve in principle : L.P., L.I.G., and Sw. to make a definite recommⁿ on timing.
Prepare statement of P.M.'s approval at 7.30 pm. today.
(R.A.B. to be there if poss).

[Exit L.I.G.]

10. Marketing of Raw Cotton.

- P.T. Report breaks monopoly of Raw Cotton Commⁿ. No legⁿ needed.
Step twds. freedom and re-opening of Lpl. Exchange.
Grateful thanks to Hopkins.
- P.M. Workers support this?
- P.T. Yes.
- P.T. Present 22/4. Announce accept^{ncc} on same date. May be demand for a debt.
- R.A.B. Advised tht. some Reg^{ns} may be necessary to avoid breach of exchange control.
- P.T. Will take that up with Ty.

12. Admiralty Dockyard at Malta.

- W.M. Negot^{ns} here likely to brk. down. Maltese returning tomorrow.
Cd. R.A.B. and O.L. join me in discussing this sitⁿ this pm.

Agreed : M/L. to settle with O.L. and Ty. Minister today.

1. Egypt. [Enter Sw.]

A.E. Para. 3 (Sudan) is improvent. because E. recognises any decⁿ S. may take. Eg. if S. opted for Comm. membership E. cdn't complain – as she cd. as Co-Domimus now. V. much better than anything so far.

Para. 1. – no change.

Para. 2. is crux. “Respective points of view” gives us right to raise general ques. of M/E. defence.

No immed^{te}. publⁿ of this. Agreed statement tht. disc^{ns}. will be opened. Then I wd. recall Stevenson and Howe.

P.M. Para. 2 brings in substance of 2 of C. 98. Gives them all. Why not stop at “Zone” * Followg. words admit their sole right to defend Zone, and assume tht. we go out and stay out. This gives us nothing more than Nahas asked for. Suppose we say this, and Wafd are returned at election, they will take all they want and deny us all else. He is guilty of unilateral repudiation of Treaty he himself made in '36.

*Or add “as part of the larger policy for the defence of the M/E.”

A.E. This gives more than Nahas a) respective points of view – they are ready to discuss our views. b) Sudan (as above). Inclⁿ of ref^{ce} to E. Army. That was friendly to us, most friendly element in E. aids us if they are armed and strengthened. Must explain request to omit these words. Can I say as above?

Al. “ ... arming of the E. Forces with whom we wish to co-operate in the defence of the area.” Wd. that help?

Sal. Or stop at “E. Forces”. Followg. words appear to imply tht. defence will be exclusive responsibility of E.

H.M. Or insert a) and b) to make clear respective views.

P.M. Willing to go down to “Forces”.

Approved – as above.

2. Nationalisation.

[Enter L^d. Ch.
[Exit L.P., H.M.]

(Not heard).

3. British Firms in China.

A.E. As in memo. with regret. Must cut their losses.

O.L. Delete “friendly” from Annex.

A.E. V. well.

4. Katyn Massacre.

A.E. No harm in Congress Ctt^{ee}. doing this – but not here!
U.S. Amb. shares this view. Ctt^{ee} may modify plan.
Cab. shd. see note because it may come before Congress. Pretty stiff :
but its right.

P.M. Don't like references to breaches of peace. We can keep order.

M-F. There wd. be demonstrations. We cd. of course control them.

P.M. Let them do it in Germany.
In Public interest that this shd. be cleared up, if it can be.

H.C. Our H/C. last year took exception to our Sel. Ctt^{ee}. visiting foreign
countries to inspect B. Embassies.

P.M. Cdn't you soften it up a bit?

A.E. i) ii) and iii) are ok. What about iv)?
Opening paras. are quite polite.

P.M. Make it shorter and simpler. Make main point tht. we can't alter our
laws to make this possible here.

A.E. V. well. And H.O. and L^d. Ch. will be consulted on iv).
Will see U.S. Amb. also, before it's sent.

5. Canadian Meat.

Ll.G. B'ground is foot and mouth in Canada, wh. prevents export to U.S.
Canada therefore asks for this.
If we turn it down, A. and N.Z. will get to know and dislike.
F. and mouth is only in W. Province.

R.A.B. We shd. make some dollars. Wd. help Canada.

Sal. S. Doms. mght get into U.S. market.

Ll.G. No danger : not v. good meat.

P.T. Wd. help Anglo-Can. relations. We can't often help them. Usually the opposite.

Ll.G. M/Ag. raises no objection.

Proposal approved.

6. Tea.

Draft announcement circulated.

P.M. Why not increase ration on 15/6.

Ll.G. Because not enough time to build up stocks. Wd. involve risk of shortage.
30 m. lbs. of tea.

Ch. $\frac{1}{4}$ of ration. Over 8 weeks will run down stocks by only 2 weeks.
Can't you stand that?

Ll.G. Stocks are dropping.
My advice is from a man whose interest it is to increase consumptⁿ.

Approved with amendments.

[Re-enter H.M. and W.]

7. War Pensions. [Exit Ll.G.]

P.M. Had read out statement to be made by M/Pensions today.

1. Parliament. [Enter Maclay, D.S., Sw., B-H.

a) Guillotine

P.M. Favour guillotine for N.H. Service Bill.

H.C. Yes : time table motion on 2nd day. We mght extend it to Finance Bill in same motion, to save separate debates. There is a precedent. It's a bad thing but warranted by Opposⁿ. behaviour. Will have times determined by Govt. not by Business Ctt^{ee}. for we opposed that change in rules of procedure in '46.

R.A.B. Can't hope to get Finance Bill through w'out time-table. Cd. Opposⁿ. be asked over floor to discuss that time-table with us. Believe Gaitskell wd. accept that.

H.C. No time to do it publicly. Wd. have to do it privately.

R.A.B. Say it on the motion.

B.H. Usual channels won't talk if we don't use ref^{ce}.

H.C. Details will have to be in motion, wh. is on Paper on Tuesday.

R.A.B. Cd. motion say only 10 days for F. Bill and leave R.A.B. to discuss allocation of that time.

H.C. I conclude – no chance of any but private consult^{ns}.

B-H. Our people want the need for this expl^d in a speech. Suggest a b'cast.

P.M. Can think of no worse subject for b'cast than H/C. procedure.

B-H. Wdn't be entirely on techn. ques.

Sw. Let R.A.B. see Press on this.

A.E. Link it up with b/p crisis. Broad argument – which cd. go across on the air.

P.M. b) Length of Session.

Practice of running on over summer recess is contrary to principles and interests of H/C. Q. Speech prelude to grand inquest, after period when Parlt. has not bn. sitting. Shd. be a long interval. Continue this Session to 15/12. Adjourn to 15/2. New Session then. Give Recess rant a proper chance. Cd. then get both big Bills before end '52. Must try hard for that.

H.C. Modern practice caused by congestion of legⁿ. in summer and complic^{ns} with H/L. receivg. big Bills at last moment. That was why we opened new Sessions before Xmas and got major 2nd Rdgs. over before Finance business in spring.

P.M. But we wdn't have a heavy legⁿ. p'mme in Coronation year.

H.C. Let us 1st decide wthr. we can pass both Bills this year.

P.M. If you can't pass Transport Bill must have a standstill Bill.

A.E. Can we see a p'mme? On basis of 2 Bills or 1 Bill + standstill.

Sal. H/L. wd. need 4 wks. for Steel Bill.

2. Iron and Steel Bill.

H.C. Ministers were asked to send me comments. Here they are.
Ld. Ch. concerned about penalties.

Sim. Choice of evils.

H.C. Have met M/L. points.

P.M. When wd. you introduce?

H.C. Shortly before we know we can go on with it.

H.C. Suggest Cab. approve this in principle and leave me and Ch. Whip to make proposals re time-table for introduction.

D.S. Agree. Don't publish until you can take 2nd Rdg. soon afterwards.
Don't want undue delay because much Press discⁿ. and many consult^{ns}.

J.S. Small Ctt^{ee}. incldg. Peers to work out time-tables + priorities.

P.M. Very well.

No conclusion reached on this Bill.

[Exit D.S.]

3. Road and Rail Transport.

(a) Haulage

L.P. Have now arrived at unanimity.
Want early statement in form of W. Paper as annexed.

P.M. Publication.

- L.P. Again – for considⁿ wthr. we shd. publish far advance of the Bill.
- Maclay. Announcement promised for after Recess.
- P.M. Cd. you then get standstill agreemt. with B.T.C.?
- L. I think so.
- L.P. If this is approved this am. conversations with B.T.C. can begin at once.
We cd. then get standstill on haulage.
- Macl. We shd. need a debate to explain W. Paper.
- M-F. Opposⁿ wd. want one, and wd. give a Supply Day.
- (b) Road Passenger Transport. [Re-enter D.S.]
- L.P. Para. 4 of memo. 1930 Act has bn. gt. advantage in past to private enterprise firms. They wd. suffer from a free-for-all. Moreover, some areas wd. get no services at all.
Conclⁿ better to hold an inquiry. Prs. its institution wd. facilitate an understanding on standstill.
- W.M. If our supporters looked at these together, they wd. welcome our action on (a). But (b) is diff^t. Before 1930, pirates took cream of traffic and other services were undermined. May now be keeping some operators off who ought to be on. We need a better balance. Standstill won't do must create a new principle and policy.
- P.M. Agree we want some new principles – which licensing authority wd. accept or Minister cd. enforce.
- H.M. Chief purpose of 1930 Act was to restrict unregulated competition v. rlyways.
- Sim. Ques. of principle is wthr. that shd. be cont^d.
- H.M. Now questioned. Dislike is not of regulating traffic on roads betwn. diff. services : but of action wh. appears to be designed to drive traffic on to the (now) nationalised rlyways.
- P.M. Seek for a set of new principles wh. Govt. cd. affirm.
- Sw. Must have an enquiry first. Announcemt. of that will help to satisfy our people.

- Sim. The fundamental ques. is wthr. Minister shd. be required (by statute to continue to have regard to competⁿ against the rlways.
- Sal. There is also the ques. of road service monopoly. Small men can't afford to fight his case for entry into a service.
- Sw. If enquiry is procdg., Minister cd. exercise a rather wider discretion in determining appeals.
- P.M. Para. 15 says m'while "no standstill". We can't live through that. Can't accept that conclusion.
- M-F. a) 1930 Act has worked with v. little complaint until v. recently.
b) For 20 yrs.
- M/T. of all Parties have administered the Act uninfluenced by pol. views. Disaster if a Tory Minister was the first to abandon this tradition of honest adminⁿ.
This is why I favour an enquiry to formulate new principles.
- A.E. What happens m'while?
- Sal. Transfer the onus to monopolist to show why he shd. be allowed to m'tain his monopoly.
- P.T. Favour enquiry. We shd. be as heavily criticised for allowg. unrestricted competition.
- L. With unrestricted competⁿ from the roads, rlways must operate at a loss.
- M-F. Don't believe Cab. Ctt^{ee} can review principles of 1930 Act.
Need an independent enquiry – if only for purpose of getting evidence.
- P.M. If so, we must have a standstill m'while.

Agreed : Approve W. Paper in principle : consider detail at a further mtg. after Recess and publish soon after Parlt. re-assembles.
Any verbal sugg^{ns} can be sent to Woolton m'while.

(c) Railway Fares.

- A.E. We shd. look more carefully at this. Increases are designed to cause maximum political trouble.
- Macl. Can't stop them. Doubtful if direction cd. be given.
- P.M. Death warrant.

Macl. No way of mitigating this. Shall I consult L.O.'s on ques of delaying it?
One possible method : remit to Tr. Tribunal to do it again. They wd. resign.

P.M. Find some means of putting this off. If B.T.C. resigns, so much the better.

Sw. B.T.C. is announcing these increases on 16/4.

Meet again at 3.30pm.

4. B.B.C. Charter.

P.M. P'pone for 12 months, or even more, while opinion sorts itself out.
Opinion v. sponsoring is growing.

No decision.

1. Railway Fares. [Enter Sw., B-H., Maclay

P.M. I hail the bolder mood of this morning, in which we are ready to stop this increase – and hope that lots of people will resign.

Sim. Proposed his formula for delay.
Directions can't be given w'out prior consultⁿ with B.T.C. Consultⁿ on Tuesday and direction given that evening.
Will show we re considering interests of workers.
The Ldn. scheme was referred to Consultation Ctt^{ee} and they concluded there was nothg. wrong with it.

Macl. They had then to take a/c of need to make both ends meet.

Sim. B.T.C. will say that on this a/c they must have relief on other fares.

Macl. Ldn. users will ask for return to status quo.

H.M. This means acceptg. general increase of 20%.

A.E. Wd. prefer to stop any increases, temporarily.

Sim. They must be entitled to increase some fares. [Enter L.O.'s

H.C. If we do this, we shall have to accept full responsibility for increases eventually made.

Att.G. If M/T. declares tht. this is in public interest, he has power to give this direction.

P.M. Give direction v. any increase.

Att.G. Wiser to direct them to hold up the scheme, until referred to Consultation Ctt^{ee}.

2. Road Traffic Act 1930.

P.M. Ready to have independent enquiry to finish by end of Session, provided principles to guide M/T. m'while are formulated for confirmatory resolⁿ of H/C. if required.

Agreed : Ctt^{ee} to consider it again. [Exit Maclay
[Enter P.M.G.

3. B.B.C. Charter.

L.P. Can we p'pone decision for 2 weeks?

I know posⁿ. of 1922 Ctt^{ee}. – cd. square them on this. But there are others outside 1922 Ctt^{ee}. whom I wd. like to consult.

- O.L. This sells the principle if T.V. is to become the main thing.
- H.C. Opinion is hardening in favour of B.B.C. There is also H/L.
- Sal. Party opinion in country isn't known. And much middle opinion is in favour of B.B.C.
- A.E. W'spread dissatisfⁿ with T.V. as it is now. Can't maintain a monopoly at level as low as T.V. as run by B.B.C.
- P.M. P'pone for a year?
- P.M.G. T.V. side of B.B.C. has bn. held back by denial of cap. investment.
- P.M. You won't carry this plan in H/C.

4. Copco.

- A.E. Some unpleasant re-actions in U.S.
But agree no concession shd. be made.

Note taken.

5. Balance and Payments.

- P.M. Don't care for "fancies". Canadian cheese.

1. Germany. [Enter Sw., B-H. and Maclay

A.E. We shd. go on with our 2 – E.D.C. and contractual arrangements.
In reply to Sov. note, we shd. not close door to 4 Power discussions.
Wd. play into their hands if we did. Want 2 Treaties signed soon after
our reply – then 4 Power cd. follow.

Pressed this view on U.S. today.

P.M. Can't let it collapse on diff^{ies}. betwn. 4 Power and U.N. supervision of
elections.
We shd. dep. 3-1 on a 4 Power commⁿ. It's what we asked for in war
on Gk. elections.

A.E. Prob. only a manoeuvre to delay the 2 agreemts. So long as we see it
does no harm in going fwd.

P.M. Must ensure tht. U.S. come in fully.

A.E. They are, on N.A.T.O.; and our guarantee is to last no longer than
N.A.T.O.

2. Egypt.

A.E. Conversations opened with Amb. He welcomes return of Stevenson
and Howe.
Propose to do that.
Internal posⁿ in E. is not bad : Wafd are quarrelling and may split.
This means less need for hurry. Elections put off.

P.M. If we leave E., we must get some of the base stocks back to U.K.
L. cd. produce shipping.

3. Tunisia : Admission of Nationalist Leaders to U.K..

A.E. 2 Nat. leaders from Tunisia want to come here. French won't like it at
all.
One alleged to have bn. tried and condemned to death in 1946 for
collaboratg. with Nazis. Trying to get ev^{ce}. of that.

M-F. Nothing v. them individually. Traditional policy to let such people in,
unless they intended to engage in pol. activities here or were personally
repugnant to p. opinion.

A.E. They are not coming as pol. refugees claiming asylum, but to use this
country as a base for conductg. anti French propaganda.

- P.M. M'tain right of asylum, but investigate their claims v. carefully.
- A.E. Labour Govt. held them back twice.
- P.M. Try to stop it, by every means of delay.
4. Railway Fares.
- L. Asked if we meant to adjust the Ldn. posⁿ. I said we intended to do so. Added that it wd. take a little time. This at a Press Conference today, with Lobby correspondents.
- P.M. Keeping way open to launch a large scheme. But clear tht. r'lways must have some more money from one source or another, before long.
- L. Yes. Need we wait. W'in 10/14 days we must make a repⁿ to Consult^{ve} Ctt^{ee}. who are likely to repeat recomm^{ns}. they made on Ldn.
We must try to arrange with B.T.C. who may be accommodating, about fares. We mght. try to get agreemt. with them first. They need not go to maximum permitted under Tribunal's award. This wd. also keep B.T.C. co-opⁿ.
- P.M. Next step shd. be W. Paper – showg. a wide policy.
- L. On transport as a whole, but not directly affectg. passenger fares.
- Sw. We hope Press will run the line that humanity is better than logic.
- L. No retrospection in any Ldn. adjustment.
- R.A.B. Don't like introdⁿ of decreases (£1¼ m) while increases are deferred. R'lways will have severe deficit if this continues. Tho' I agree tht. logic went too far and Govt. were right to protect public from inhumanity of the machine. Want sense of reality in our national economy.
- P.M. Try to carry B.T.C. with you : but, if you can't, that's where they get off.
- Sim. That wd. involve v. drastic action.
- M-F. Direction under s.4 might serve.
- W.M. Or change personnel of B.T.C.
- Macl. Shall be asked in H/C. i) when I'm to refer to Cons. Ctt^{ee}.
ii) what will be done in Ldn.

- Sw. Answer to ii) is to apply to Ldn. whatever solution we find for Provinces.
- Macl. Appearance of artificial aid to rlways cd. set loose wage demands.
5. Parliament.
- P.M. Shd. motion re time-table cover both Bills?
- R.A.B. Bit steep to do this on Fin. Bill w'out any prev. discⁿ with Opposⁿ. Wd. prefer to put in on Tues. time-table on N.H. Bill. Then, after warning by H.C., I will discuss with Opposⁿ time-table for my Bill. If I can't get agreem^{t.}, we will submit compuls. t-table at end/week.
- B-H. H.C. has agreed not to put both Bills in motion. He doubts, however, wthr. we shd. take the motion w'out opportunity for Opposⁿ to table amendments. Wants to give one days' grace for that.
- P.M. Keep Fin. Bill out of this political row.
- B-H. Better for H.C. not to mention in context of this row, need for [agreed if possible] time-table for F. Bill.
- B-H. Byng & Co. intend to obstruct on smaller Bills too, which can't be subject to separate time-table motion.
6. The Coronation.
- P.M. a) The Date. Queen prefers 2/6/53.
b) The Cost. Cab. Ctt^{ee}. L.P.S., H.O., Ch/Ex., M/W. R.A.B. may be rep^d by another Minister. Seek the mean betwn. extravagance and mingy economy.

1. Road and Rail Transport. [Enter B-H., Maclay., Sw., D.S.]
- H.C. "ever since assuming office" in line 1.
- P.M. Para. 14 shd. be omitted. I don't admit tht. rlways must in all circs. pay their way. With need to pay fixed interest on stock. Rlways can't be left dead-weight on our internal transport system. This would sabotage productivity. Can't all be done by increased fares.
- "Operation in restraint of trade" to force people to pay more for rlways and keep them off the roads.
- M-F. This para. doesn't raise that major issue. It merely promises to give rlways greater freedom in the matter of statutory rates. What we want is to avoid old rigidities in charges qua common carrier.
- P.M. Then accept amendmt. of para. 14 written into my copy.
- R.A.B. This policy won't solve the problem. 4's biased in favour of roads. Will cripple rlways. But necessary if we are to fulfil our pre-election pledges.
Wd. help me if you omitted the figure of £3 m. for the levy.
- O.L. Say : "The amount of the levy will be sufficient to amortise over a period of x years the losses incurred by the Commⁿ."
- P.M. Date of presentation. Must be in Vote Off. by Thurs. pm. if available for Monday's debate. If issued, this will be subject of debate.
If not, Party wrangle about fares.
Wd. prefer to lift it to a higher plane.
- A.E. So would I.
- Sw. Wd. clash on Fri. with Farm Prices. Publish Sat. am.
- R.A.B. Prior discussion with B.T.C. (L. and T.U.'s) wd. be v. helpful.
- P.M. They won't help. Cd. be consulted before introdⁿ of Bill.
- M.F. and R.A.B. to put up revised draft of paras. on levy.
Cab. to resume consⁿ them.
Debate on Mon, on Motion.
Levy : compromise on £4 m. Must give a figure in debate.

1. Farm Price Review. [Enter L.I.G., T.D. & Sw.]

T.D. Decision of 3/4 : £52½ m. gross. 8/4 Turner, w'out support of his team, faced his Council and got their authority to go on at £52½ m. subject to reserv^{ns}. incldg. animal food prices. Ministers met that evening and decided to hold those prices stable until Mar '53. Turner assumed tht. this included sugar beet pulp – not w'out reason in view of correspondence.

I ought to have warned my colleagues of this, and didn't. Apologise. I auth^d. offls to go on negotiating schedule, on basis tht. pulp wd. be subject of later Ministerial settlement.

Invite attention to paras. 7-8 of memo.

Standstill on animal feed cd. extend to pulp – that cd. be defended easily.

“Large farms” : 78% are under 100 acres.

Total increase, on turnover, is only 3½%.

L.I.G. Twice in H/C. we have announced decision to increase pulp price. Shall have to give a good reason for reversing it. Misunderstanding is fault of farmers' Union. Animal feed prices have bn. handled separately fr. pulp. 40.000 contracts made incldg. new pulp price – no decrease of acreage. The increase was part of last yrs' agreemt.

Total settlement, with this, wd. be £54 m. This means (?) £13 m. increase in food prices. Under Budget we are reducg. subsidies – loaf up by 3d. : butter, eggs and bacon will have to rise. This settlement means further increases. We must therefore be able to defend farmers' settlement. Can we defend this? Giving more to farmers than they need?

L.P. If contracts exchanged on current prices, why shd. we increase this price.

T.D. Issued 18/10 “M/F. expects pulp will be sold at not more than £19.10d. p. ton.” to be fixed by subsequent Order – not yet made.

L.P. We agreed with Union on current prices. We shd. stand on this and refuse farmers' request.

R.A.B. Effect on not yielding on negot^{ns}? Case on merits is clear. But Turner has behaved well and he attaches sp. importance to this.

T.D. If this is rejected, we shan't get agreemt. by tomorrow. Turner wd. have to seek fresh instruct^{ns}.

H.C. Factory in my constituency. Farmers perturbed at delay in settlemt.

We ought to announce tomorrow.
Current price (L.P.) is the price the farmers want to maintain.

L.P. If you give £600,000 for this, can you withhold £½ m. from wool?

O.L. Matter of faith : don't insist on increased pulp prices.

Sw. Critical point of negot^{ns.} for Turner. Concede this.

Sal. I agree.

Agreed : Let the pulp price be governed by the general standstill.

[Exit L.I.G. & J.D.]

2. General Certificate of Education. [Enter F. Horsbrugh.]

F.H. As in memo.

The Council includes rep^{ves.} of various Socialist bodies. Unlikely to be political trouble over this.

Sw. Present this as implementg. the policy we advocated at election viz. emphasise (b) via (a) of para. 5. Stress the discretion.

F.H. In answering P.Q. I will say first that Council have agreed tht. the excessive rigidity be abandoned.

L.P. Rest on the power of Minister to decide – don't suggest tht. it's the decision of the Council.

[Exit F.H. Enter D.S.
Maclay., B.H.]

3. Road and Rail Transport.

(a) Passenger Fares.

P.M. Saw R.A.B. last evening : there are arguments v. publishg. before Debate.

W'out W. Paper debate will be a row on fares – ok. if we have a policy on that. With a W. Paper will be lifted to a level on wh. we have got a policy.

Have we any policy on fares, incldg. London?

L. We have for Provinces : but diff. in Ldn. is tht. they are in operation. Cost of what we propose (anomalies) wd. be only about £2½ m. of wh. about 50/50 betwn. Ldn. and Provinces.

P.M. No general reduction of fares? No adjustment of bus stages?

L. No. All that is settled now. Wdn't disturb it.

Commⁿ. had discretion re sub standard fares : we shd. be regulating that.

Buses “ “ “ to adjust stages. That is a London ques. only.
No repercussion fr. anything we intervened on outside Ldn.

- P.M. Cd. we confine our action to anomalies and wd. that correspond with area in wh. we can over-ride viz., can we say we can't over-ride the general increases?
- Sim. Yes : we intervene up to the limit of the area w'in wh. Commⁿ. exercised a discretion.
- M.F. Yes : to go further and over-ride Tribunal wd. mean directg. B.T.C. to submit a new scheme. A more diff. operation.
- R.A.B. Had hoped concessions on fares wd. not cost more than £1 m. That cd. be absorbed in B.T.C. finances.
- P.M. That's not much to say in H/C.
- R.A.B. Don't yet know how far we mean to go in Ldn. concessions.
- Ch. Public will take general increase of 10% or so. What they won't take is sudden removal of basis (workmen's fares) on wh. so many people have organised their living.
- Macl. Complic^{ns}. in Ldn. are so great tht. I fear we can't solve them w'out submⁿ. of fresh scheme to Trib.
- L. Because of inter-relation of bus and rail fares in Ldn. Can't do it w'out advice of B.T.C.
- P.M. If no W. Paper, Motion wd. be limited to fares.
- (b) Publication of W. Paper.
- P.M. Ch.'s views : risk of criticism by B.T.C. if they haven't bn. consulted. Paras. 15-16. Cab. agreed, subject to L.'s drafting points.
- Ch. Unwise to publish W. Paper w'out seeing wthr. B.T.C. support can be enlisted.
Increases the risk of damaging criticism.
- L.P. Agree. I had always intended they shd. be consulted.
- R.A.B. I have always held that view because B.T.C. will have to operate road haulage until all is sold.
W. Paper stresses increased diffy. of rlways in competing. Awkward to relate that to fares controversy.

- P.M. Means 2 days in H/C.
- H.C. I'm against publishg. with such short notice before Monday's debate. H/C. wd. resent it – not enough time to consider.
- J.S. I agree. Wd. like to enlist B.T.C. support.
- O.L. Convinced by the argument tho' I began by favouring publⁿ.
- W.M. Convinced i) consultⁿ. with B.T.C. and (ii) H.C.'s point. Monday's debate will turn on having somethg. satisfy. to say on Ldn. fares.
- P.M. Motion for Monday must propose specific measures incldg. Ldn. fares. At least i) abolition of anomalies outside London. ii) approve applⁿ. to Ldn. of same principles so far as they are applicable – with an estimate of the cost.
- M-F. Are we agreed that principle of m'taining sub-standard fares is to be applied in Ldn. as elsewhere? And that, if B.T.C. won't do it, we are ready to direct them to do so? We must be sure about that.
- P.M. I am quite clear.

[Exit D.S. Maclay.

4. Bamangwato Tribe.

Not heard.

1. Road and Rail Transport. [Enter Sw., B-H., D.S., Maclay

Terms of Motion for Monday's debate approved.

2. Municipal Elections.

P.M. I will b'cast on 3/5

L.P. Have asked all Ministers (includg. members of Cabinet) to speak in the "areas" – beyond their own constituencies.

3. Parliament.

H.C. Business for next week.

4. Legislation Programme.

P.M. I have a diff. picture from memo.

I put Transport before Steel – tho' latter mght be published for discussion w'out procdg. this session. Steel can wait, under control of old cos., but road haulage is dying.

Discussed with Parl^y. Counsel : delays in getting Dept. decision is their main diffy. If this can be overcome they can move more quickly.

Have asked for wkly repts. fr. them.

Fin. Bill will be cleared by end/June (fr. H/C.)

Holidays are more important to Parlt. than legⁿ.

Transport Bill 2nd Rdg. 7/7 : Ctt^{ee} stage complete by 7/8. Rise by 10/8.

Return 15/10., and clear away remaining business. End Session by 10/12. Leave a gap before opening new Session on 10/2/53.

Too much, evidently to attempt Steel and Transport.

H.C. Apart fr. Fin. Bill other essential business (Supply, Civil List, and essential legⁿ) wh. must be finished before summer recess will mean 31 days – leavg. for Transport only days for 2nd Rdg. and guillotine motion. V. little margin for genl. debates or votes of censure.

When Bill publ^d, 3 wks. must be allowed before 2nd Rdg. (Labour's Coal Bill had 6 wks. and others 3 or 4 – we demanded that.)

If ready by 1/7, we cnd't do more than 2nd Rdg. before Recess and that wd. mean sitting until 15/8.

30 yrs. since Debate on Address taken in spring. Reason for autumn opening was need to get major legⁿ. on before Supply period.

- H.M. Long period for Coal etc., was partly because private interests affected had to be consulted before their assets were expropriated.
- P.M. Can't hold our supporters unless we do Transport Bill this Session.
- Sal. H/Lds. wd. need a month to pass all stages.
- Sw. Must consider how long we took, in Opposition, over Transport and Steel in H/L.
This confirmed P.M.'s view in favour of opening next Session after Xmas.
- D.S. There are disadvantages in p'poning Steel Bill.
We have undermined auth^y of Corpⁿ. And Fedⁿ is pulling in its horns in anticipⁿ of new Bd. – lookg. to M/S. for leadership on matters on wh. industry itself shd. assume responsibility. May have to set up a shadow Bd. of some kind.
- P.M. Can't have both. Transport must have priority.
I suggested 15/10 because Party Conf^{ce}. But Parl. has priority : may have to meet on 1/10.
Clear tht. new Session can't open before Xmas.
- H.C. * Suggest appointment of Future Legⁿ. Ctt^{ee}. }
- P.M. I wd. like to be a member of it. }
- P.M. Aim at Recess on 7 or 12/8.
Resume on 15/10. Sit on until 15/12, if necessary.
- Sw. H/L. Minimum requirement for Transport Bill wd. be – 4 weeks.
- Sal. V. tight fit.
- H.C. Will make a p'mme on those assumptions.
Guillotine motion cdn't be taken until after Recess.
- D.S. Wd. wish Steel Bill to be publ^d soon. To give confidence and to end speculation in industry.
- P.M. Cd. even have 2nd Rdg., for debate purposes, after Transport has gone to H/Lds.
- H.C. Better have a W. Paper. Tho' that wd. provoke debate.
Wd. like to discuss this issue with M/Supply.

1. Bamangwato Tribe. [Enter Sw. G.Ll.

L.P.S. Saw deputⁿ and told them y'day. Will announce in H/L. today and see Lobby afterwds.
May be asked if we will pay expenses of deputⁿ £1.000. They came un-asked. But we have turned them down. Favour paying – as a gesture.

2. Jamaican Constitution.

Approved ex post facto.

3. Daily Worker.

Sim. D.P.P. are investigating – picture in D. Worker. Services are enquiring wthr. true or a fake.

O.L. Saw y'day : instituted own enquiries via Templer.
Also considering wthr. composite shots. If that can be establ^d will suffice for answer to immed. P.Q.'s.

P.M. Probe, legally and technically.

4. Napalm : Ebor's Remark.

A.E. V. disagreeable weapon.

Al. No worse than flame-thrower.

G.Ll. We invented it – U.S. name for Bx. “gell” – to fill flame.
Fougasses. U.S. used it on aircraft.

A.E. Can't draw the line – short of atomic or b.w.
Long corr^{ce} in M. Guardian on it some months ago.

Ch. Horrors are exaggerated.

5. Korea.

A.E. i) reconstⁿ fairfields ii) exchange of p.o.w. iii) neutral observers.
On i) and iii) U.S. were prep^d to give way to secure agreement.
On ii) scrutiny has shown 60.000 of 130.000 unwilling to return – v. largely Chinese. We have declined to return by force, but offered any

form of investigⁿ (after armistice). Doms. agree with our view.
Wording of final para. is still under discⁿ.
Presented to Commⁿ. y'day : expected them to refuse : but they have
asked for adjournment. They may therefore be ready to compromise.

P.M. Ques. of honour and principle tht. we shdn't compel people to return
behind the Curtain.

A.E. We have never taken any other line – tho' some temporary mis-
understanding betwn. us and U.S.

6. Egypt and Sudan.

A.E. Stuck on Sudan. No chance of agreement. Read our latest formula, v.
little diff. from that approved by Cab. But a second para. offering
consultⁿ with Sudanese. That wd. be acceptable to Sudanese and is
right; but E. most unlikely to agree. Have asked U.S. to bring pressure
on Farouk.

Sw. If it is accepted A.E. shd. make it clear tht. S. are not being subjected
to undue pressure.

A.E. * Will circulate formula – welcome comments, if any.
If this not accepted, negot^{ns}. can't start. Then we must seek modus
vivendi w'out new Treaty pro tem.

Ch. Wd. we then go on with M/E. Command?

A.E. Wd. consider.

P.M. Dispersal of M/E. troops elsewhere wd. cost even more.
My anxiety is preservation of Canal as international waterway.

Al. Soft spot now in mil. side. Amr. confirms tht. E. Army are v. friendly :
want us to train and re-arm them. Mght get a mixed Commⁿ to
examine ways and means – mght be popular and get movement there.

P.M. Don't mind that.

P.M. Cd. we consider also Anglo-U.S. conv^{ns}. re Canal.

A.E. U.S. won't be anxious – they have pressed me to give way on Sudan.

P.M. But make it clear to U.S. we can't carry this burden alone for ever, and
tht. E. shdn't get it.

* Agreed.

7. The Murderous Usurper of Kalba.

A.E. Sheikh of Muscat (our pal) wants him out. He will go – but only on a show of force. We are staging that. There might be some fighting – but by accident – not design.

P.M. See that we [they] win any battle.

8. Transport.

P.M. Our policy shd. be expansion and enfranchisement of road transport, while m'taining life of rlways. H. Morrison's speech suggested there mght not be such gt. differences.

Rlways. Levy + reform (efficiency and pruning of redundancies).
Let rlways operate buses via unprofitable rail services.
We must bear no ill-will twds. rlways. But can't in their interest cramp their expanding future.

L. Not sure tht. "strategic" importance of rlways isn't over-played.

P.M. Fixed interest on stock is a dreadful mill-stone – cpd. with private enterprise wh. can write down its capital.

L. Seeing Hurcomb this pm. Shd. I talk on fares or on W. Paper.

P.M. Open W. Paper with him – on basis it isn't finally approved by Cab.

L.P. Yes – esp. in view of leakage in today's Press.

Sw. This emphasises need for early publⁿ of W. Paper.

P.M. I wd. like it finally approved by Ctt^{ee} and published, w'out delay.

L. H. wants to bring T.U. Deputy Chairman with him.

W.M. A good man.

P.M. Let him come – no more – but in confidence.

Sw. Aim at publicⁿ on Monday.

Agreed : Leathers to report on Thursday result of his talk with Hurcomb., with a view to publicⁿ next week. (prob. not so soon as Monday) and prs. Thursday.
Lobby Conference on day before publⁿ.

L.P. Worth explaining it also to Transport Ctt^{ee} of H/C.

Sw. Debate in H/L. cd. be arranged, if desired, while H/C. occupied with Finance Bill.

P.M. Will be pressure for early Debate in H/C.

W.M. When shd. we talk to T.U.'s concerned? Not at once. But L. might sound Benstead. Shd. talk soon after publⁿ.

Fares.

L. H. may co-operate or may need direction. Assume we are ready to direct.

P.M. Certainly.

L. When do you want changes in fares to take effect?

L.P. Not until after 15/5.

L. Wait until London change?

P.M. Too long?

L. Try for both simultaneously in June

[Enter B-H. and P.M.G.]

9. B.B.C. Charter.

L.P. Explained his compromise.

H.C. Plan to give a day in H/C. before Whitsun.

P.M. What will happen on a Divn.?

B-H. This compromise makes it a bit easier with anti. sponsors. But can't judge until that view becomes vocal and letters of protest come in v. tampering with B.B.C. After publⁿ it might be put to 1922 Ct^{ee}.

P.M. Wd. have preferred to p'pone for 2 years.

B-H. Cdn't avoid trouble that way – pro. sponsors wd. make trouble.

P.M.G. B.B.C. will be allowed to erect 5 new stations before any new co. can start. This means 4 or 5 years' delay before it can come before Parlt. This arises fr. statement tht. B.B.C. must first be allowed to fulfil its p'mme.

A.E. This doesn't give pro. sponsors v. much.

P.M.G. Profumo and his friends will stand to this deal.

- L.P.S. If Labour and Lib. oppose this : 15-20 anti. sponsor enthusiasts will dish the Govt. Why not talk to some of these?
- L.P. Offer of 2nd opportunity of Parl^y discussion shd. satisfy them.
- M-F. This is a compromise : must put Whips on : can't have free vote on a compromise wh. we have worked out.
- P.M. Amend para. 8 to read "the first licence" vice "a licence".
- H.C. Wd. prefer a debate on each licence separately.
- P.M.G. The pro. sponsors wdn't accept that. Tried it on.
- P.M. Shd. Cantuar be brght into this controversial area?
- L.P. Lord Chamberlain or Pres. of R. Society?
- L.P.S. Delete Cantuar and Sc. Judge.
- H.C. Substitute Speaker for Cantuar. Generally agreed.
- P.M. No casting vote. Delete the 2 Judges. Substitute Speaker for Cantuar. After discⁿ – agreed to retain 2 Judges. Agreed.
- Publication : to be delayed for at least one week after Transport.
- P.T. Put it to 1922 Ct^{ee} tht. this is best compromise we can get : if full support not guaranteed on 3 line Whip only alternative is to p'pone for 2 yrs.
- P.M. Must not allow 1922 Ct^{ee} to decide.
Cd. we put out a W. Paper for discussion?
- L.P. No. 30/6.
- L.P. Cd. omit "commercial" in para. 6.
- L.P.S. Won't get you out of your difficulty.
- H.C. We shall be branded as the Govt. wh. first accepted principle of sponsored p'mmes.
- P.M. Publish it – and see what criticism it evokes.
- L.P.S. Then tone down para. 6 in case we have to run out.
- P.M. You may say this week it will be publ^d in week after next.

[Exit B-H., P.M.G.]

10. Italian Labour in Mines.

L. As in memo.

P.M. Don't have a row about this.

R.A.B. Ques. of principle – eg. Manchr. Guardian article.

G.H. Increase in Br. recruitment (v. satisfy.) makes it easier to beat.

11. Unemployment in Textile Industries. [Exit G.Ll.

R.A.B. Assheton's amend^{mt.} to be accepted. Agreed.

1. Imperial Preference. [Enter Sw., B-H, G.Br.

P.T. Read proposed reply to 2 P.Q.'s.

Approved – subject to “as soon as possible” via “at the appr. time.”

2. Powers of Minister of Transport.

Sim. Stat. powers vested in M/T. personally – can't be exercised by any other persons. Powers of direction or semi-judicial functions. Can't see any answer to a challenge to any formal direction given while Maclay is ill.

P.M. Cd. appoint another, who wd. resign when the other is fit to resume duties.

3. Road and Rail Transport.

L. B.T.C. are preparing new scheme : must await it. Fares outside Ldn(?) Have also told Hurcomb about W. Paper : salient points. No serious re-action or surprise. Thinks it will be diff. to hold R. Haulage Executive staff – that's inevitable. When I asked for his comments, he said it's settled I presume – nothg. for me to say.

P.M. I shd. give him W. Paper.

L. I will when it's settled finally.

L. Benstead thght this wd. provoke increased wage claims from N.U.R.

P.M. Are Cab. solidly behind the levy principle? Assume fr. L. that bulk of assets will be marketable despite this.

R.A.B. Petrol tax : they will say levy is an additional burden. This will increase Opposition criticism.

H.C., O.L., W.M./, M.F., Sw., J.S. all expressed support for principle at stage, at request.

Publication of W. Paper : Thursday of next week. Agreed.

L. Increased price of meals on trains – 6/= to 8/6d. B.T.C. have asked M/T. to authorise this. Don't think we need take responsibility for such detail.

4. Parliament.

H.C. Business for next week.

R.A.B. This delays Finance Bill. But can't be helped.

H.C. Can I promise B.B.C. W. Paper for week following?

L.P. Leave it at Gammons' statement of y'day – 'in about 2 wks.'

[Exit B-H.

5. Road Passenger Services.

L.P. As in memo.

Sim. Is this consistent with our policy tht. this Ctt^{ec} shd. consider road/rail competition. We don't want to invite hampering of roads to keep rail alive.

O.L. Insert "passenger", at beginning of last line of t. of r.

P.M. Don't announce this until week after B'casting W. Paper.

L.P.S. Wd. prefer to omit final phrase – end at "public".

M-F. Want to direct attention to s.72 prescribing cond^{ns} on wh. competⁿ betwn. rail and road are regulated.

Agreed : Re-consider and re-submit t. of ref.

G.B. Can I forecast this in adjournment debate tomorrow?
Point to stress is differential (greatly increased) betwn. road and rail fares.

Agreed : Re-submit on Tuesd. next, amended on lines of makg. particular reference to s.72 of R.T. Act, 1930.

P.M. to see the names m'while. They shd. not all be Tories.

[Exit G.B.

6. Steel : Strike in U.S.A.

A.E. U.S. have said they will keep our supplies going and shd. not have to reduce them unless strike is a long one, which they don't expect it to be.

7. Purchase Tax.

R.A.B. Lancs. members are talking of total abolition of tax. Assheton has now advocated it last night. Don't wish to negotiate with him in his present mood.

I may be able to get away with concession proposed in memo.

A.E. Spoke to them at Blackburn and thought they accepted view that no sweeping redⁿ. cd. be made w'out upsetting whole balance of Budget.

R.A.B. New Ways and Means Resolution will be needed. Amendable. But can't give notice.

£340 m. is total yield. Can't throw it away yet.

Retailers wd. lose v. heavily on stocks if a bigger cut were made in the tax. Agreed : R.A.B. to consult with P.T., W.M. and L.P.

Bring up again on Tuesday.

8. Excess Profit Levy.

R.A.B. Suggest an ad hoc Ctt^{ee} to meet next week.

If we are to make all concessions demanded, we shd. have to put profits tax at 20% (vice 17½%).

Sw. Will delay all developmt. in mining overseas. Copper, for example, in N. Rhodesia.

R.A.B. Investment Trusts ques is outstanding. Am ready to meet it.

R.A.B. – to consult other Ministers and bring up in 10 days.

9. Egypt and Sudan.

Formula approved.

1. Allied Command in Mediterranean. [Enter Sw., 1st Lord, 1st Sea Lord, Att.Genl.

P.M. Neither I nor F.O. had realised this had assumed such prop^{ns}.

Al. C.O.S. conferred with Fechteler y'day. At lunch I put my own views – even if U.S. had best staff answer, that's not necessarily best solution. Nat^l aspirⁿ must be taken into a/c. and B. public opinion wd. not tolerate U.S. naval commⁿ in Med. anyway in peace, with all our interests in Med. and M/E. F. was impressed.

P.M. Must be considered v. b'ground of surrender in Atlantic. Carney's "southern flank" is by no means the whole of naval responsibility in Med.

C.N.S. F. took it up from Lisbon – where disagreemt. betwn. U.S. and U.K. They wanted Carney i/control, but Br. C.-in-.C. to have e/w. l/c. Y'day F. agreed on need of Allied Naval C.-in-.C. to cover all sea and sea/air oper^{ns}. in Med. Diff^{ies}. was on to whom he shd. report. U.S. said to Carney because they were concerned only with N.A.T.O. They cdn't take a/c of M/E. because outside N.A.T.O. Their plan offered no solution for M/E. needs. We rejected that – as putting l/c to M/E. under Commd. fighting land battle in Eur. We thght this man must support equally campaign in E. and in M/E. and be respons. only to St. Gp., who alone cd. reconcile needs of the 2 theatres.

F. says Fr. and It. Navies willing to operate only under Carney. We have explained to Fr. Admiral there's no problem under our Schuman.

We also say tht. if U.S. and U.K. agree, others will fall in line.

P.M. Let's have this posⁿ stated on paper today. I am not prepared to concede this U.S. claim, on top of Saclant.

A.E. i) Shows kind of U.S. interest in Med. viz. only in connⁿ with land battle. That is v. disturbing.

ii) Distinctⁿ betwn. N.A.T.O. and non N.A.T.O. Forces. Distinction shd. be betwn. forces of N.A.T.O. powers and forces of non N.A.T.O. powers.

P.M. May have to meet on this on Wednesday.

[Exit C.N.S.]

[Enter A.H.]

2. Malaya.

P.M. Action was justified : subsequent photo. was not. Marine lost the negatives, didn't sell them to Press.

6. Excess Profits Levy. }

7. Transport Policy. [Enter G.B.]

R.A.B. Suggested to P.M. inclⁿ of sentence indicatg. that W. Paper is offered for discⁿ.

P.M. We shd. be ready to adjust our views, but shd. not say so.
Wd. look irresolute. Agreed : no alteration.

8. Road Passenger Vehicles' Licensing.

L.P. As in memo.

P.M. Won't strengthen our authority with the other side if membership is proposed. Cd. give us more knowledge.
Let us have some form of private enquiry, via independent enquiry.
In R. Commⁿ repⁿ is given to both sides.
On controversial ques. you get no added strength fr. Ctt^{ee} composed mainly of people of our way of thinking.
There is no hurry. No legⁿ this year.
Let L. draw up the principles to be observed pending new legⁿ.

Discⁿ to be resumed.

1. Broadmoor. [Enter A.H. de L'isle

H.C. Small – quick report – on adequacy of security arrangements.
Chairman – lawyers. Medical assessor. Two other members eg. senior M.P.'s

P.M. Wd. have preferred to see it go back to H.O.
Need we settle this today.

H.C. Don't want to announce today.

2. Germany : Contractual Negotiations.

A.E. K.'s views circulated.
Don't think stiffening G. attitude due to R. move. But i) realisⁿ of cost of re-armament. For E.D.C. Forces (10 Div^{ns}. and T.A.F.) will cost as much as Hitler's highest def. budget in '38. ii) Industrialists, who are doing v. well, aren't keen : wd. rather compete with us etc. iii) The rel^{ns}. are quite harsh to G. because not a Peace Treaty.

K. now thinks G. mood is steadier and hopes for sign by end/May.
U.S. have insisted on many cond^{ns}. eg. de-cartelisation, wh. is unpopular with G. Wd. help if we cd. get U.S. to relax on this. Also on rep^{ns}: we shan't get any more : that is French point of pressure.
May have to ask Cab. to authorise relaxⁿ or concess^{ns}. in next 2 wks.
War Criminals : G. want Allied custody, but G. clemency. I will circulate a memo. on that ques.

P.M. Hope you will be able to pull it off.

Note taken.

3. German Financial Contribution to Defence.

A.E. Hope no add^l burden until June '53 –or anyway March. But after tht. we shall have to carry internal costs of our Occupⁿ. V. serious financial problem. Inevitable.

R.A.B. Most important to our future. We can't stand £130 m. in overseas expenditure.
Warning to U.S. foreshadows cutting down. But public statement at same time committg. us to keeping troops in Europe. Not quite consistent.

A.E. Aim of warning to U.S. is to get U.S. aid. Wd. breach all our undertakgs. to w'draw our Forces fr. Europe.

- Ch. Sceptical of figure. G. overvalue price eg. of houses etc. supplied.
Also 1.26 G. employed to every B. soldier – cost £810 p.a. each.
If £130 m, much wd. be paid in sterling if we empl^d B. vice G.
Grim : but not prs. so grim as it seems.
- R.A.B. Am circulatg. memo. on economy – we are debtor nation and yet
shouldering overseas mil. commit^{mts}. 10 times as gt. as pre-war.
- P.M. Will be better off if we bring down whole structure of W. Defence
Maximum economy. But no change in policy of m'taining. troops in
E.
- R.A.B. Don't suggest major change in policy. But we must look ahead and
see how we can sustain our posⁿ. w'out U.S. aid.
- A.E. Costs are v. diff. to judge. G. and U.S. are pressing us to reduce our
costs.
U.S. are cutting down eg. on amenities for U.S. troops.
- A.H. Challenge Prof's figure. Includes labour on works p'mmes now
completed.
We can make some economies, but not v. much. G. is only good
station B. Army has, and they are all abroad. They live better there
than here.
- Ch. 152.000 G. labour now empl^d.
- A.H. Have cut – only 115.000 now, incldg. all those in formed units in
uniform.
- A.E. We have until March and prob. June '53 to make up our minds.
No harm m'while in warning Acheson.
We are comm^d to 4 Divns. in G. and we have them : plus 2 in reserve
in U.K. – which we haven't.
- P.M. A.H. to see Ch. and agree on the figures.
- A.E. Also consider how far it is in our interests to use more Br. in the tail.
- A.H. Blunts the teeth : as we have no tail people available here to go out.
- P.M. Works p'mmes?
- A.H. Mostly married quarters etc. And almost all is finished.
- deL. But m'while other costs eg. airfields are going up.
- W.M. Para.9. One or two firms with priority say they may have to discharge
some men we have supplied to them. H. Page are keeping some key
men only to save us embarrassment.

- Sal. Canada – h'to has paid own expenses : tho' capital cost has come out of our share of Occupⁿ Budget. If they are now asked to pay capital, they wd. be paying both that and m'tenance wh. others aren't doing.
- P.M. G. cd. be asked to pay for houses wh. they will have in the end.
- Ch. They are paying now: and by '53 we shan't want any more built.
- P.M. At this stage no indication of any change of policy.
- R.A.D. Must review all our overseas mil. commitments.
M'while can carry on for 6 months.
Wd. prefer to look at G. occupⁿ costs in that larger context.
- P.M. {M/Def. (Chairman) Prof. Swinton, F.O. Minister, Ty. rep^{ve} – calling
{Service Ministers into consult^{ns}. – to review G. costs and aim at
{getting proposals for reducg. cost to about £70 m. when it falls on us.

{Agreed.
- [Exit A.E. A.H. de L.
[Enter P.M.G., B.H.]
4. B.B.C. Charter.
- L.P. Alterations wh. make it easier to retreat, if need be. Paras. 6, 7
(“some element of competⁿ may well be ...”). Also don't ask Parlt. to commit themselves.
- O.L. * Para. 7 last sentence shd. be limited to television – eg. add “in this field”.
- J.S. Nothing can happen in this Parlt. Our object shd. be to leave it to the next.
- P.M. If it proves generally unacceptable, we cd. renew existg. Charter for 2 yrs.
- R.A.B. Consider alternative : abandon sponsoring on practical grounds : lose 70 or so of our supporters and push it thro' with Opposⁿ support. Disadvantage of this course – slightly dishonest, obvious pol. compromise.
- P.M. We shd. expose ourselves to risk tht. Opposⁿ wd. find a means of defeating us – on some ingenious amendment.
V. serious to rely on Opposⁿ to carry measures disliked by large section of Govt. supporters.
- Sw. This is not disingenuous – we make clear the practical limit^{ns} and leave the decision to a future Parlt.
- R.A.B. But many of us believe in m'taining present monopoly of B.B.C.

O.L. I am an anti-sponsor, but I can swallow last sentence of P.7.

Sal. This is about the best we can do.

M-F. I agree with that view.

P.M.G. {Second sentence of para. 7 will affront pro-sponsors. Delete it.

P.M. {L.P. should see again the men with whom he reached his “bargain”.
 {Agreed.

* {Govt. spokesman in H/C. : M. Fyfe.
 {Report on x/ on Tuesday, with further revised proof.

5. Legislative Programme. [Exit P.M.G.
 [Enter D.S. and G.Br.

H.C. As in memo.

Sal. I have agreed to this. But my advisers say one month in H/L. is not enough. Can't see other way of completing before Xmas.

H.C. In gt. need we cd. have a week or so in Jan. (para. 7).

Sal. That wd. help. Socialists treated H/L. pretty well on time.

P.M. Take Alternative B. but advance (push it fwd.) by one week.

Agreed : H.C. and Sal. to work out new plan on that basis.

Steel Bill.

H.C. Plan of using Standing Ctt^{ee}. Don't want time table in Ctt^{ee}. – only Labour Govt. has done that. Majority of 3 doesn't guarantee success of Govt. views. Even if we accept these disadvantages it wd. be necessary to meet on 30/9 to get it thro' and also to sit in January.

P.M. Wild gamble.
 x/. I had assumed Steel wdn't be introduced until Transport has gone up to H/Lords.
 Consider resolⁿ. enabling sick to be replaced.

H.C. Cdn't come after. H/L. cdn't finish it in that event.

P.M. Why not carry over?

H.C. No precedent save for a hybrid Bill, and only one for that effectively. Tho' in 1919 Bonar Law proposed but w'drew motion to carry over a Bill continuing war legⁿ.

O.L. Pol. advantages in doing Steel a little later.

D.S. No : wiser to let new system settle down before another Election.
More likely then tht. Labour wd. not make re-nationⁿ an electoral issue.

O.L. That problem will continue so long as a no. of shares remain unsold.

Sw. No point in starting this unless you can see it thro' H/Lds.

P.M. Agree : and can't do that w'out a carry over.

D.S. Alternative : 2nd Rdg. after Whitsun and Standing Ctt^{ee} to get thro'
H/C. before summer recess.

P.M. Much too dangerous to put it in Ctt^{ee} w'out replacement of sick.

Agreed : Don't decide today, but no prospect of passing
this Bill in current session.

[Exit G.B. and D.S.]

6. Industrial Disputes – Newspapers.

W.M. Dispute is likely to spread in course of next few days.
Thompson's won't discuss with Unions.
Propose appoint^{mt.} of Ct. of Enquiry into origins and nature of dispute.
After current consult^{ns.} are over.
We have no power to bowl him over.
Report of Enquiry wd. be laid before Parl. Newspaper Soc^y etc. will
prob. come out critically against Thompson.

1. Trieste. [Enter Sw., B.H.]

A.E. Best we can do. Brings nearer the day when we can w'draw our troops.

P.M. Glad Y. will have Pola. Tito saw Randolph 10 days ago : didn't seem v. anxious over Trieste : bitter v. Soviet : has eyes on Albania if war comes.

A.E. Change in para. 8. Gives too much to Ital. Pol. Adviser as drafted.

Approved, subject to amendment of para. 8.

2. Korea.

A.E. Consultⁿ before retaliatory bombing in event of large scale attack. To ensure rapid reply, Labour Govt. assumed P.M., M/D., and A.E. wd. act in emergency on Cab's behalf.

P.M. No hurry, we will consult Cabinet.

3. Exports of Rubber to Russia.

A.E. Agreed with Ministers concerned. This is w'in what U.S. wd. accept.

P.T. Shall soon be talking to U.S. re grain contract. Must know where we stand. Recomm^{ns} in para. 24.

O.L. 25.000 satellites – 5.000 below what we have supplied. Hope final decision on that can be delayed – not usually comm^d to Soviet. Prob. will have to be done, but shock to Malaya if it leaked out now when sharp drop in rubber prices has just occurred.

Ch. Calculⁿ re civil and mil. uses in R. is not firm : they wd. transfer to mil. use at will. Doesn't matter if policy acceptable to U.S. But we c'dn't rely on this calculⁿ in argument with U.S.

P.T. U.S. accept the posⁿ re backlog. No ques. raised on that.

Ch. Wd. it be worth assuring ourselves tht. U.S. agree on a higher level?

A.E. Mght invite disagreement.

P.T. We shall tell them our policy.

A.E. I will consider with B/T. how to tell them.

P.M. Avoid a row with U.S.

R.A.B. Support this policy. Coarse grains (pigs) are essential.

Sal. Ceylon : any limitⁿ of export wd. be serious. Cd. U.S. be invited to buy a stipulated amount of rubber fr. them.

A.E. This memo. puts larger export than last year.

Sal. Hope there will be quotas.

P.T. Ceylon doesn't control shipments now. I will discuss with Sal.

4. Parliament.

Sal. Debate on Transport in H/L. Wed^y (Because of Motion on Paper (can't be done.
x [Try to transpose these days.] x

H.C. Business for next week.
Wed : F. Affairs. Thurs : Food and Agric. – on Supply Days.

5. Equal Pay.

Fri : P. Members' Motion on equal pay in public services.
What line do we take?

P.M. We've taken a line in election. Stick to that.

R.A.B. Am considering equalising increments, tho' not pay. Will report on that.

B.H. One of our people will put down an amendment we shan't be able to accept.

6. Legislative Programme.

P.M. Transport Bill. Present 1/7. 2nd Rdg. 15/7. By 7/8 get as much done as you can and open Summer recess (aim at that).
Recess until 13/10 : can't resume earlier : mustn't wreck Party Conference. Sit under 18/12 if necessary (nearly 9 wks.) tho' aim at 16/12.

[Exit A.E.]

H/L. cd. meet on 20/1. H/C. not until 27/1, when they wd. take Lds. amendments.

Sal. 27/11 to 18/12 = 3 wks. + 1 wk. after Xmas. Might do it.

Tight fit.

P.M. Prorogue 5/2. New Session 10/2.

Let H.C. take this suggⁿ into account.
Resume – Tuesday.

7. Foot and Mouth. [Exit B-H.
[Enter T.D.

P.M. Concerned at policy of slaughter. Needs review.

T.D. 164 pedigree Jerseys of Iveagh's have had to be slaughtered. The compensation has bn. paid, however – and v. promptly.
On genl. policy we must stand fast. Have convinced D/W'minster tht. adminⁿ of policy has bn. approved.

Public alarm is due to w'spread standstill order.
Since Nov. (the start) 257 outbreaks. eg. Germany 155.000 in 1951 :
or 20.000 in France in 1st qut. of '52.
Propose to make a statement in H/C. today.
Worst area = Cheshire.

L.P. U.K. is world centre of research on this ques. Our Dr. Galloway is the accepted world authority. No cure discovered.

T.D. 2.000 t. meat lost since 14 Nov. cpd. 1.26 m. consumption – or .02% of consumption.
Animals : 14.250 cattle, 7.000 sheep, 6.000 pigs and some goats.

J.S. Sc. pressure to close border on outbrk. in England. To give more confidence to buyer of export stock.

T.D. Experts favour single central control, for speed. Will discuss with J.S.
They were v. quick in spotting this outbreak and Scotland cdn't have spotted that.

Policy re-affirmed. [Exit T.D.
[Enter O.P., G.Lloyd

8. Supplementary Pensions.

W.M. As in memo.

i) Present any change as tidying up only. ii) Find some substitutes for the enquiry wh. Labour Govt. had in mind. Eg. an enquiry of a wider kind wh. cd. include it. Para. 6.

R.A.B. Range of ii)? No "Old People's Charter" incldg. all geriatrics, I hope.

- W.M. No – not so wide as that.
- O.P. Concern at risk tht. pension will become larger than pay.
- W.M. Tidying-up scheme wd. not suffer any long delay.
- Memo. approved.
9. Malta : Dockyard Dispute.
- P.M. Deakin says Adm^y. discriminate unfairly.
- W.M. Govt. and Admiral are both v. increasing the offer.
- P.M. Give what is agreed : but don't slam the door finally.
- W.M. May hear more of it. May have to consider then giving more for some concession on their part.
10. Wages : Claim by Engineers.
- W.M. Against advice of Executive. Hope they won't succeed.
R.A.B. is seeing N.J.A.C. I'm seeing employers today to urge them to be tougher.
- R.A.B. Can't freeze claims. Must stop exaggerated demands.
There will be a break in prices eventually and a fall in c/living.
Some eg. rlwaymen are not getting paid enough.
- W.M. Raising lowest paid infringes on differential. Must try to tie increases to productivity.
- R.A.B. Leaders are v. friendly.
- [Exit O.P.]
11. Industrial Disputes : Newspaper Industry.
- W.M. V. little chance of settlement betw. firms and Unions.
Firms won't welcome Ct. of Enquiry and won't accept award in advance.
Unions won't therefore ask for it, but wd. co-operate if I appoint one.
Real danger : spreading of dispute. Have assembled kindred trades at 4.30 pm. today to consider means of avoidg. sympathetic strikes. P.A. is biggest risk. If this fails, may have to appoint Ct. of Enquiry.
- Thompson may start action for conspiracy. Want to appoint my Ctt^{ee}.
before that.

My plan i) seek to limit any spread.
 ii) appoint Ct. of Enquiry if that fails. (Then it
 will be concerned with wider national interest
 than D.G. Thompson & Co.)

[Enter de L., Maudlin, Reading.

12. Aviation Spirit.

- L. U.S. are cutting by 35% : expect us to follow suit.
 Embargo on export. Restrict to 65%. Apl. consumption : lasts 28
 days.
 As U.S. helped oil cos. over Abadan, we ought to come into line over
 this. Corp^{ns}. didn't like this – loss of traffic. But U.S. Line's will
 suffer. K.L.M. mght take advantage of this. Despite this, I advise that
 we shd. follow suit. Gesture – shd. therefore be immediate.
- P.M. Mil. aspect. Important to built up our reserves of aviation spirit.
- de L. 110 days' supply at war time rates worldwide.
- L. Repercussions will not be serious.
- G.L.I. Cut is inevitable because U.S. won't supply normal amounts.
 What we want is to come in at once in partnership with U.S. on world
 situation.
- R. U.S. have profited fr. helping us over Abadan. This shd. be justified
 on grd. of short stocks, not pleasing U.S.
- L. Our stocks wd. run down v. rapidly if we delayed cut in consumptⁿ.
- P.M. Must avoid drawing on mil. reserves.

Approved.

1. Germany : Reply to Soviet Govt. [Enter P.M.G., B-H., Sw

Draft reply – noted.

2. Defence : Talks between M/D. and M. Plevén.

Al. Reported on talks on previous day.
Support for E.D.C. Best contⁿ by R.A.F. ii) B.A.O.R. iii) R.N.
Summarised what each cd. do and sugg^d staff talks on ways and
means. Link already thro' B. Mil. Delegⁿ.

They heard me politely, but Juin stressed logistical diff^{ies}. of joint
oper^{ns}. by several countries. Obvious problem : one for Shape : but
wd. be worse if B. Forces were integrated more fully with E.D.C.
French are still sore at our not having joined E.D.C.

Joint communiqué issued at conclusion. Based on A.E.'s statement to
H/C. on 15/2 : hope it will be approved.

Plevén still anxious to convince Deputies of our support. Cd. we make
a further declⁿ. in 2 Houses just before he speaks to Deputies.
Two staffs are at work : that is a practical step.

A.E. Fr. Socialists won't be satisf. by any further statement. They will vote
in the end.

Al. (In reply to P.M.) I did not suggest training Germans here. – only that
we wd. help in training of G. Army (sc. in Germany).

P.M. There will be P.Q. on this.

3. Equal Pay.

R.A.B. Motion has attracted Tory support.
Choice : i) table Amend^{mt}. and put Whips on.
ii) let Fin. Sec. spk. and seek to avoid a vote.
Trouble about ii) is tht. Motion invites Govt. to name a day for introdⁿ.
of equal pay.
Can we be sure of getting the chaps here on course (i).

P.M. Wd. prefer to see it talked out – preferably by Tory back bencher.

R.A.B. The issue will come to a vote because debate will last all day and Spkr.
wd. accept motion tht. ques. be now put.

B.H. Don't want to whip on a Friday. Also back benchers are sympathetic
to the motion.

H.C. Don't wish to appear to oppose this in principle. Talk it out or let it be passed.

R.A.B. Cdn't implement it for 12 mos. anyway.
Let Fin. Sec. say we can't do it yet. Then try to get a back bencher to talk it out.

Agreed : Say it in a speech.
Don't have official amendment.
No Whips.

4. B.B.C. Charter.

L.P. The pro-sponsors wdn't take our draft. Said they wd. sooner we were frank and turned us down. They wdn't support vague wording. They couldn't be budged. They believe they have a big majority in H/C. They insist tht. Govt. shd. declare their decision tht. there shd. be competition in television.
B.B.C. are whipping up support for monopoly.
Can't predict how opinion mght be divided in Parlt.

P.M.G. Important point, in para. 8, tht. Parlt. will determine cond^{ns}. before first licence is issued.

R.A.B. Only the terms and cond^{ns}. – not the ques. of principle.

P.M.G. Parlt. cd. throw them out.

A.E. Feeling in our Party is strong and unanimous in favour of allowing some competition.

Sim. Why do we favour competⁿ in principle, in television not in Sound.

P.M. There is no answer to that – save that it is a pol. compromise.
P'pone it for 3 years. We can't get an agreemt. We shall be beat on a division.

A.E. Can't go fwd. with this unless we are sure Party will vote for it.

J.S. 85% or more are firm on this.

P.M. Para. 25. Don't want to be committed. Prefer to say "P.M.G. under the general authority and direction of the P.M."

Agreed : And delete Para. 25 third sentence.

R.A.B. We are deserting the national interest under back bench pressure.
Same as transport. Where is this tending?

- Sal. Believe this may command a majority of Tory Lords.
- H.C. H/C. can't discuss this and Transport before Whitsun. Propose to take it immed. after Whitsun.
- Sal. H/L. can't easily wait so long – Reith has a Motion. Propose tht. H/L. shd. take it first.
- Sw. Awkward because the vote carried the formal approval for executive action.
- Sal. Have promised R. not to be later : must at least be on same day.
- H.C. Don't want H/L. to lead on both this and Transport.
- P.M. H/C. can't grumble if they have no time to do it first. No principle at stake in this.

Agreed : (Put out W. Paper this week (Thursday)
(Let H/L. debate it if they wish
(H/C. to debate on 9/6.

* Para.18. worthies shd. be warned in advance. (P.M. to write.

[Exit P.M.G., B.H.
[Enter L.I.G. and T.D.

5. Meat : South American Negotiations.

L.I.G. Financial limit was imposed. Ask now for higher ceiling. For cuts made, since we came in, in other foods. Wd. be v. diff. to defend not buying meat wh. is available – esp. as we have favourable balance with Argentine and they have taken special steps to make meat available (eg. meatless days and higher price to producer). If we took all we cd. get there in Uruguay, it wd. involve only another £15 m.

Limit of 160.000 t. wd. be mistake – earlier agreemt. promised max. trade. His second condⁿ v. purchase of our goods is reasonable.
A quantity limit is bound to provoke increase in price because they want sterling.

P.M. Consumption of meat p. head in U.K. is only 60% of 1938.

R.A.B. Limit of £25 m. made on 26/3. Added £5 m. because of concession on oil.
Enough now to promise to buy more meat if they buy more imports.

Ch. Why don't we get corr. increase in our exports to A.? Then we cd. buy more of their meat. Why don't we barter oil and meat [: and raise our prices corr. with theirs.] - 10 tons of oil for 1 t. meat. as last year.

L. We have sold the oil already – can't barter now.

- Ch. Our expenditure on meat is relatively small. Look for £15 m. to cut out of other overseas expend^{re} – a cut of 2% overall wd. do it. It is a choice of unpalatable courses.
- L.P. Is it – what of mutual trade. They must have sterling to buy our goods.
- A.E. Method of negotiation : I wd. continue a) and c) from the start. Otherwise we shd. be offering at outset to buy only £21 and we are wishing to sell £30 : and they will turn sour on you. They want to sell meat to us. On Uruguay : we shd. ask now what amount is available, adding tht. we can't spend anything like as much on their's as on A. meat.
- P.T. Amount and price of our exports must be kept in view. Ready to take all their meat if we can force our textiles on them. We may well be able to agree on a higher level of trade than R.A.B. proposes. We shd. impress this on our negotiators.
- A.E. I agree. Don't start with 160.000 tons.
- R.A.B. £30m. plus whatever extra goods we can sell to them. Not only textiles – coal and oil if necessary.
- Sal. A. and N.Z. prices are v. much lower. There will be tendency for them to press for higher prices.
viz., No ceiling at outset of negotiations. See where we go.

6. Meat Prices.

- L.P. Price must rise because Budget decⁿ on subsidy. Ration increase wd. be simultaneous.
- Ll.G. Shd. I announce this in H/C. debate Thursday?
- P.M. Shd. like to see the list of changes.

[Exit T.D. and Ll.G.
[Enter D.S.

7. Germany : Manufacture of Guided Missiles.

- A.E. U.S. keen tht. G. shd. make short range guided missiles. We dislike this : mainly because of effect on B. public opinion. Can't dissuade G. – save by promise of co-opⁿ wh. M/S. doesn't like. Choice now is betwn. c) and d).
- D.S. Common p'mme wd. be even more dangerous than allowg. G. prodⁿ. They are a long way behind Allies. Collabⁿ with G. wd. dry up exchange/informⁿ with U.S. They are suspicious even of Australia because of Comm. leanings.

If they make these in G., they will get back Germans who are workg.
here : about 30 of them.
On propulsion G. are well advanced. On guidance they know less.

P.M. Offer (d) on condⁿ they don't suck informⁿ out of G. here.

D.S. Cdn't do that.

Ch. They can produce rockets now.
Guidance : techn. quite diff. for short range. Beam riding works for short, but not for long.
Why not limit by length of weapon (eg. 2 metre) – also location of manuf. as far away as possible.

D.S. They will do all research they can into long range.

Al. V. remote danger of G. mil. resurgence.

P.M. I agree. If they turned v. us, they wd. get atomic thrashing at once.

Al. Give consent on condⁿ of location acceptable to us and fix eg. shores of Lausanne.

D.S. And limit of size – ask G. what they suggest.

D.S. This is the risk I wd. prefer – rather than common p'mme.

[Exit D.S.]

8. United Nations Association.

Sal. U.N. Assocⁿ passed resolⁿ of protest v. Govt. policy.
Mtg. on Sunday in B'ham – first of a series to be organised by U.N. Assocⁿ to explain just why C.R.O. policy is wrong.
I wish to resign my Vice Presidency.

A.E. Try first to get it stopped. Pol. consequences of dissociatg. ourselves fr. U.N. Assocⁿ. Much Liberal opinion in this Assocⁿ.

Agreed : F.O. and C.R.O. to get it changed.

C.C. 53(52)

15th May 1952

1. Parliament. [Enter Sw. and B-H.]

H.C. Business for next week.
Wed. Transport Policy. Motion – invite approval of policy in W. Paper.

P.M. H/C. re-actions?

B.H. Not v. enthusiastic.

M-F. Chairman of Agreed.
Road Haul. Assocⁿ. gave warm welcome at luncheon speech.

P.M. Govt. spokesmen : M/T. open – P.M. may reply.

A.E. Yes : want a bigger reply than Parl^y. Secy. Hasn't gone v. well in the country.

Sw. In H/L. Lucas may not make the declⁿ tht. Labour will re-nationalise.

2. Civil List.

R.A.B. Have seen Opposⁿ. They weren't v. helpful. Sugg^d. contingencies fund shd. be in trust (P.M. Chanc + Keeper of Privy Purse) and E.E.B. wd. certify any deficit before it was drawn upon. I have accepted this.

Motion will be brrght in on Mon. – for Select Ctt^{ee}.
Have offset Ch/Duchy Cornwall revenues v. Contingencies, on lines sugg^d by H.C.
They had a nibble at Duch/Lanc. revenues; but I resisted that.

3. Excess Profits Levy.

R.A.B. Am tabling amendmts. tonight. Won't discharge new plan.
But will give full story on Tues. pm. in speech; and then table the remaining amendments.

[Enter D.S., and A.L-B.]

4. Legislative Programme.

H.C. As in memo. Want new Session to open on 3/2 because short period before Supply business. Shall have trouble in finding time for legⁿ. next session.

P.M. Welcome this plan. A guide, not a rule. Must see how we go.
Review in 3 months.

H.C. Short time betwn. Ctt^{ee} and Rpt. will cause trouble in both Houses, and also to Ministers i/c Bill.

A.L.B. 26 days were allowed in H/C. on Labour's Transport Bill. That comparison will be case in our teeth.

P.M. Fr. Legⁿ Ctt^{ee} for 1953. Approved.

5. Steel Bill.

D.S. We can't be silent about our plans. If we are to p'pone until '53, new Bd. cdn't operate until Jan. '54. Shall have to try to set up similar machinery on a voluntary basis. Also prelim^y. negot^{ns}. on sale of some of the more readily saleable units – eg. Vickers have ear-marked capital for that and can't hang on to it for long w'out knowledge. Must therefore publish plans before summer Recess. Either 2nd Rdg. of Bill. or W. Paper and a 1 day debate on it; and then publish the Bill.

P.M. I favour 2nd course.

M-F. So do I.

H.C. And I. Must find a day.

P.M. Publⁿ. of Bill would show we haven't bn. idle; and only Parl^y. time table prevents us going on.

Sw. Put detail in W. Paper and hold back text of Bill.

Agreed: Detailed W. Paper in June.
1 day debate in H/C. after 2/3 wks.
Announce then no time to legislate before
next Session, but m'while admin^{ve}. action in
anticipⁿ.

[Exit A.L.B.]

6.

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ACT 2000

7. Council of Europe.

A.E. May come up.
This doesn't fit well with N.A.T.O. into which we are more anxious to bring Doms.

Also involves amalgamating. St. area in Europe.

- O.L. Hard enough to Comm. Won't work unless fiscal policies of members is centrally controlled. If imposs. in Comm., hopeless in Europe.
- Sal. V. much concerned. Arguments in Annex B. are conclusive of paras. 3(2) and (3) and (5), all of which is true.
Boothby really aims at includg. U.K. into a federal Europe, wh. wd. break up the Comm.
- P.M. Needn't go so far. Why shdn't we associate Comm. countries with C/Europe; in a general way.
- Sal. We are not members of Europ. community, but of an Atl. Comm.
Even if we refer it back to Assembly, it may raise false hopes.
Wd. prefer to say at once we can't accept it or ask Doms. to envisage it. Take a firm line now.
- P.T. Agree with A.E.'s conclⁿ. But don't let us tie ourselves in advance to particular line of comm. policy. Many arguments in Annex B. have no reference to Annex A. I have subm^d a memo. on Comm. Policy and we shd. take our line, then consult Comm.
- M-F. Endorse paras 6 and 7. But agree with P.T. I don't accept reasoning in para. 3 of Annex B. Don't quite accept Sal's view. S^t Laurent, Menzies and Evatt and Holland all support Eur. greater unity and our leadership in that.
Embrace concl^{ns}. but can't accept arguments in para. 3. Pol. fedⁿ isn't inevitable : sterling convertibility is not relevant.
- P.M. We shd. be with not in any Federal system in Europe.
But Eur. unity has won gt. sympathy in Doms. They wd. like some contact with it. Not imposs. for them too to be with not in.
- A.E. But do we now still prefer Atlantic Community.
- P.M. Assocⁿ with Assembly (not Ctt^{ec}) isn't objectionable.
- O.L. But this plan is concerned with economic and financial co-opⁿ.
- P.M. Not in favour of that – only friendly interest in it by Doms.
Don't encourage rivalry or rigid separation betwn. N.A.T.O. and C/Europe.
Agree Comm. is No. 1. circle : but there are others wh. we can belong to and support.
- Sal. Comm. lookg. twds. U.S. already : that may be intensified if we try to force them into closer assocⁿ with Europe. Mght also weaken our ties with Comm.

P.T. Gap betw. sterling and dollar world. Can't rule out assocⁿ of some kind betwn. sterling and non sterling/non dollar world.

D.S. i) All U.K. parties at Strasb. have opposed U.K. entry into any fedⁿ.
ii) Stressed our Comm. connⁿ.
iii) This sort of plan is designed to find another way of ensurg. our closer association. V. vague idea. Unwise to suggest (as in para. 6(c)) reference back; for Assembly can put no precision on this. Wd. prefer to keep it in Ctt^{ee} of Ministers. Certainly no Eur/Comm. Confⁿ – wh. wd. not be inter-Govt. but quite irresponsible. But much of this comes out of desire to help us, and unwise therefore to turn it down. Why not ask other Eur. Govts. to formulate their ideas more precisely and then U.K.

A.E. Ctt^{ee} may say “not our idea, we have nothg. to say”.

D.S. Then they shd. reject it. No advantage in getting Assembly to look at it again.

H.M. Don't send it back to Assembly. Stall it off as stale.

Sal. Even that amount of acceptance wd. be wrong. Don't draw Doms. into C/Eur. Only contact shd. be thro' U.K. Must record my dissent. Fear disintegrating effects on Comm.

Agreed : Get it p'poned w'out ref^{ee}. back to
Assembly. Point out diff^{ies}.
“Civilly disengage”.

[Exit D.S.
[Enter A.H., de L.

8. Germany : Defence Contribution.

A.H. We have made economies. U.S. have not. Easier for them to make economies now. Fr. exp^{te}. also has gone up by 100% since '49. Our forces have gone up and our expenditure down.

P.M. Our past virtues shd. be stressed.

R.A.B. Support A.E.

de L. R.A.F. 20 to 28 squadrons by July '53. Diff. to secure an absolute economy in context of expansion of our Forces.

A.E. In last resort we shd. have to pay ourselves.
This new Allied plan is more favourable to us.
1) Memo. approved. 2) M/D. to submit memo. on
bldg. (War and Air Min^y)

[Exit A.H. de L.

9. Yugoslavia : Economic Aid.

- A.E. Fairly satisfy. for us.
Cab. shd. note tht. the 3 Govts. propose to lecture them at same time on their investment p'mme. As Tito is angry with us now, I am trying to p'pone for a bit eg. June. Want to give this warning because want next year to reduce our contribⁿ.
- Ch. Para. 8(1). Will this cost much?
- A.E. There are some to be paid to us – we forego repaymt. instead of giving new money.

10. Cotton Imports.

- Sw. Thght. it wd. have to be settled by Monday.
But now have secured a week's delay.
Will now have it up at E.P.C.

11. Meat.

- P.M. 60% of pre-war here. France – large increase. Germany – small increase. We are suffering to an extent much greater than any of those whom we beat or rescued in the war.
Am circulating a memo. on this.

12. Emergency Powers.

- P.M. Right of entry w'out warrant. Contrary to Tory policy.
Sack the snoopers and limit powers of those who remain.
- M.F. Progress of enquiry with D.R. etc.

1. China. Withdrawal of B. Firms. [Enter Sw., J.P.L.T.]

P.M. Can we do anything?

A.E. No.

P.M. D. Tel. suggests w'drawal of our rep^{ves}. This surely is a time to keep them – to discuss details if they will.

2. Royal Visit to Australia and N.Z.

J.T. Need early decⁿ to abandon use of Gothic. Figure doesn't include charter cost. Wanted for the meat run, fr. Austr. in August.

P.M. Total cost, if we used Gothic, wd. be nearly £2 m. Quite understand Ad^{my}. want to drop the subject. But wd. cost only £125.000 more to use her, with all her advantages.

L. Too late to alter her before her next trip. Cd. perhaps persuade owners to take a lower figure. Cd. p'pone decision until after this next trip.

J.T. Yacht won't be ready in time for dates preferred by A. and N.Z., who want tour over before elections in July.

Al. Why not use Austr. cruiser?

J.T. V. old and uncomfortable.

P.M. Not at all suitable.

P.M. To use another line w'out alterⁿ wd. stultify money spent on Gothic.

L. £27.000 compensⁿ for space lost on next trip.

Sal. Choice is betwn. 2 and 4 : choose the cheaper.

L. Trouble is : v. few small liners in those waters. Otherwise you come on to P.O. mail boats, much too big. Only about 2 suitable ships which wdn't have to go out specially – Union Steamship Co. of N.Z. I assume they will fly out.

Sal. Then stick to Gothic.

A.E. And try to reduce add^l expense.

R.A.B. Shall have to pay £125.000 to keep Gothic : shd. have to pay about £100.000 for another.

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- P.M. But cost of G. will come out.
- R.A.B. Gothic involves £125.000 in addⁿ to charter, which you wd. have to pay anyway.
- R.A.B. If we chartered out there, A. and N.Z. wd. pay much of cost of converting.
- L. I will try to negotiate out of the £27.000 and then we can p'pone decision.
- J.T. Ask Menzies to accept a later date, so yacht cd. be used.
- P.M. Yes.

[Exit J.T.]

3. Egypt.

- A.E. Egypt's answer rec^d this am. Rejection of ours; and theirs is unacceptable.

But satisfy. feature is tht. they want to spin things out.
They have asked Sudanese to Cairo – no harm in that.
E. beginning to relax rest^{ns} on passage of ships thro' Canal to Israel.
E. Govt. looking for good rel^{ns} all round.
If we have any equipmt. to give, a little later, it wd. help. Wd. M/D.
examine that? Things in Zone are quiet.

- P.M. What of reducg. garrison?
- Al. Mil. on spot think it mght encourage disorderly elements. But I will examine that.
- A.E. Wd. like to be able to say somethg. v. reduction to Amb.
- Al. 80.000 and all in tents. Too many.

Agreed : F.O. and M/D. to examine.
Authority to P.M., A.E. and Al. to authorise Rodeo in emergency.

4. Germany : Guided Missiles.

- A.E. Good progress generally. Looks as tho' agreemt. will be reached.

Guided missiles. Held up because Fr. don't like our proposal. I'm reluctant to press French. But our experts say short range manuf. won't help with long range : that is what worries Fr. Propose to send experts to discuss that with French.

Ch. Big techn. diff^{cc}. because short range rides a beam and that wdn't do for long range.

Agreed : Send technical experts as proposed.

5. Pacific Pact.

O.L. F.O. and C.O. have bn. drawg. up memo. on enlargemt. of Pacific Pact to include us and prs. the French.
Hope you will ascertain Menzies' attitude on this while he is here.
I see the diff^{tes}. eg. on Burma, Indo-China.

6. East Africa : Royal Commission.

O.L. Popⁿ doubling every 35 yrs. because Br. rule. Easy remedy : cultivate more of the bush. But that reduces standard of living. Mitchell recommends R.C. : believe this is a case for one.

P.M. Scream if there's no black man.

O.L. I will find one.

P.M. Cdn't it all wait?

O.L. Really urgent. I will submit names.

P.M. I'm against this unless you can find a (fairly) suitable black man.

Sal. Will raise whole issue of Kenya white settlers.

O.L. They will favour this because growing agitation about their land.

(Approve in principle.

(O.L. to submit names for P.M.'s approval.

* O.L. to send copy of Mitchell's report to P.M.

R.A.B. Will O.L. shorten the t. of ref. when he sees the Chairman.

7. Hong Kong: Constitutional Reform.

O.L. As in memo.
No conceivable voting combinⁿ wd. deprive Govt. of a majority.

Other Dpts. concerned agree we shd. go ahead. Cd. defer it again if situation deteriorated.

Sal. I support this. Indian Govt. have sugg^d. Indians shd. have separate repⁿ on Council. We think that is wrong. But shd. keep them informed.

O.L. Yes : tho' be aware tht. Portuguese are so represented.

P.M. They are v. prosperous. Cdn't they make a contⁿ to cost of defence?

O.L. Not now – when their trade is cut by sanctions v. China.

8. Bamangwato.

Sal. Att. G. has advised tht. Proclⁿ shd. be open to challenge. O.-in-C. to be laid only – no need for resolⁿ – Prayer cd. not even be made.

H.C. Sure?

Sal. Yes.

Sal. Agitation is likely to die down, in Reserve. Seretse, on receipt of pension, undertook to refrain from pol. activity; but he is doing nothing else. But can we threaten him with loss of pension? Wd. provoke gt. criticism. Better to leave him alone.

1. Durham County Council : Closed Shop. [Enter Sw., B.H., and
[Miss H.

P.M. Read answer to P.Q. proposed by M/H. and L. Govt.
I think action of Co. Council is as bad as D.C. Thompson. Don't wish
to prevent teachers fr. taking a stand against Council. I was in favour
of a strike v. tyranny.

H.M. Powers vary. Those of M/E. are stronger than mine.
Right course : apply for injunction.

F.H. Last time they gave in. My machine now in action : teachers have rep^d.
to me (s.68) tht. action of Council is unreasonable : I have asked for
obs^{ns} on receipt of reply I can give them direction. If they disregard it I
can act under s.74(i).
Teachers wd. send in notice – 3 months! to lapse at beginning of next
term.

Amended formula approved.

[Exit F.H.

2. Parliament.

H.C. Business for next week.
Adjournment for recess on Friday.
Shd. I promise resumptⁿ on Tues. 10/6. : or make that contingent on
getting Finance Bill before we rise.

R.A.B. Shall finish, I think, by sitting late next week.

P.M. Say we “hope” to return on 10/6. May help to get Bill through.

B-H. Threaten, but in moderate terms. Our side need warning to curtail
speeches.

H.C. Korea statement?

Al. Thursday wd. do. Will submit to P.M.

H.C. Air Transport policy : Wednesday. Statement.

H.C. What about statement on leakage re Transport W. Paper?

P.M. Stated facts as known. Propose to say “no source of leakage has bn.
discovered : every care was taken to preserve secrecy”.
Will make statement accordingly today.

[Exit B.H.

3. Coal.

- P.M. If it piles up, work will slacken off.
Urgent need for export. But risk of hard winter.
- L. Can't fall into trap of sending too much away. No risk of excessive stocks wh. wd. cause slackening in work. Not above normal. M'while am sending a little more abroad.
Will circulate memo.
- R.A.B. Vital export – esp. now we are paying gold to Europe for our imports : and when we need materials to increase our steel prodⁿ. The most important export we have.
- P.M. Must discuss this next week.

4. Cotton Imports.

- Sw. As in memo.
- R.A.B. Sw. and P.T. have come down a good way on their original demand. But I wd. prefer 57% - a saving of 7 m. dollars. (143 m.
- Ch. Average of last year was only 45%.
- Sw. But everyone knows they have bn. receivg. 57%.
- Ch. Can you tell Commⁿ they will have to be content with less if premium doesn't rise.
- P.M. Favour 60% because distress in Lancs.
- R.A.B. Only psychological.
- Sw. Not quite. At 60% will be much easier to hold off Brazilian market and force price down.
- R.A.B. I will accept 60%. Agreed. [Enter D.S.

5. Economic Policy.

- P.M. Disposed to let C.R.A. and Gaitskell see Part I. in suitable form.
- R.A.B. Will revise it with that in view.
- R.A.B. Reserves. Signs that drain may start again. Forward rate is tending to drop. Paying 100% gold to E.P.U. Press campaign (Times and Fin. Times) is giving impⁿ of lack of solidarity in Govt. – helped by lack of

Tory support for Govt. policy. Fin. Times y'day on E.P.L. was disgraceful. Wd. be helpful if P.M. wd. tackle Brendan.

P.M. I certainly will see him.

R.A.B. Don't want to raise external sterling now. May I leave it that I will bring this up again to Cab. when I think right moment has come. Shall talk to Menzies re Austr. balances.

Need for work this summer. a) Burden of defence on metal industries. Want this set up before Whitsun. (What?) (b) Overseas commitments shd. also be reviewed w'out loss of time.

P.M. What have we to pay under Colombo Plan?

R.A.B. Not much.
Reading has done well on that.

* Let Ch. circulate to Cabinet his minute to me.

O.L. Memo. overstresses diff. exports and under emphasises simple ones. Follows Socialist pattern of seeking to export manuf. goods. Primary materials are much easier to sell. eg. hampering of col. dev. by lack of steel : while we use steel to make goods to force on U.S. or cotton on Brazil. Much too much stress on forcing sales of metal goods on diff. markets. Coal also is same story.

P.M. Processed goods contain bigger element of wages and profits,. We aren't primary producers. Cdn't keep 50 m. here w'out quality exports.

O.L. Yes – but ques. of balance and emphasis. Investment at home is same. Steel shortage is keeping back developmt. of plants wh. cd. increase output of steel, while the steel goes into the manuf. industries. No mention in memo. of developmt. of our overseas assets, save threat of cut (para. 12). Tho' this is main hope of redressing balance of world trade between E. and West and off setting our dependence on U.S. production.

L. We are not far off the right balance.

O.L. Sterling. Can't preserve strength with sight liabilities so heavy. M'tain my support for funding sterling balances – only a ques. of timing. Para. 4. Insuff. emphasis on gt. rise in national income. Substantial surplus at home.

P.T. Accept main line of memo.
Draw special attentⁿ to para. 9. Priority for exports.

At present prodⁿ. is sub-ordinated eg. to defence. We cd. expand exports if that were not so.

Support O.L.'s views. We shd. devote more to bldg. up prod. capacity of Comm. – long term solⁿ. lies there. But Comm. must then plan, with us, to take less from dollar world. Shd. discuss this ques. with Menzies.

P.M. Need not announce cut in defence. Just see we don't get it done so fast.

* No interference with super priorities.* They don't make much impact.

Orders for other things cd. be slowed down.

D.S. Not overnight, or we wd. have to compensate. But we cd. do it over a time.

Cd. R.A.B. give us a figure of what increased exports are needed from metal industries. M'while I am seeing what I cd. do.

Don't want arbitrary cuts on defence. Want liberty to plan diversion with best use of steel.

1. Economic Situation. [Enter Sw., L-B.

P.M. Are we to expect another financial crisis?

R.A.B. Forward rate has dropped below \$2.80. Has caused depression in City. This has bn. overdone. Govt. broker has intervened. June results will be better than we once feared. But imports are not dropping as planned. From Eur. we are getting more than we shd. – and paying gold. Rumours of Bank rate rising to 5%. I don't favour that.

Ch. Imports fr. Europe are still too high. Glad R.A.B. is looking into that. Dom. cuts will come in soon.

R.A.B. Going to talk to French on this, and E.P.U., immed^{ly} after Whitsun. Will then try to discuss switchg. commodities.

2. Germany.

P.M. Take note of position.

Congrats of Cab. to A.E.

3. B.A.O.R. – Move of Headquarters.

P.M. Move of base to Antwerp. Why this enormous cost? Surely we cd. plan to take over workshops etc., in war instead of bldg. our own now. Will M/D. look into this?

Al. Yes.

4. Civil Air Transport.

Approved, subject to amendments. [Exit L-B.
[Enter G.Ll. and S.Ll.

5. Coal : Open cast Working at East Lothian.

P.M. Anstruther Gray has threatened to resign his seat if an open cast opⁿ. is begun in his constituency. Said it's best agric. land in Scotland.

L. True. We are only prospectg. now. But likely to prove rich in coal : good coal : much needed now Lanark is worked out. H.A. Ctt^{ee} has considered. Shall report again before prodⁿ. op^{ns}. begin.

Looks like ½ m. tons. With restorⁿ of ground w'in 3 yrs. – cd. recover completely in 4 yrs. Part of a big Sc. survey – for a worthwhile result.

L.P. F. and Ag. objected at H.A. Ctt^{ee} : but we agreed to prospecting. There will be a conflict about this – but must measure facts before we finally decide.

G.Ll. Admit this is exceptionally fine agric. land – pride of Scotland. Unfortunately, it's also best coal too.

Agreed : (J.S. to see Anstruther Gray : no blackmail.
(Await results of prospecting.

6. Coal : Exports.

L. As in memo. Can't afford more. Too risky. Adds 1½ m. tons to original 10 m. Bulk will be small coal. (too small to hold any stone). But power stations can use it – tho' little of it will be coking smalls. Might fetch £3 a ton (as against £6 for good coal).

R.A.B. Must have more.

On present form 19-20 m. ton stock at end/winter.
Want to see export of 12 m. tons + 1.5 m. of slurry.
Are we to take the risk on the reserves or on coal stocks.
I believe tht. in June we shd. take that risk.
Another 5 m. wd. save \$90 m. on the reserves.
Must restore confidence this summer. Only 2 ways. i) cut defence prodⁿ. or ii) expand coal exports. This is vital. Must do (ii) v. soon.
Also want to send more big coal abroad. We are in a sellers' market now : if we miss it Schuman Plan will settle pattern and we shall lose market for good.

L. Don't want to plan ahead. Can't commit ourselves beyond summer months.
Haven't got large coal w'out disturbg. domestic market seriously.
Shd. have to rob ind^{ies}. wh. can use no other types. Cd. get a bit more out of S. Wales.

Ch. Worth taking a risk. Consumptⁿ. 200.000 t. down as cpd. last year.
Half of that durg. summer wd. be 2 m. tons.
Stocks are 3 m. better.
If we did what R.A.B. suggests we shd. have somethg. in hand cpd. with last year.

L. Mild winter. Can we rely on that again?
My only hope of more = i) extra output. ii) redⁿ. in industrial demands.
Can't be sure of either yet.

- G.Ll. We hope we may do more twds. R.A.B.'s demand later in year, when we see how we are going.
All previous coal shortages, fr. Shinwell on, were due to Ty. pressure.
- P.T. Support R.A.B. Immense benefit to our trade. Wd. do more than anything to restore our trading posⁿ. Wd. improve willingness to accept our less essentials.
- P.M. * Accept L.'s offer as an instalment twds. R.A.B.'s plan. We shd. work towards that. *
- R.A.B. Want to get into market again as soon as we can. To avoid crystallisation of pattern of Eur. coal movements.
- Al. Can't that be met by saying we hope to do more?
- L. Miners may slack off then.
- Sim. B/payments is the biggest current risk we face.

Reviews again in June.

[Exit G.Ll.]

7. Korea. Prisoners of War.

- S.Ll. Haven't bn. warned of a P.Q.
Problem : shd. we make rep^{ns}. to U.S. re method of control. We have no direct informⁿ. Can only put our views thro' State Dpt. to Pentagon.
- P.M. This isn't wholly mil. issue. Involves moral issues.
When I saw Greece, Can. and Holland were each sending a co. I felt easier. But now Canada has protested, we shall be urged to protest too.
- S.Ll. H/C. didn't object to our troops being used – rather to our havg. no suff^t. informⁿ. of what's going on.
- P.M. We shd. publicise efforts made to 'screen' those in our power.

1. Steel Bill. [Enter D.S., A.H., Birch., Sw.

D.S. Leakage re W. Paper. May I say, in reply to P.Q., tht. W. Paper will be publ^d. shortly.

P.M. Want to see W. Paper first. Let me see it in draft.

2. Durham Dispute.

W.M. Now referred to me by Council as a dispute. Will ask them to define what dispute is : they may then put themselves out of court. But they may want to climb down. M/Ed. agrees.

3. Commonwealth Conference.

P.M. Read proposed reply to P.Q. re P.M.M.

P.T. I have one too. No. 3 for today. Read draft answer.
Menzies last night sugg^d a Comm. mtg. on economic ques.

R.A.B. Don't suggest we haven't got a policy.

P.T. Major ques : no need to apologise for not havg. ready answer.

P.M. Say : hope discuss at early convenient opportunity.

4. Textile Orders for Defence Programme.

P.T. Fall in prices is main cause of reduced money total. But we are firmly pledged to a figure of £20-25 m. Recommend another £5 m. orders outside p'mme - £3 m. in cotton and £½ m. of this on M/H. orders for sheets etc. This wd. enable us to increase orders in N.I. This, all told, wd. mean £22½ -23 m.

R.A.B. £20 m. wd. suffice. Wd. corresp. to £25-27 at original prices.
Don't favour union via cotton. Wd. mean suppl. est. for M/H.
Put in hosiery : £2 m. of Service orders : keep out of union cloth.

M-F. Was in Belfast last wk. Govt. v. much upset because getting only £1.9m.
In Lurgan 40% unemplt. – 23% overall. No sign of getting better in summer, as it usually does. Cotton content of union wd. give prelim. work to Lancs. Only £300.000 at stake.

- W.M. 2.2% in G.B. over 10% now in N.I. V. bad situation – 4 times worse than us. I wd. welcome somethg. more.
- R.A.B. Direct subsidy to N.I.
- P.M. To prevent excessive local unemplt.
- P.T. Can't help N.I. w'out both £22½ m. and union.
- D.S. I support M-F., on basis of recent visit to N.I.
We cd. place more canvas orders; but they cdn't absorb more at once; they wd. have continuing work in canvas mills. Wdn't help immediate unemplt.
- L.P. Union sheets are made in same mill as linen sheets – val. exports.
- D.S. Suggest stock-piling for current ???? in 1954/5. This wd. include canvas.
- R.A.B. Can't be sure union cloth wd. meet Service requirements.
- D.S. Not so. Doubts only about rayon.
- P.M. Danger of greatly increased unemplt. If it occurred, I wd. strongly recommend public works p'mme. Tory Govt. can't w'stand reproach tht. they brght unemplt. back. Large p'mmes must be ready.
[Against cost we can always offset the dole (now v. high).
x [Mustn't be caught in a hurry – must look ahead now.
A Ctt^{ee} shd. be appt^d. to make constructive proposals.
- R.A.B. N.I. and part of Lancs are abnormal. Ordinarily, we must allow some unemplt. to ensure mobility into export trades. Can't afford to put more effort with home investment projects as p. works.
- L.P. 1944 W. Paper : advised stimulatg. home consumptⁿ. as a means of averting unemplt. Prefer tht. to p. works. That's why I support textile orders.
- P.M. 10% unemplt. here (as now in N.I.) wd. mean 2 m. Can't brush that aside. They have not used Parl^y pressure in own interests.
- W.M. Textiles is special case : no movement yet in other employmt. figures.
- [Enter A.E.
- J.S. Concentⁿ of orders on N.I. draws it off fr. elsewhere – eg. linen industry in Scotland, who haven't bn. asked to tender.
- D.S. Their prices are often higher.

- P.T. Was policy to concentrate on area of heavier unempl. Scotland is not one of these.
- R.A.B. Unsound financial decisions undermine our credit.
- P.M. Def. expenditure is unsound financially.
- H.C. Is it unsound to give better quality sheets to hospitals?
- H.M. And less dollar content in union than in cotton.
- Ch. Why not go to £20 m. only? And give much of extra £3½ m. to N.I.?
- Sw. Why give the £1.5 to Leicester etc. where there is v. little unempl. and many alternatives?
- P.T. We said £20-25. £20 wd. only just qualify.
Hosiery : R.A.B. didn't object : will provide empl. in spinning in Lancs and Yorks.
- A.H. No. 1. Dress for Coronation (blues) : part wool, part cotton : £600.000.
Really shd., be placed in June.
- Sal. Costs for Coronⁿ threaten to be £3 m.
- P.M. 1) Accept memo. in principle, subject to minor adjustments in light of discussion.
2) Ctt^{ee} to prepare v. risk of more w'spread unempl.
- R.A.B. Want my view recorded.
- P.M. V. well.
- P.M. Ctt^{ee} shd. include W.M., Sw. (Chairman), H.M., Salter, D.S. Other Dpts. and Ministers may offer sugg^{ns.} and attend.
- D.S. * Record view tht. as little as poss. of new orders to put into wool.

[Exit A.H., Birch.

5. European Economic Situation.

- R.A.B. Chairmanship of O.E.E.C. – unanimous will do us good.
Belgium's excessive credits. Solution satisfy. to us – avoids paymt. in gold. \$30 m. dollars in def. equipmt. promised from U.K.
General reserve – with U.S. Aid we are holding our own.
Imports fr. Europe. The failure to fall to continuing orders from R.S.A.
We shall have to press them all further.
There has bn. some switching on imports into U.K.

- A.E. Also we cd. not have pressed Europe to take more from us.
- [Exit D.S.
[Enter L-Boyd.
6. Passenger Fares.
- L-B. Agreed in debate we shd. not allow disprop^{te} increases in special concession rates. This schedule carries out our undertakg. Agreemt. with B.T.C. on all points save season tickets and shift workers facilities. On first, they object in principle and on grds. of admin. diff^y. May have to give directions on these 2 points : won't give way easily.
- A.E. Done well to get so wide a measure of agreemt.
- L. May avoid direction. May not be legal, on a specific point.
- L-B. If Cab. approve left-hand column, I will put them formally to B.T.C. Wd. like to get this settled before next Thursday's P.Q.'s.
7. B.B.C. Governors. [Exit L-B. Enter P.M.G.
[and B-H.
- P.M. We have to appoint a new Board.
- P.M.G. About to submit recommendations.
Suggest we ask present Bd. to carry on for maximum of 2 months, but aim at new Board before House rises.
Shd. like that said tomorrow. All are prepared, if asked, to carry on, pro-tem. They wd. not, however, appoint the new D.G.
No urgency over that, for Haley stays until October.
- M-F. Method of appt^{mt}. Cab. agreed we shd. w'draw the new proposal if greatly criticised in debate. When do we announce that?
Shd. Gammans give it away in winding up – or only offer to re-consider in light of debate. Shd. have to announce it next day.
- P.M.G. Take it C.R.A. wd. oppose it – can be assumed.
- B.H. Whips don't like any disturbance of balance. If we give way on this, we may lose the division.
- M.F. Then we had better promise re-considerⁿ and no more.
- H.C. There will perhaps be an Opposⁿ amend^{mt} related to this para.
We can't vote v. that on Wed. and then accept it on Thursday.
- Sim. It's removal as well as appt^{mt} : is wrong to bring the Judges into that kind of issue. V. serious matter. I cdn't defend proposal v. that criticism.

H.C. Cd. meet that by dropping out the Judges.

If no amendment, promise to re-consider.
If an amendment, we must vote against it.

P.M. Meet at 10.15 Monday.

P.M. H.C., B.H., J.S., M.F., Sim., P.M.G., A.E. and W. (if poss.)

{10.15 pm
{10 Downing St.

{or 7.30 pm.
{in H/C. if amend^{mt} available.

[Exit P.M.G.
[Enter de L'isle.

8. Germany : Contractual Settlement.

A.E. Minor legⁿ on immunities. Don't want separate Bill. Plan to include it in B/T. Bill.
Debate on ratification. 30/6 and 1/7 suggested. Suits me.
May I promise debate in due course.

H.C. I will discuss that thro' usual channels.

A.E. Berlin : R. have given way on outlying bits of Zone. And we have made corr.^s concessions re B'casting House!

[Exit B-H.

9. U.S. Air Force : Mission of Bombers.

A.E. B.36 (largest) bombers (20) to come on training mission. On 18/6.
For 3 days. From Spain. To test base facilities.
Will be a noticeable armada. Prev. only 8 or 9 came at a time.
Wondered wthr. to ask them to divide this bunch into 2 parts.

P.M. Will draw attentⁿ to E. Anglian base. If to test take-off, one alone cd. do it. May be disturbance. Don't like emphasising tht. we are the carrier.

de L. They intend to do an exercise over W. Europe (sight and range).

P.M. Worse still. Let them send one only.
We must not parade our intent to throw bombs at them.

Agreed : F.O. to discourage this. At least it shd. be limited to one or two.

[Exit de L'isle.

10. Bamangwato Tribe.

Sal. The Queen's message cd. not be delivered at Kgotla ground because disorder.

Ordered minority not to use the ground. Then attack made on Police – 3 of whom were killed. Ringleaders now arrested and removed to south. Position restored. But I want to make it clear tht. law and order must be restored and mischief makers must be punished.

Propose to resist any demand for enquiry. Facts are well known.

1. Parliament. [Enter Sw., B.H.]

H.C. Business for next week.
F.A. debate. Opposⁿ. want 2 days by end/June on F/E and S.E.A. and p'pone German ratification debate.

A.E. That and Europe is main current topic. Date is for our convenience.
Can't have F/E. at same time because need a Motion on Europe.
No internat^l hurry – N. Baker suggests delay until G. law ques. is out of way. Somethg. in that.
Give them a day of their own on F.E. Keep another 1 or 2 later for Europe.

H.C. We can't give any more of our time than 1 day for ratification debate.

2. Central African Federation : White Paper.

Sal. Publⁿ. on 18th June. Debate in H/L. 24/6. G.W. says H/C. won't want debate for 2 wks after publⁿ.

P.M. No harm in having prelim^y. discⁿ in H/L.

3. Economic Situation : Reserves.

R.A.B. Weakness in confidence in sterling. Spot rate has fallen. Doesn't reflect facts – reserves are being held.
Want therefore to say somethg. to strengthen posⁿ. eg. "Reserves have fallen only £10 m. since end/March." To bring out strengths of recent movemt.
Then I must say – no quarterly figures till end/July, but am reviewg. periods of announcemt. May have to do weekly – to avoid crisis atmosphere.

x/ Wd. go on to say must put b/p first in all our policies. H/C. will be inf^d fr. time to time of the various steps wh. may have to be taken to secure this object. I have in mind statement before end/July on review of econ. policy.

A.E. Doubts x/. Will be asked when.

P.M. Better to act than to foreshadow.

A.E. Don't volunteer this. Say, on suppl., if asked, House will be told if and when further steps are needed.

P.M. Will also provoke speculⁿ re nature of the steps.

- Sw. Also, main need is more work by nation, on exports.
4. Supplementary Pensions Scheme. [Exit B.H.
[Enter O.P. G.Ll.]
- W.M. Suppl. schemes must be tidying up no new principle. They accepted that.
Enquiry – they won't have at all. Wd. boycott it. Suspicious because of last Govt. policy.
Suggest we drop that. Don't hold up the particular schemes.
- O.P. Form of interim enquiry. Want one into future finance of Ins. Fund.
The reserves will be eaten up by pension costs.
Want enquiry – Labour Party are hatching their policy, wh. is likely to be more expensive. Cd. be done w'in any Act. Form cd. be discussed with R.A.B. because of effect on national finances.
- R.A.B. I agree – refer to M.N.I. Advisory Ctt^{ee}.
M'while T.U.C. may get into a better mood.
- Agreed. [Exit G.Ll. and O.P.]
5. Defence Priorities. [Enter D.S., A.H., de L.]
- D.S. Working pretty well. Tho' firms are ordering w'out specifying dates when requ^d. and getting material unduly early.
Canberras – we may have a surplus to sell. eg. to Australia. Menzies is firm tht. A.'s effort shd. not be wasted on munitions prodⁿ.
Have his list, and think we can supply most of them.
- P.M. Told Alex to try to sell more Centurions to Canada.
- D.S. And U.S. are nibbling again.
- D.S. F.4 and B.35 now ready to go into prodⁿ now. Am discussg. with R.A.B. – don't prejudge his decision. But we must go forward despite C.O.S. change in strategy.
- W.M. If defence cuts, must be no gap before exports come in. Can't have arms factories declaring labour redundant.
- A.E. This is advantage of selling arms. Can find fairly respectable customers who can pay.
- D.S. Suppose no cuts on priority types of aircraft. Want similarly no delay in ordering new types when they are ready.
- R.A.B. P'pone super-priority for B.35 until we have seen the def. p'mme cuts strategy memo.

No objection to placing the orders.

D.S. Content with that.

Ch. Suppose we don't want them. V. small no. – only 50, and in 1956/7. Shd. we order these in advance. May conclude tht. only atom bombing is worth while on strategic offensive.

D.S. If we delay orders, we must put in more Canberra's to keep labour together – and we are at risk of having too many Canberras.

Agreed : place orders, defer super priority.

[Exit D.S.]

6. Visit to U.S. Strategic Bombers.

A.E. Not so formidable as I thought. On balance I think risk may be taken.

P.M. Traffic is considerable. The 20 aren't coming all at once. That changes the picture.
Minimise publicity.

Agreed.

[Exit A.H., de L.]

7. High Commission Territories.

Sal. S.A. Govt. want to publish documents. We come out pretty well. We had better present our own (fuller) selection. They want to publish in a week or so. We want ours a bit later because of Central Afr. W. Paper. Can leave 10 days or 14 after that and then bring out the other.

H.C. If ours is a bit diff. won't there be trouble?

Sal. The same documents – only they will print only extracts from some.

P.M. There can be no ques. of handing these territories over to S.A. Govt. Smuts might have got them because people felt confidence in him. But no-one will want to cede them now.

8. Menzies' Visit : Trade Talks.

P.T. Some progress on 2 – less on 2.

1) Existg. contracts : M. likely to give some satisfⁿ to U.K. manufrs.

2) Hardship : goods specially made for A. wh. can't be sold elsewhere :

tho' they will count v. quota. Shall press him on that.

3) Textiles, china, lace. Pressed for increased quota, but made no

impact on M. Shall urge further, but doubt success.
4) Even under existg. quotas, discrimⁿ in favour of U.K. He won't do that – tho' it means takg. goods fr. eg. Italy "tho' he pays in (st. area) gold. Reasons a) G.A.T.T. – arguable b) fear of offending Eur. customers – but they won't refuse wool. Real reason, doesn't want to spoil his chance of U.S. loan.
So, at present, we have achieved nothg. worth having.
Shall have to announce results. P.Q. to P.M. Tuesday.

Sal. He may get some lee-way fr. Canberra before Tuesday.
New quota for next year : in that he may give a priority to Class B. wh. includes potters and textiles.

Sw. His speech has created impⁿ contrary to his line in conversⁿ.
Press thinks he is pressing Imp. Pref. on us, and we are unwilling.

Sal. His speech related to a genl. Comm. agreemt. after wh. we go to U.S.
But he won't proceed unilaterally in advance of that – because of U.S. and also his own special interests in Austr.

A.E. Shd. consider Comm. economic mtg. eg. in autumn. Get it clear with M. before he goes.

R.A.B. Agreed on Comm. F. Min. Mtg. in Mexico in Sept.
Suggest Econ. conf^{ce}. if needed, in Oct. in Ldn.

P.T. Shan't be ready.
Get agreemt. in principle with M. before he leaves. Leave timing until later.

Sal. Raise these at Cab. with Menzies – Tuesday at 11 am.

P.M. V. well. M'while views shd. be clarified on economic mtg.

R.A.B. Must be ready to talk to U.S. in Dec. (Comm. mtg. in Nov. And shd. be P.M.'s – Fin. Ministers alone wdn't do.

9. British Transport Commission. [Enter L-Boyd.

L.B. P.Q. today. Appt^{mts}. end in Aug. or Sept. What shall we do?
We want their co-opⁿ in interim period.
Want to offer today to renew all appt^{mts}. for one year, tho' not necessarily in their present jobs.

L. Passenger Executive – all have bn. paid, and it has never worked at all.
They at least must resign.

P.M. Must secure some economies.

P.M. Cost, at most, wd. be 6 months' compensⁿ.

Reply approved.

1. Welcome to R.G.M. [Enter Sw., L.B. J.T.]

2. Royal Visit to Australia.

Gothic – approved.

Dates – Jan-March preferred. Jan for N.Z., Feb/Mar. for Austr.

P.M. I will advise accordingly.

R.A.B. Thanks for financial offer – experts will consult on detail.

[Exit L.B. and J.T.]

3. Europe.

A.E. Appeal to G. court tht. E.D.C. can't be ratified w' out 2/3rds. majority.
Trouble if this succeeds, for Adenaur c'dn't get such a majority.
Opposⁿ mainly fr. Schumacher, who is ill : Reuter, who wd. prs.
succeed him, wd. be more friendly.
Fr. continue to vacillate, but E.D.C. their own child – they are bound to
ratify.
R. - tension mainly in Berlin.

4. Korea.

A.E. Indians in touch with Chinese on p.o.w.
Krishna has indicated terms wh. Ch. wd. accept.
Either i) Prefer round figure 110.000 to be returned – 20.000 Chinese
remainder could stay. No more discⁿ of principle. That would not be
acceptable to us. We have only 20.000 Ch.

Or ii) U.N. Command to agree tht. all p.o.w. shd. go home.
Those disinclined may come to P., not under escort, to be interviewed
by panel fr. * 4 States and R. Cross. Ch. and K. Govts. will abide by
decⁿ at interview. This is first admⁿ of a neutral decⁿ and tht. they wd.
abide by it.

This is worth examⁿ and telling U.S. privately.
* Pol., Czech, Sweden and Switz.

Respectable process wd. be agreeable to us – R. Cross wd. help from
that angle.

P.M. I prefer ii)

M. Agree U.S. shd. be consulted. Encourage any decent escape fr. our
dilemma.

5. Persia : “Mary Rose”.

- A.E. Asked R.A.F. to find her. She is some way off Aden. – supposed making 5 knots wd. reach Aden Wed. or Tues. pm. No one believes she is past Aden, as reported. Hope she will go there. Don’t want to act in Suez, where eg. courts.
- L. Master promised to go into Aden.
- A.E. Trieste wd. be next best.
- L. She cdn’t get there – not enough fuel.
- A.E. M’while Mussadiq may fall quite soon. More hopeful than at any time since Nov. Persia Ctt^{cc} mtg. Fri. – will report to Cabinet.

6. Trade Talks.

- M. Area of debate v. narrow : for resl^{ns}. imposed to preserve our balances. Discⁿ. with P.T. directed to search for small accomm^{ns} of psych. import^{cc}.
3 points – i) some A. importers thght to be using this to escape fr. old contracts and make easier new ones. Agreed tht. quota for cat. B. goods must be applied first to firm existg. contracts – principle accepted.

Cd. usefully be announced.

ii) hardship cases....

x/ My Cab. pre-occupied with their pol. diff^{ies}. Want to leave room, in announcement, to try again in Canberra.

- P.T. Both M. and I am disapp^d we can’t do more.
Welcome assurance at x/.
One addⁿ. I did press tht. A. shd. ease up on U.K. quotas first. For goods bght. outside st. area have to be paid for in gold and dollars.
M. thinks he can’t discriminate these – but we shall have to balk on this in wider context.
- M. Won’t do to talk now of discrimⁿ. or preferences – wd. do us harm in U.S. eg. on our loan.
Fact is : limits to wh. we can discrim. v. continental customs because we have v. large balances with them. But impressed by gold argument. Wd. prefer to deal ad hoc when resl^{ns}. come off and not make any genl. statement in advance. There will be sympathetic approach.
- P.T. Communiqués – Statement after Ques.

Sal. Have got M.'s texts.

Agreed : M., Sal. and P.T. to vet draft statements.

7. Commonwealth Meeting on Commercial Policy.

Sal. M. has stressed need for common approach – publicly and privately.
P'mme of work.

Common approach will need much prepⁿ. Each Govt. must first clear own mind – then joint discⁿ – then consider what further action (tho' m'while indiv. countries wd. be free to approach U.S. on own problems).

We shan't be ready before end '52. C.F.M. called for Jan. in Ldn.

Shd. that be widened to cover comm. policy – other Ministers attending too. Avoids special conf^{ce}. See what progress then made : Govts. to consider results : P.M.N. cd. reach final decisions in June.

R.A.B. and P.T. agree.

No public announcemt. until other Doms. can be consulted.

M. Value of such disc^{ns}. is clear. Diff. for R.A.B. to discuss finance w'out taking a/c of trade policy and vice versa. Trade leads to developmt. ques, wh. affect capital movemts. w'in Comm. Favour early considⁿ of these problems – shdn't be regarded as hostile to any other group. Concert our policies, wthr. by preference or otherwise. Much preparat. work by experts will be essential, if pol. conference is to produce results. Stress need for prelim^y. work. Wd. wish this tackled well in advance of Jan. mtg.

Sal. Agree – don't want to risk spectacular conf^{ce}. w'out adequate prepⁿ.

R.A.B. Mtg. of off^{ds}. on finance in Aug. Cd. if necessary expand to cover commerce.

A.E. Slow – qua public presentⁿ. 18 mos. after our Manifesto. Wd. have preferred conference of P.M.'s. Wd. Nov. be possible vice Jan?

R.A.B. P.M.M. in June anyway. Nov. is v. diff. month for A., N.Z., India or Ceylon – Parl^y. business. Agree public impact won't be v. dramatic.

P.T. Desirable to have it earlier. But immense prepⁿ : can't be ready before Jan. But dec^{ns}. will be v. important : doubt if they cd. be taken other than by P.M.'s.

P.M. Cd. P.M.'s come in Jan and June?

M. Politics. P.T. and I have bn. discussing relatively small matter : gt. pol. heat engendered. Only way out is to raise it to much higher levels. From our point of view and yours gt. merit in lifting publ. attentⁿ to these wider issues.
Wd. like a mtg. as soon as practicable. We cd. attend effectively by early November. Wd. like to get it into 1952.

Sw. Political advantage of '52. All Govts. shd. make their views clear – impⁿ in U.K. tht. M. want it and U.K. hanging back.

Agreed : Work towards Nov. as date.

Sal: Level. Risk to stage it at P.M. level and fail.

P.M. Surely we cd. see by then what chances of success.

M. Get agreemt. to meet on a date, pref. in 1952.
x/ Set up a Ctt^{ee} of managers (joint) to organise the work in readiness for it.

Ought to hold it in '52. Will do us all good : we are workg. in sep. compartments on what are largely common problems.
Produces depression of spirit.

P.M. Welcome x/.

M. I agree with this procedure : will participate in x/. will be effectively represented at mtg.

A.E. 2nd half of Nov.

M. I cd. attend by then. Believe P.M.'s shd. come.

Agreed : Ctt^{ee} of Managers.
Mtg. 2nd half of Nov., prob. on P.M. level.
[R.A.B. Not too large : no second Ottawa.]

8. Defence Equipment. [Enter D.S. and Birch.

D.S. 2 lists – i) mobilⁿ and ii) stockpiling. Considered i) Figure given.
Naval p'mme longer : others 3 year period.
Army : we shd. have v. little diff^y if A. orders are phased into ours.

Included 190 Centurions.

Air. Bid in 2 classes a) those h'to expected fr. U.S. £32 m. (A)

b) “ from U.K. £15m. (A).

Odds and ends bring it up to £90 m.

Sq. Canberras can be supplied. 34 Prince trainers.

Cost of makg. them here is much less than makg. extra ones in A.

Sabres plan. Will cost more. Already obsolescent. If we cd. phase in deliveries of Hunters and Swifts to A. that wd. be much better.

We have held off Sabres because of lack of dollars.

C.119 transports. R.A.F. can't have them " ". We are takg. B'burn freighters instead. Cd. A. consider joining us in a p'mme of those?

Army regard it as ideal machine.

Naval reconnaissance 'planes. Wd. A. consider Shackletons as alternative to U.S. models.

Summing up : with poss. exceptⁿ of fighters, we can meet A.'s needs.

P.M. How will detail be settled.

M. I will take up aircraft sugg^{ns}. on my return. Can't liquidate our aircraft industry and may have to expand engine capacity.

But main ques. is vital. Increased demand on us for food prodⁿ.

With processes involved, wd. be mistake to expand munitions prodⁿ unduly. Hence a) food is high priority for U.K. and you want us to give due attⁿ to it. b) We must be able to look to you to provide the equipmt. we can't easily make in A.

And we go on to your shopping list. This doesn't restrict obligⁿ to raise and train forces.

Have discussed with M/F. who are studying demands likely to be made on us for food over period of years.

[Exit Birch and D.S.]

9. Communiqué.

P.M.'s statement approved.

M. will make 2 of his own.

10. Central African Federation.

O.L. Not heard

Gone as far as poss. to safeguard African interests.

Statement, tho' long, is factual.

M. Read it with interest. Found some familiar federal sentences – wh. don't always work as planned.

Sal. S. Rh. will have to surrender some powers to Fed. Govt: as time gets nearer they will like it less. Referendum will have to be held.

Diff., but if we don't get this Fedⁿ clock will be put back for years.

Approved.

11. Kashmir.

Sal. Latest developments.

P. may press for action v. India. Sanctions wd. be provocative.
W'drawal of Point 4 aid wd. be exasperatg. and ineffective.
But some encouragemt. to P. is necessary.
Best solution may be a resolⁿ by S. Council wh. blames India but does
nothg. much more.
Not heroic : but other courses wd. be more dangerous.
Tension is lower. Both sides really want to avoid war.

M. Possible to insert expⁿ of opinion to effect tht. undue dispropⁿ betwn.
Forces must be source of dissatisfⁿ and directg. attention of parties to
that. It is the real crux.

[Enter P.M.G.]

Sal. Will consider that.

12. G.P.O. Terrington Report.

P.M.G. Tories comm^d in opposⁿ in favour of splinter unions.
Statement tomorrow - M/L. agrees with it.
Thank Ctt^{ee} but say I don't intend to enforce its recomm^{ns}. on the
Unions. Shall take line it's not for employers (State or other) to say
who shall represent the staff. The workers must make up their minds
about that; and to give them a chance to do so I propose to do nothg.
for 6 mos.

J.S. V. diff. politically because of our pledges.
But see no better course.

R.A.B. Fin. Secy. is against this because of his past.
Accept the delay – so long as B-C. not too closely associated with it.

A.E. 12 months to 6?

P.M.G. 6 is enough : M/L. agrees. He wd. be embarrassed by any other
course. H.C. is satisfied with 6 months.
But I cd. say “in early part of next year.”

P.M. P'pone until Tuesday next.
Circulate text m'while.
You can promise statement next Tuesday.

[Exit P.M.G.]

13. Menzies.

P.M. Thanks. Wise counsel : stimulating influence.
Best Wishes. Safe journey and early report.

M. Appreciate understanding attitude of Ministers.
Talks more useful than immed^{te}. results.
Liked talking again to old friends.

C.C. 61(52).

19th June, 1952.

1. Parliament.

[Enter S.W., B-H.

H.C.

Business for next week.

B.B.C. – Asst. P.M.G. – M-F. to stand by. Monday.

Thurs. Smuts Memorial: P.M.

[Exit B-H.

[Enter 3 Serv. Min. & 2 C.O.S.

2. Korea.

A.E.

Demand tht. we be on armistice talks – in H/C. Can't at this stage:

wd. be misrepresented by Comm^{ts}. Agreed.

Larger pol. role. No. U.S. must be in lead. We cd. put a more senior man in K. Will discuss with Acheson.

Measure of integrⁿ in mil. staffs. If U.S. were willing to make statemt. favourg. that in principle it wd. help in practice & satisfy U.K. opinion. Propose to ask M/S. or Al. to canvass it with U.S. C.O.S. in W'ton.

Have not prepared draft yet.

C.I.G.S.

We are satisf. with dirⁿ of campaign since R. came in – also mil. handling of armistice talks. We are not anxious for integrated H.Q. – will be diff. to find this type of officer, in view of competing demands. We wd. fall in with Alex. suggⁿ for B. Ch. & mil. op^{ns}. But junior officers won't help, esp. on pol. side – where weakness is. W^d prefer pol. advisers e.g. M/State (U.S. & Br.).

P.M.

Cdn't ask for big share of respons. when only 1/10th of strength. Dangerous to assume it even if asked. Don't want respons. w'out authority. U.N. entrusted it to U.S. – let them go on. Don't need to get anything out of Alex mission.

Sal.

Doms. wd. welcome Dep. C. of Op^{ns}. But wd. like it mentioned to them 1st. Alex cd. spk. to Canadians: Franks cd. spk. to Menzies. Others don't matter so much.

C.I.G.S.

He shd. be Comm. rep^{ve}: we shd. ask Austr. & Can. wtr. they cd. produce a man.

A.E.

Endorse plan for Dep. Ch. of Op^{ns}. }

Tell Canada & Austr. P.M.'s as proposed. }

Agreed.

P.M.

Let U.K. nominate the man. }

Staff? }

C.I.G.S.

V. small: one.

[Exit C.O.S.

3. Coronation Preparations. [Enter D.E., O.P.]

Sal. Estimate slimmed down.

A.H. V. poor to take part in battle-dress: v. undignified, esp. as cpd. with
Navy & R.A.F.
Afterwards, will re-issue as walking-out dress.

P.M. Don't commit us to put whole Army into blue.

Service Reviews.

Sal. This is where any cut shd. fall. Tho' ex-Serv. review in Hyde Pk. shd.
stand.

P.M. Prohibitive cost.

J.T. Must bring some Med. Fleet back.

P.M. Can't have these Reviews at this cost.
Where wd. mil. review be?

A.H. In Hyde Park: wdn't be much of a show.

de L'l. Cost for us is not in oil – movements etc., and stands.

Sw. V. few people see it. Last time only a few thousand.
Fly-past in Ldn. on Coronⁿ Day wd. be more impressive.

A.E. Most Army is overseas.

P.M. C^d let ships at home be "at home" & illuminated.

A.E. Favour Naval Review alone, w'out Med. Fleet.

de L'l. R.A.F. wdn't like that.

Agreed: no naval reviews.

Assistance Board.

Sal. Ctt^{ee} recommend nothing be done. Cond^{ns} & allowances, have
changed since '37.

O.P. In '37 numerous unempl^d on assistance, havg. tough time.
To-day those on assistance are not the most hard-up. Those on
pension & benefit are worse off. Agreed.

Stands.

- Sal. Will cost over £330.000; but shall recoup most of the cost.
- P.M. They shd. pay for themselves. M/W. to devise best means.
- Sal. About £30.000 for free seats.
- D.E. Overseas visitors demand is v. gt. I now wish to build more stands & sell at profit; see £50.000 in it.
- P.M. I favour that.
- Sal. Doms – to pay full cost & dispose of own seats.

Film Rights.

- Sal. For all outside Abbey, shd. we sell the rights? Inside Abbey it wd. be official.
- D.E. Doubt if we cd. get royalties for filming of route.
- P.M. Let it be free to all, on the route.
- P.T. V. doubtful: shd. have to sell exclusive rights: then how keep the others out? Police?

Decorations.

- Sal. Is £150.000 too much? Ctt^{ee} were doubtful.
- D.E. i) getting more money from stands. ii) television at home – many more will see route. iii) colour film needs it: & will be seen all over the world. iv) The Mall etc., must be worthy of occasion. Am spending less on decor^{ns} off route: to concentrate on route because film & television.
- P.M. People shd. be told to wear their medals.
- M.F. Arches in Mall – 20.000 & over. W^d be thght. extravagant.
- A.E. No good practising cheese-paring economies.
- P.M. F'lighting is better than decorations. Do a lot of it.
- D.E. Costs quite a lot, in equipmt. & wages.
- Sal. Fireworks on S. Bank site.
- D.E. Or Hyde Park.

P.M. Prefer Thames.

Agreed: £150.000 & let M/W. do best he can with it.

Coronation Medal.

Sal. R.A.B. doesn't want to put it on sale. Wdn't sell at those prices.

A.E. *Mint 5/- piece instead. R.A.B. to consider. Agreed: Don't sell 'em.

Coronation Committee.

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

Sal. I'm v. that because we are concerned with cost.
But Ministers mght. be added to Coron. Ctt^{ee}.

L.P. Presentⁿ to school-children? Biscuit box.

P.M. Photograph of Queen? Consider.

H.M. L.a.'s will wish to celebrate. Shall have to give leave, to prevent
surcharge. Don't advise on particular celebrⁿ or particular
cost. Only a general leave.
Must not cut into total "investment" expenditure of l.a.'s.
Won't be v. large. Can be kept w'in bounds.

4. B.B.C. Appointment of Governors. [Exit O.P. J.T.
[Enter P.M.G., B-H.

P.M. C.R.A. & others have all declined to serve.

Read proposed statement.

5. Government Accommodation. [Exit P.M.G.
[Enter LI.G

D.E. Improved since memo. written. W.O. & M/F. have surrendered some.
Hope eventually to get ½ as much again.

Sw. Publish this at suitable moment.

D.E. Monthly statements.

6. Government Cars.

D.E. Am pooling – save for F.O. & G.P.O. 2 garages vice 10. 41 Serv.
drivers ret^d to duty. 75 cars put down. No sign of dissatisfaction.

P.M. Will answer P.Q. next week. [Exit A.H.]

7. Control of Building Operations.

P.M. Put R.A.B. view.

D.E. Don't accept that. Firms doing m'tenance work don't do new bldg.
To get best output we ought to let up on m'tenance – wh. has
bn. cut back because prices rise while limit is m'tained.
Licensing – only 7% are being refused. Want to get rid of it – v.
heavy admin^{ve} cost. Have agreed to delay that.

H.M. W^d have wished to support original plan. Sure that this modified
proposal wd. not cause trouble.

Agreed. R.A.B. may raise again if he wishes.

[Exit D.E.]

8. Price of Milk.

L.I.G. As in memo. This is seasonal. The rest wd. come out together in Oct.

L.P. Those related to Budget ought to be timed with new allowances.

Sw. Agreed.

Agreed – subject to R.A.B.

9. Coal

L. Can spare another 1m. tons for export.
Means 6^{1/2} better than '51.

10. Atomic Energy

Ch. Promised Belgium help in bldg pile in return for uranium. They have
now asked for Br. Director. Contract ends in '56: don't want them
give their material to U.S. Have a man we can spare: he doesn't know
too much. Shall tell U.S. in advance – agreement.

P.M. Don't upset U.S.

A.E. Worth the security risk.

1. Tanganyika: Constitution. [Enter B-H., Sw., P.M.G.]

O.L. Offl. majority will be preserved – no. of unofficals being increased.
Increases unoff^l fr. 14 to 21 but 22 officials.
70.000 Asians, mostly Muslims. 18.000 Europeans, only 3.000
settlers and bare majority of settlers are Brit. – mainly Gks.
7½ m. Africans.
Europeans won't like this: Asians will.
Criticism will come fr. certain sections of white settlers.
Based on recomm^{ns} of Constit^l Developmt. Ctt^{ee}.

Approved.

[Enter Ll.G. and T.D.]

2. Slaughter of Horses.

P.M. Read draft answer.
Cpd. it with announcemt. in to-day's Times.
Feeling in H/C. was v. intense when this was raised the other day.
This answer will raise a storm.
Why not offer another enquiry if there is strong feeling.
Much horse-meat now eaten after 6 yrs. of Socialist rule: black
market.

M-F. Read alternative draft wh. he had prep^d at P.M.'s request.
Reflects P.M. directions in wtr. all functions shd. be centred in
one Dpt. & on wtr. further enquiry shd. be held.

P.M. Prefer to announce decⁿ tht. there shd. be another enquiry.
Feel bound to have one.

Sim. Agree – Genl. support for new enquiry. M/Ag. & M/F. in particular
agreed.

Ll.G. I cd. make immediate order requiring anyone about to slaughter a
horse to notify l.a. Agreed: Do this and announce it in
reply to P.Q. Announce decⁿ to hold further immed^{te} enquiry to
see wtr. rept. of Rosebury Ctt^{ee} needs to be supplemented &
brght. up to date.

[Exit T.D.]

3. P.O. Staff Associations.

W.M. Support statement.
Feeling on both sides: the big Unions wdn't wish Minister to have
power of decision.

P.M. Party not bound by what was said in debate, only by what was

written in Manifesto.

- R.A.B. Ty. practice since '49 – on basis of wh. I have w'drawn recognⁿ from Women's Union. Any departure from Listowel [Enter J.S. formula (recognⁿ by nos.) wd. be contrary to Ty. practice.
- W.M. Real ques. is not numbers. Strong union can deal with stupid claims & suppress them. If splinter Unions are recognised big ones will have to put fwd. stupid claims, to hold their own.
- Sal. 3rd & 4th sentences beg the ques: will enrage Tories: omit them.
- R.A.B. Prefer Ty. practice & Listowel formula – recognise 40%.
- P.M.G. Ty. have always refused to accept fixed percentage. Listowel formula didn't guarantee recognⁿ at 40% - only tht. it wdn't be considered below 40%.
Wiser to give time to allow the parties to come together.
- P.M. Read lr. from W. J. Brown.
- R.A.B. Ty. practice is contrary to N. Edwards and to de la Warr.
- P.M.G. Ty. disagreed with Listowel's attempt to fix 40%. But his formula has never bn. operated, in G.P.O.
- P.M. What urgency? We must thrash this out.
3rd & 4th sentences wd. be v. welcome to T.U.C.
- W.M. Don't object to their omission.
Real problem: T.U.C. attach undue importance to E.D.T.A. because they regard it as test for all splinter Unions. I must retain good will of big Unions over coming months.
- P.M.G. I cdn't run G.P.O. v. interests & demands of staff. If I recognised E.I.T.A. I shd. have go-slow.
- W.M. T.U.C. wd. welcome this statement.
- M-F. I accept the P.M.G.'s position.
- H.C. Shall we be better off in 6 mos.' time?
- P.M.G. Not impossible to get a settlement.
- B.H. Does W.M. think this will satisfy the Tories.
- W.M. They wd. accept 6 mos.' delay, not 12 – tho' they won't like it.
- P.M. General opinion favours P.M.G.'s proposal.

{I attach greatest weight to W.M.'s view on T.U.C. reaction
{wh. is vitally important to Ty. as well as Govt. generally.
Agreed: approve statement subject to omission of 3rd & 4th sent^{ces}.

[Exit P.M.G.]

4. Irish Meat.

R.A.B. I want 20% to go to dollar area. Others only 10%. Amounts to £3 m.
B/Paymts. shd. come first. Eire doing well on this: rough
Budget. Good psych. effect.

Ch. They get v. high prices.

L.I.G. We shd. get double if we exported ours.

L.I.G. Sendg. meat fr. yr. doorstep to U.S. Replace by non-sterling.
Traditional market: stores from Eire. Rapid increase in fat cattle
exports. If we encourage this, cd. we prevent N.Z. etc. going into
higher price U.S. market. Irish exports to U.S. mght. develop.

Sal. Sh^d regret diverting Irish meat. They mght. get a habit of not feeding
U.K. market. Dangerous.

L.P. If we must keep up meat supply, we shd. have to replace fr. dollar or
equivalent sources.

Ch. Keep our imports fr. Eire level, & let them export any surplus to U.S.

P.M. Larger measures mght. be less painful.

R.A.B. I wd. not agree to replacement.

L.I.G. M/Ag. attaches gt. import^{ce} to stores.

Agreed – against R.A.B.

[Exit L.I.G.]

[Enter Nutting.]

5. Korea. Parliamentary Statement.

N. Statement by M/State. Now proposed for Tues. of next week.

P.M. This wd. be more helpful to M/D.

Sw. Argument for Thurs. is to stop speculⁿ over wk-end. That is
outweighed. But announce on Thurs. tht. it will be made on
followg. Tues.

N. Dep. C.O.S (Br.) may have bn. settled with Acheson by then.

P.M. Sh^d. he answer P.Q.'s in advance? Better ask H/C. to await his

genl. statement.

N. A.E. thght. H/C. wdn't wait for any answer to P.Q.'s until Tuesd.
Good answers tht. can be given in reply to these P.Q.'s.
No corresp. P.Q.'s in H/L.

P.M. Don't by replies in H/C. spoil effect of M/D. statement in H/L.

5. Korea: P.Q. on attack on Power Stations.

P.M. This may lead them to say we sent Alex. out to hot it all up.
Rather serious – new development.

N. a) They have bn. bombed once before – under Socialist Govt.
b) M/D. was consulted while in Korea & raised no objⁿ.

Sw. But M/State reported to have said in W'ton it was first he had
heard of it.

N. Alex may not have told him!

P.M. Read draft answer. “Attacks are no more than continuation of
existing policy: no change of policy.”
Thought no dec^{ns} on policy wd. be taken by M/D. or M/State.
“No change of policy tht. we are aware of: matter falls w'in
competence of U.N. Commr. & is not covered by any special
agreemt. betw. the 2 govts.”
x/ Add: at end: “in fact these power stations were previously bombed
on - .”

[Exit N.

[Enter R. & Att.G.

6. Privileges of International Organisations.

R. We are comm^d to granting these privileges, esp. to specialised
agencies. For these & others there is a clause to that effect in
the instrument. We have aimed at narrowing the scope of the
privileges.
Now that N.A.T.O. has moved to Paris, we have only Wheat and
Brussels.
Diff^y really is tht. Socialists dropped this in deference to Swinton's
opposⁿ.

P.M. What is urgency?

R. Must honour our commitments. See p. 6.

P.M. Why didn't Socialists do it?

P.M. Defer until next week?

Sal. H/L. objected to widening circle of privilege.
But we are committed here. Shall have to do this.
Moral: avoid extending it further while we are in office.

Att.G. Un. Postal Union has done w'out these privileges for 75 years.

M-F. Can't repudiate. We must do it.
Status of Un. Postal Union has changed since our speeches were
made.

Agreed: Again next week.
Sim. to consider wtr. we are comm^d.

1. Korea. [Enter Sw, B-H.

P.M. Welcome A.'s return. Congrats. on his discretion.
Full statement at later mtg. Monday 6 p.m. with map. M/State
to attend.
Prob. identical statements in both Houses. Tues. Opposⁿ have
asked for debate on F/East.

A.E. We will support U.S. on Yalu decision. But they ought to have
consulted us. Shall tell Acheson & ask him to be more
careful in future to remember to tell us.

P.M. W^d like to know date on wh. Truman took the decision.

A.E. Also want many other details.

P.M. Avoid public recriminⁿ – wh. wd. play into hands of Taft & Co.
A.E.'s statement of y'day will hold posⁿ until Tues. debate.

2. Parliament.

H.C. Business for next week.
P. Members – 1st motion shd. run all day.

P.M. June 30. Vehement counter-attack shd. be made by Tories – on basis
of Labour havg. lived on f. aid, on wh. we now have to pay the
interest. Situations left in wh. any Govt. wd. have had to
retrench. Have asked Ch. Whip to mobilise this from back-
benches. Here is where we regain initiative.

H.C. M/F. will open. Will a Ty. Minister reply?

R.A.B. B-Carpenter. Agreed.

H.C. Tuesd. M/State to open. P.M. may intervene, durg. afternoon, for
15 mins.

P.M. A.E. shd. wind up.

A.E. Deprecate 3. We'll see.

3. Civil List.

R.A.B. Series of disc^{ns}. Hope to finish this p.m. Present rept. next week &
discuss in followg. wk.
Diffy over Cornwall Estate. Must insist these are Duke's revenues,

but can take some into Contingency Fund durg. his minority – raising it to £25.000 p.a. to be administered by Queen.
Hope of unanimous report save Only divⁿ was on ques. wtr.
more shd. go on Votes. That is point we can discuss in H/C.
w'out talkg. of R. Family.

[Enter McLeod.

4. Broadmoor.

R.A.B. Wages aspect. Not discussed with Ty. Can't agree to statement as it stands. Have amendments which I will discuss with M/H.

W.M. Agree. W^d wish to be associated.

Sw. Want statement issued to-day.

R.A.B. Can't do it in the time.

H.C. Publish report to-day & make statement on Tuesday next?

Sw. Better be simultaneous – or Press will say what will Govt. do on it.
Favour doing both on Monday.

Agreed: Accept report. [Enter Home.
Ty. & M/L. to be consulted on statement.
Publish Monday.

5. Health Service: Pay of Doctors.

R.A.B.

W.M. W^d prefer it spread.

L.P. If treated for tax as one year's income, doctors wd. surely prefer it spread.

R.A.B. Won't be treated as part of this year's income – arrears related to earlier years.

H.C. W^d be breach of faith to avoid immediate payment.

I.McL. Complicated now by lodging of appeal.

[Exit M^cL.
[Enter L-B., G.Ll., Att.G.

6. Transport Bill.

L. As in memo.
Levy will cover rather more than ½ m. vehicles.
Rlways. Separate regional Board. But Scotland not satisfied with that.

- Objⁿ to excessive powers of intervention by Minister – on behalf of other Bds. But satisf. he must have more than now.
 Compensⁿ to those displaced fr. empl. is diff. Many will have to go outside the industry.
 Assumed all crown vehicles will pay levy. Obj^{ns} by G.P.O.?
- P.M. Of 40,000 nat^d vehicles, 3.500 will be taken by rlways.
- L.B. But large vehicles – bigger propⁿ of tonnage than nos. wd. indicate. Minister's powers. Will be v. diff. Under '47 Act we did direct on fares. W^d have bn. willing to rest on that. Otherwise M/T. may get too much harried by P.Q.'s.
 Compⁿ – can't go beyond Bill.
 Road passenger services – Party want them unscrambled. Don't want them all run by rlways. S.M.T. owned by State. Must look into this further – even at cost of delay.
 Happier now we have found means of giving rlways. reasonable share of road traffic.
 Shan't have enthus. support: but shd. carry reasonable opinion.
 Rd. Haulage Assocⁿ are calling off their antagonism.
- A.E. P. 25. 2(d). Fixing of charges.
- L.B. Taken fr. earlier Act. But cdn't defend in H/C. Shall reconsider Cl. 19 in light of B.T.C. comments.
- Sw. Want flexibility in charges: but must prevent old canal ramp.
 Give rlways. latitude to run commercially: but if used to kill competⁿ, competitor shd. have right of appeal to T. Tribunal.
- L. Once rlways. freed from need to publish rates, & operate subject to a maximum, they will be better able to offer competitive rates.
- P.T. Why not leave it open?
- O.L. Because gt. power of rlways. cpd. with small road undertakgs.
- H.C. Power of intervention. Shd. not extend the powers in Bill. Sel. Ctt^{ee} considerg. this as genl. ques. Also, we shd. be pressed to amend all other Acts accordingly. Support L.B.'s suggⁿ of relying on existing powers.
- Sal. Agree. But v. diff. problem. We feared autocratic Minister. But autocratic Bd. is more dangerous.
- L.B. Cl. 22(4) obliges Commⁿ to keep Min. informed. His power under '47 Act enables him to act if public interest is involved.
- L. B.T.C. resent havg. to rept. to Minister.

- G.Ll. This is general point. Dangerous to decide it solely on relⁿ of M/T. to B.T.C. Our exp^{ce} has bn. quite different. M/T. experience due mainly to personalities – Hurcomb.
- P.M. W^d sooner put balance of power in hands of Minister, respons. to Parliament.
- L.B. If Minister gets the informⁿ, the existg. powers are wide enough. Change wd. be interpreted as meaning more than it does.
- G.Ll. Important change is departure fr. “general” directions. New words [“genl. public importance”]. C^d now give particular dir^{ns} on matter of [].
- H.C. Don’t change on basis of one Bd. only.
- Sim. Ques. may be of gt. public import^{ce}, but directions wd. have to be of a genl. character.
- L.B. Agree: that diff^y wd. continue, if existg. words are relied upon.
- Sal. Cuts out matters of importance wh. are not nation-wide.
- G.Ll. No: public interest may be involved even in a local case.
- H. Clyde Piers – was held that Minister had no power to intervene.
- H.M. Putting this in Bill wd. open door for argument tht. we had not power to give the dirⁿ we gave on fares.
- O.L. Unwise to include increased powers in a Bill wh. is to designed to cut down extent of State control.
- Sal. Still think ‘nat. interest’ is too wide a phrase. Minister will be responsible in face of public: he shd. have the powers.
- Sim. Dir^{ns} of “general character” are the limiting words.
- G.Ll. They do give rise to diff^y. But equal diff^{ties} wd. arise fr. a power of specific dirⁿ. E.g. I cd. remove area genl. manager.
- P.M. Prefer to make no change in Bill as introduced.
- L. Experience of B.T.C. sugg^d need of more powers.
- Sw. Change Chairman, not powers.
- Sim. Want to drop “general” directions because want to increase powers of Ministers.

M-F. Impressed by argument of timing.
Propose omitting fr. Bill as introduced. Consider further before
Bill has passed.

P.M. Agree. See how opinion shapes in Parlt.
Workers Charter.

W.M. Can't go into this Bill because nature of undertakgs.

Sw. Bill is good. Socialist doctrinaire centralisation. We risked excludg.
rlways. We now say road tr. will be run either by rlways. or by
cos. in competⁿ all subject to same Tribunal.

Scottish ques. to be considered by Transp. Ctt^{ee} - & back to Cab. if nec.

Time-table.
Can't be ready by time p'mmed.
1st R. 9/7. Publish 10/7. 2nd Rdg. 18 days later. 28/7 or so.
Gives one more week in wh. to produce a good Bill.

Agreed: can't be presented next week. Settle date later.

[Enter D.S. & de L'l.
[Exit B-H., Att.G., G.Ll., L.B.

7. N.A.T.O. Off-shore Purchase of Aircraft.

A.E. i) criticism in N.A.T.O. Can be faced. They can be told it's
not their bus.

D.S. Developmts. encouraging. May get dollar orders.
U.S. likely to accept our case.
N.A.T.O. commit^{mts} i) too high ii) anyhow we shall do more than
others.

de Ll. Welcome. Realism.

Approved.

1. Korea. [Enter Sw. & Sel. Ll.

P.M. Rumour last wk. tht. U.S. were thinkg. of using a. bomb on dams because of their thickness. I telegraphed personally to T. deprecating this. T. has replied tht. rumours were unfounded. No intentⁿ to bomb the dams, even with H.E. The power stations were mil. targets because mil. use of power. Necessary for safety of U.N. troops – consistent with policy of restrictg. op^{ns} to Korea itself. W^d not depart fr. that policy w'out consultⁿ with U.K.
A re-assuring interchange.

Statements in Parliament.
Outstanding ques: proposal for Br. Ch. of Staff.

Al. Read extract fr. his proposed statement on this point.

P.M. Further para. on improvements. for political liaison – gives some support to vote of censure. W^d omit that.

Al. Didn't we go out to see if arrangements. cd. be improved.

P.M. Sh^d we assume more direct responsibility.

M/St. Was intended as U.S. political section.

P.M. That isn't clear from draft. And shd. you say it?

Sal. C^d defend it: but if it's U.S. section, doesn't concern us.

H.M. Must make it clear it wd. be U.S. section.

P.M. Read his draft. 15 other nations: to whom wd. loyalty be due: cd. he report secrets home: etc., ... ending "we are studying it."
Don't see any reason to seem too keen on this.
But if Cab. want to accept this offer, we cd. announce it to-day &
I will alter my draft – tho' I will still state some of the limitations.

Al. Clark wd. welcome it. U.S. Govt. & Comm. Govts. agree.

P.M. Prs. surely not to accept it then.

Al. i) If he's a good man Clark will rely on him to quite a large extent.
ii) Our liaison intelligence is bad. If we have a D/C.O.S. he will be able to devise proper machinery for that. We can then get a proper link.

Sal. His loyalty will be to U.N. Command.

- Al. Yes.
- M/St. Br. C.O.S. will make easier position of our Bouchier (observer) & our Ambassador.
- Sal. Can., Austr., N.Z. have agreed. S.A. haven't dissented.
- M/St. A.E. wants to accept this.
- Agreed: Approve M/D. draft. "made available" being substituted for "appointed", and para. on pol. section being omitted.
P.M. to adjust his draft accordingly.
- M/St. Will then appear tht. Dep. C.O.S. is only measure we have brght. back. We felt tht. real weakness in Tokyo is lack of pol. section. State Dpt. agree with us: Pentagon don't.
- P.M. See no need to go into that. Gt. advantage of mission was that an eye we trust has looked over the scene.
- M/St. Dening has no chance because Korea is outside his territory. Concerned only with Japan.
- P.M. Decision stands – as above.

2. Status of N.A.T.O. Military Headquarters.

- P.M. Read my brief. Any obj^{ns}?

Approved.

- Sim. In Parlt. greater will include less. If they have swallowed the earlier Bill (as H/L. have) they will take this.

- H.C. There may be trouble. [Exit S. Ll.]

3. Scotland: Royal Commission.

- J.S. Catto report will be laid before end/month.
Want at that time to announce we will publ. financial return.
And then or soon after want to announce R. Commⁿ.
Believe result of enquiry (viz., publⁿ of return) will damp down Sc. nationalism. Only way to pacify them.
On R. Commⁿ – para. 7: t. of r. exclude nat^d industries – as we contemplate changes in them. L. agrees.

Memo. approved.

4. Civil List.

- P.M. Public impⁿ tht. State is showering wealth on R. Family.
If we became republic R. Family wd. be twice as well-off as they
are now. Is that so?
- R.A.B. Don't know what their private incomes are.
They only surrender revenues of Cornwall & Lancaster - £90.000 p.a.
each.
The bargain by wh. they surrendered private income was finished long
ago.
One ques. outstanding. Reserve fund of £90.000. Well accepted by
R. Family. Sh^d it be held by Trustees or handed to Queen.
Opposⁿ will propose Trustees: & let them make up
automatically any deficits in Pts. II & III. Don't want public
controversy. W^d sooner agree with Opposⁿ plan in advance.
The Trustees wd. be Ch/Ex., P.M. & Keeper of Privy Purse.
- P.M. W^d Queen agree?
- R.A.B. They wd. prefer the other method, but wd. accept either.
- P.M. Avoid pol. controversy.

C.C. 65(52).

3rd July, 1952.

1. Corporal Punishment.

[Enter Sw., B-H.

M-F. Offences for wh. c.p. was available have not increased since powers repealed.

Sim. Surprised by Goddard's remarks.
Confirm M-F.'s view.
Crimes of violence (for wh. c.p. never available) have increased.
Imposs. to say abolition of c.p. has led to increase in crimes of violence.

M-F. Diff. therefore to reverse Parliament's decision.

P.M. Let Cab. have the figures since 1900.

2. Parliament.

H.C. Business for following week.
Thurs: Ind^y & Emplt. in Scotland.
Shall be asked to-day, again, about Recess. If we avoid debate on Steel, we cd. rise on 6/8.

P.M. That means a whole week for 2 days.

H.C. 3, if they sit on Mon.

J.S. They might ask to sit on Thurs. vice Mon. (Bank Holiday).

P.M. C^d we not take remaing. Fridays?

H.C. No: business has bn. allotted by ballot. We have 2 Govt. Fridays anyhow.

P.M. Better sit on Sat., than go into followg. week.

H.C. Opposⁿ will be unhelpful because Transport Bill.

P.M. Let me see the forecast to end/Session.

H.C. 21 days to 10/8. 9 for all business save Supply etc. That must cover Civil List, Bills, 1½ days on Germany, 2 on Transpt., 2 on Econ. Sitⁿ. Makes no allowance for votes of censure.

P.M. What precedents for sitting on Bank Holiday?

M.F. 1947, 1948 – on Emergency Powers.

H.C. If we p'poned Transport until after Recess & had no debate on Steel Opposⁿ wd. co-operate in getting away before the Bank Holiday.

P.M. Pity to miss Transport.

[Enter D.S. & Solr. Genl.

3. Iron & Steel Industry.

D.S. Draw attentⁿ to follow:-

Para. 3. Askg. T.U.C. what wording they wd. accept.

Para. 9. Sale may take some years. Desirable to show realism.

P.M. Will that impede the sales? Fear of Socialist reversal.

O.L. Useful to include it. Won't affect buyers, who will have reversal in mind. But shows we aren't going to throw it all away at once to low bidders.

Sw. Realistic. I favour it.

D.S. Para. 11. Makes it clear we shan't relate price to compensⁿ money paid in each case, but shall sell at current market value.

Para. 17. Steel stock will be taken back at market value not at par.

O.L. Unwise to use words referring to "security prices". I would prefer – "other consid^{ns} such as the monetary cond^{ns} prevailg. at the time".

R.A.B. "monetary and market cond^{ns}" mght. be acceptable.

I will settle the words with O.L. & M/S. afterwards. [Enter L. Boyd.

D.S. Assets have changed since natⁿ. Therefore, no link with compensⁿ cost.

Para. 12. Will try to give large cos. chance to buy back their earlier interests.

L.B. In Transport, we can't give priority to former road-hauliers. May be said tht. we do it for share-holders and not for business-holders.

P.M. The reason for the discrepancy rests in the facts, which are different.

J.S. Is it necessary to include 12.

D.S. Want to get the big cos. thinking about this problem.

Agreed: retain para. 12.

D.S. Para. 14. Stresses diff^{ce} betwn. Corpⁿ & the Agency. Makes it clear tht. Agency will not control policy or adminⁿ of cos.

- O.L. Add: “and the confirmation of reports of accounts” – to complete
descriptⁿ of ordinary rights of shareholders. Agreed.
Para. 22 & Appendix. Approved.
Para. 25. Emergency powers. Bd’s powers relate to ques. w’in
industry in normal times. No powers to deal e.g. allocⁿ: those
are for Govt. But we do propose Govt. action in consultⁿ with
Bd. & we may sometimes act thro’ Bd.
- O.L. I wd. omit final sentence of para. 25: looks like an argument for
natⁿ.
- M-F. C^d omit paras. 25-26. This applies to any industry.
- P.M. Mght. help to reduce controversy.
- H.M. These apply to “circs. of serious econ. diff^y”, not to war. There will
always be serious econ. diff^y as far ahead as we can see.
- D.S. I want para. 26 anyhow.

Agreed: Ctt^{ec} to consider omission of para. 25.
Para. 30. Approved.
- Ch. Para. 33. Does this give more powers & bring more firms under
the Bd.
- D.S. Will be needed after emergency powers cease.
- Sw. Bd’s decision on prices must be enforced. Criminal Sanction wd. be
too strong. This makes it contractual obligⁿ – civil action.
- D.S. Appendix. Under natⁿ whole cos. were taken over. Any co. engaged
beyond a defined point in any of the scheduled activities, the
whole co. was taken over. We can define by processes.
These (App) are the basic processes.
Para. 4. Iron founders want to come under Bd. They use vast
quantities of material: Steel founders are divided: & majority
don’t want to come under Bd. (mainly the smaller ones). Must
bring them in v. their will.
Para. 5. Further talk with Fedⁿ. Now want to delete “drawing” –
* but to include manufacture of bright steel bars. Drawers don’t
want to be in. Also wd. wish to exclude extrusion. Agreed
subject to discⁿ with Steel Ctt^{ec}.
- P.M. Steel Ctt^{ec} to consider these points & give final approval
at Tuesday’s Cabinet.

Agreed.
- H.C. If we present this, debate will be needed.

What advantage gained by publⁿ? How soon can this be done?
If we can't legislate for months ahead, is it wise to publish now.

P.M. We will decide that too on Tuesday next.

D.S. W^d it be poss. to present but not debate before recess.
If there must be a debate, no time to be lost in publishing.

Sw. Cdn't publish this & Transport in same week.

Sal. Share H.C.'s doubts: will reserve comment until Tuesday.
[Exit Sol. Genl., D.S.
[Enter Att.G. & G.Ll.

4. Transport Bill.

L.B. As in memo.
Rlway. Interest in Road Services.

L.B. As in memo.

R.A.B. The interests wd. be sold at a loss.
M/T. already has enough power under s. 4(5) of Act of 1947.

L.B. Tho' that power remains, it cdn't be used to make Commⁿ sell.

M-F. It was related to ancillary non-transport activities. Grave doubts wtr.
s. 4(5) wd. suffice for this purpose.

L.B. Even if it wd., Party wd. dislike seeing nothing on this point in
this Bill.

R.A.B. Mght. lead to increase in levy.

L.B. Shdn't exercise the power w'out concurrence of Ty.

Sw. Only an enabling power: no intⁿ to use it at once. May want the
power after Ctt^{ee} has enquired.

R.A.B. Wiser if M/T. said v. little on this pro tem. There will be a new
B.T.C. with wh. M/T. shd. be on better terms.

L.B. B.T.C. haven't protested v. this, any more than v. other powers in
Bill.

* Agreed: R.A.B. to consult with L. and L.B.

Sw. Ctt^{ee} may have reported before Bill is passed.

Bill approved subject to clearing*.
Time-table: to be settled betwn. L.B. and Sw.

5. Road Passenger Services.

- L.B. Changes i) B.T.C. acquisition of large interests in road pass. services.
ii) growing disparity betwn. road & rail fares.
iii) contract carriage decⁿ of High Ct.

In view of this, suggest Ct^{ee} under G. Thesiger, with t. of r. as stated.

P.M. No objⁿ.

Approved.

P.M. Ask wtr. members wd. be willing to be approached. Then we can look at list again.

[Exit L.B., Att.G.]

6. Open-cast Coal Mining in East Lothian.

G.L.I. I don't think we shd. work this site. W^d affront agric. opinion, and impede open-cast operations over country generally.

1. Parliament. [Enter Sw., L-B., B-H., D.S., M-B.]
- P.M. Discussed Parl^y p'mme last p.m.
Must go on with Transport & Steel. But doesn't matter wh. side of double Qu. Speech passing of legⁿ comes. We cd. end Session July
- H.C. Adjourn 1/8. Re-assemble 14/10. But wind up Session on 31/10.
New Session 4/11: and take Transpt. Bill & Steel Bill simultaneously in new Session.
Means T. Bill wd. pass 6 wks later than prev. planned.
No 2nd R. of T. before House rises.
No debate on Steel W. Paper in Govt. time before House rises.
- L.B. Gt. advantage in p'poning 2nd Rdg. There wd. now be 3 mos. before Ctt^{ee}.
H.M. is seekg. to narrow differences on T. Bill. If battle is joined now, they will be more hostile.
B.T.C. Rpt. Friday. They cd. debate it in Supply. W^d be a bit embarrassg. to us because we cdn't bring in Bill into direct discussion because legⁿ.
- P.M. C^d get round that if Opposⁿ wished. By neutral Motion.
- H.C. Genl. debate on nat^d ind^{ies} in autumn. Oppⁿ mght. on that a/c be persuaded not to debate B.T.C. Rpt. now.
- P.M. Want T. Bill this week, & Steel next.
W^d welcome debate on Steel- if Opposⁿ wd. find the time.
- D.S. This change will be gt. encouragemt. to steel industry.
Favour publⁿ of W. Paper before Recess. But don't want early debate.
Fear Labour wd. take pos^{ns} in a hurry. They mght. be more amenable after time for reflection. Therefore mght. be better to publish in wk. after next – more excuse for not debating it.
- H.C. Rests with Opposⁿ. If they want debate, we can't stop them.
- P.M. There will be jaw in newspp. Why not have some in [Enter M-F.
H/C?
If assets cdn't be sold: & Holding Trust still held them: Socialists shd. like the supervision side of the scheme.
- P.M. What business betwn. 14/10 and 31/10?
- H.C. Small Bills to be polished off – incldg. Visiting Forces Bill, which is controversial. And 3 days on nat^d industries.
Even so, there will be a massacre of innocents.

- Sal. Don't alter my position, as expl^d last night. But I don't press my view.
- P.M. You shd. see Ellis Hunter.
- P.M. Big debates before 1/8 a) Germany 28-29/7 } – Planned –
b) Econ. sitⁿ 30-31/7 }
Care needed in stating Defence case. We are at risk in saying somethg. wh. implies tht. Bevan was right and Attlee & T.U.'s were wrong. Force majeure & improved quality? I will consider presentⁿ. Think I must handle defence aspects on 2nd day. Spreading it over longer time: qualitative improvent.
- Al. More effective Forces for same or less money.
- H.C. Ch. Wh. & I will now discuss this plan with H.M.
2. Steel: White Paper. [Exit L-B.
Draft approved. [Exit D.S., B-H., M-B.
[Enter S.Ll.
3. External Financial Policy.
- P.M. Discussed in smaller circle. Genl. feeling tht. we oughtn't to do the currency plan at present. Tho' R.A.B.'s responsibility is heavy, he accepts that. But b/payments posⁿ is v. precarious. He proposes a) cuts in def., imports & invest^{mt}.
b) C.E. Conf^{ce} – policy shd. take a/c of workg. twds. convertibility.
On a) we must make statement before Recess.
- R.A.B. Financial advice is from Court of Bank, not Govr. alone.
Also Hopkins. And Sir E. Peacock. All agreed. I was not acting irresponsibly. Regret reflections in Bank.
Have put to Govr. B/E. gt. danger of leakage.
We shall all do our best to get thro' to autumn with cuts etc.
We have v. small margin of reserve – only \$185 m. of margin.
A close call.
I am not ready to accept forced devaluation to fixed rate.
- P.M. We cd. claim waiver: £20 m. on sales of mil. equipmt: £20 m. on coal (run some risk): £15 or so on oil. Suppose we cd. get w'in £30/40 m of the gap, & cd. have hope of better results next year, we cd. risk somethg. more in 2nd half of '52.
- R.A.B. I want convertibility & fixed rate: but that cdn't be done w'out much bigger reserves.

Must make it clear tht. risks are v. great.

- P.T. On cuts: danger of announcg. bare list of import cuts – mixture as before. Hope we cd. announce at same time C. Ec. Conf^{ce}.
- H.C. Cut in housing?
- Sw. x/ Can save 80.000 standards of timber (£5½ m.). By taking a risk on stocks.
- H.M. i/ Can run down stocks by a further 10.000 standards – w'out affectg. house-bldg.
ii/ Difference betwn. action & announcg. Don't favour proclaiming abandonmt. of social policies, for sake of creating confidence. cf. 1931.
- Sw. Little publicity in x/. Must tell the trade: no more.
- H.M. Price has fallen fr. £50 to £60 a standard in last 6 weeks.
- L.P. Import cuts: generalisation. Effect on food. Any redⁿ in consumptⁿ levels wd. be a mistake. Can meet next 6 mos.' diff^{ies} by more riskg. on stocks.
- P.M. Better have an 18 months' picture.
Don't let's announce things in order to create confidence.
- R.A.B. Traders of world must have confidence in sterling - & that is based on import/export balance.
- P.M. But based on a longer period than 6 months.
- R.A.B. Yes: but we must win thro' to C.E.C. and to conversations with new U.S. Adminⁿ.
|| Cut of 30.000 houses wd. save £ on paymts. But if that can't
|| be done politically, we must find somethg. else.
- H.M. Bldg. industry has begun to work. Cut them back now, and they can't be got going again.
- P.M. Action vice words.
Dec^{ns} in next 2 wks.
4. Employment.
- W.M. 467.000 down to 440.000. Hope for further drop in July. This is seasonal. Looks like return to normality. Even N.W. is a bit better.
- P.T. Satisf. no. of contracts placed in Ulster.

- L.P. Some signs of revival of demand for textiles, now stocks have bn. worked off.
5. “Property-Owning Democracy.”
- L.P. Talked of this, but done nil.
Don't suggest larger investment in housing – under c.i. p'mme.
But w'in that total cdn't some encouragemt. be given to people wanting to build own houses?
We mght. a) give licences freely to those wishing to build on own land.
b) give subsidies to those who want to build.
- P.M. What about lack of repairs because low rents. I've repaired a cottage for £500 for wh. rent is 5/= a wk.
- Ch. Need for review of rents. Uneconomic price for scarcest commodity.
All other costs up 2-3 times: rent only 10%.
- L.P. Aggreg^{ns} in housing estates.
- H.M. Want to encourage private sector & reduce subsidised sector.
£769 capital given with each l.a. house: cpd. with cost of private bldg. How transfer?
I have a plan on rents. Will it be politically popular?
- Sw. Our supporters are asking about our intentions.
- H.M. Climate of opinion is moving twds. acceptg. higher rent level.
Younger people are getting used to paying good deal more than parents still in rent-restricted houses.
- Sal. C^d we take this out of politics?
- H.M. Their plan involves purchase by l.a.'s: & then raise rents. But that means abolishing l'lords.
*Let Ctt^{ee} consider this, as proposed. Agreed.

C.C. 67(52).

10th July, 1952.

1. Dean of Canterbury.

[Enter Sw., B-H.

P.M. Not happy at taking special action, if no normal method of removal.
W^d arouse all champions of free speech etc.

Sal. Cantuar, seen last p.m., says Church has no power to act save for
heresy or unbecomg. conduct – but latter has exceptⁿ for social
& pol. opinions, moved in by Parl^l.

M-F. No: put in by Church Assembly.
Nothing therefore tht. Church can do.

Sw. Procedure by resolⁿ of both Houses, as for removal of a Judge – petⁿ
to Crown to revoke lrs. patent.

Sim. No precedent for that.

P.M. Action wd. advertise him, here & in U.K. { Sp. procedure for removal
Limit ourselves to strong disapprobⁿ. { wd. give him more
{ importance than he
{ deserves.

Sal. Cantuar will attend & do that.

2. Parliament.

H.C. No progress with Opposⁿ on main plan for Sessions.
Oppⁿ firm tht. no debate on G. shd. be held before recess.

Friday 11/7 is last for P. Members' Bills. Next Fri. 18/7 is last for
Motions.

Business for next week.

On Business want to say “hope to adjourn at end/month or early
Aug. & also make it clear tht. Tp. Bill will not be read 2nd time
before recess but will come on first in new Session.

[Exit B-H.

3. Liberties of the Subject.

Sal. Samuel's Motion. We have in past voted in favour of L/Subj. Bill.
But Sim. says Sam's proposals are impracticable.

M-F. Have a Ctt^{ee} in being: will send a note to Sal.

Sal. W^d like to announce that.

[Enter A.H. & W.Digby

4. Bermuda: Service Dpt. Property.

- O.L. Is there so much betwn. the 2?
Vol. cont^{ns}: action durg. war: contⁿ to s.a. pool – shd. all be taken into a/c. Pol. dangers of driving a hard bargain.
B. wd. like to see Br. troops back; and will m'tain barracks.
- R.A.B. Reserves v. high: £14 m. surplus is dollar balance. Real estate.
Valⁿ £3 m. Must get more. Suggest £1¼ m. – ½ m. down & balance in instalments.
- O.L. Suppose they then w'draw their vol. cont^{ns} - £40.000 p.a.
- R.A.B. Don't believe this is a hard bargain.
- O.L. Local legⁿ forbids sale of land to non-Bermudians.
- Sal. They can sell & will make a big profit.
- R.A.B. Why not let Service agency sell, as contemplated in 5(iv).
- A.H. }
W.D. } Our Dpts. are willing to try: think we mght. do better than £650.000.
- P.M. W.O. & Adm^y shd. set down a practical plan for disposing of this property. With Ty.
- O.L. Remember cost of m'tenance m'while.
[Exit A.H., W.D.
[Enter Ll.G., T.D.
5. Food Controls: Enforcement.
- Ll.G. Am concentratg. attentⁿ of snoopers on the things that matter.
None of them has right to enter a private house – have made this clear in reply to a P.Q.
- P.M. Total nos. empl^d by M/F. – 24.000. Hope someday to abolish Dpt., when rationing can go & plenty returns.
C^d we not study alternative methods of ensurg. adequate diet for the poorest classes.
- R.A.B. C^d the compulsory powers be removed fr. H.Q. people, who don't use them. This wd. reduce by 25 snoopers. [But would it?]
- Sw. C^d avoid prosecutions for trifling offences.
- Ll.G. Para. 5: have done it.
- P.M. Take note.

Go on trying to reduce nos. Put up another plan later.

6. Food Prices.

L.I.G. As in memo. Approved.

7. Sugar: for Jam Making.

L.I.G. Decⁿ requ^d this wk.
Strong pressure fr. agric. districts because fear of waste because bumper plum crop. Some waste inevitable: feeling tht. we shd. avoid some by issuing more sugar.

T.D. Support this v. strongly.

P.T. So do I. V. strong Parl^y pressure.

L.I.G. W^d mean 25/26.000 tons of sugar. £1¼ m. C^d come out of stock.
Tho' we shd. be told we are running down stock-pile.
60.000 t. in strategic reserve. Comm. stocks by end/July
600.000: 25 wks' supply.

R.A.B. On Import P'mme M/F. offers £1 m. cut on sugar. That, with this, wd. exhaust our strategic reserve.
Consider reduc. sweet ration for 3 months – to save equivalent amount of sugar.

L.P. We cd. do that, politically.

L.I.G. Take it out of commercial stocks. Make up out of sugar beet.

P.M. Plums shall not rot.
R.A.B. to agree with M/F. to-day on method (stocks) & presentation.
Sweet ration: do it later if you have to & blame it on the plums.

8. Tomatoes.

P.T. Price 7-8/= per 12 lbs, below cost of prodⁿ. (10-11/= a box)
Propose therefore to stop import of Dutch tomatoes until ? July.
May stop home prices dropping still further.

[Exit T.D. & L.I.G.]

9. D.C. Thompson.

W.M. Will announce to-day report will be publ^d to-morrow.

Shall keep in touch with firm & unions to stop precipitate action.
Report reflects on both sides.
Appeal in H/L. not before Oct. I can't wait until then. Shall have to
negotiate my way thro' it. My aim wd. be to persuade
Thompson to mitigate his ban.

P.M. Report progress.

W.M. Comm. line – disputes are pol: every redundancy must be
compensated.

10. Development Charge.

R.A.B. to meet Ctt^{ee}. Then submit to Cab. next week.

11. Coronation.

P.M. Televising w'in Abbey ceremony. Commⁿ against that. Tho' they
cd. do the departure from West Door.
Film, as in 1937.

Ch. Film cd. be shown on television in the evening.
{ M/W. & Cherwell to confer of details.
{ In princ. no television.

1. Iron & Steel Industry.

[Enter D.S., B-H., Sw.

P.M. Special mtg. because understand some members felt they hadn't suff. opportunity to express their views.

Sal. Grateful for this opportunity.
Serious misgivings, not on merits of Scheme to wh. we are pledged, but on timing. Serious warnings of immed. econ. prospects. Import cuts & more drastic measures still – wh. mght. affect standard/living. Must therefore further spirit of national unity, or at least avoid further dividing it. Some signs of improved feeling eg. Deakins speeches.
Efforts of R.A.B. & M/L. are bearing fruit. This Bill wd. cause gt. division of opinion. We are not pledged to do this now. Implementⁿ of election pledges must take a/c of subsequent events.
Some wks ago I urged tht. on these grounds both Bills shd. be deferred. Too late now to p'pone T. Bill. Cd. however defer Steel.
Wd. deepen rift betwn. Parties at a critical time.
Shall we succeed in selling assets back? No ev^{ce} tht. we shall.
Some indic^{ns} (opinion) tht. we shan't. If this fails, we shan't have de-nationalised. And failure wd. be regarded as gt. disaster.
Max. irritⁿ with minimum result.

W.M. B/P. is to have 1st priority – dangerous situation. 20% increase in exports. Can't hope to achieve that w'out fullest support fr. labour.

Anxieties

- a) wages: may price us out of export mkts.
- b) strikes in any major industry: climate not v. satisfy.
Feeling of controversies in transport: E.T.U. may bring politics into power status: A.E.U. & docks. Wd. prefer therefore to avoid controversy.

T. Bill. Hope we shall be ready to make concessions to reduce opposⁿ while m'taining essentials.

S. Bill. Second controversy & some bitterness.

Is it now or never, for that Bill? I hope not.

Is it worth the risk? Shall we sell assets? How much desire for it?

Wd. much sooner p'pone controversy.

Sw. Can manage T. Bill: chance of selling assets.
But on Steel: shall we succeed? Bill ending in fiasco will help no-one. Chance of returng. assets to pre-enterprise seem small.
Are we certain tht. any firms will buy back? Outside investors (insurance cos., trust cos., pension funds) are doubtful: have they

- bn. sounded? What prospect tht. eg. Prudential will buy? Surely we shd know before we go on.
 Threat of Opposⁿ to reverse it. We cdn't provide in Bill any guarantee v. this, by compensⁿ or otherwise.
 Bill may be followed, after gt. controversy, by a fiasco.
 Why commit ourselves now, by issue of W. Paper.
 Leave it open until autumn.
- L.P. Can R.A.B. tell us what the City thinks re sale.
- P.M. Had A.E.'s views (written) read.
- R.A.B. Controversy – E.P.L. & T. Bill – is such tht. Steel Bill won't make it worse. E.P.L. infuriated many who will be made even more angry if we don't go on with Steel. That is view of F.B.I. rep^d to me. Our pledge on Steel was so firm tht. we must do it. tho' I'm not comm^d on time.
 City. They evolved the Agency Scheme.
 Period: many years before complete sale can be finished.
- L.P. A major share sold wd. be all right. V. little wd. be disastrous.
- R.A.B. Not more than 1/3rd in near foreseeable future.
 But depends on state of market. Tho' you can't expect to sell much of this in a hurry.
 Insurance cos. at present aren't keen.
- Sim. What evil fr. going on? Disunity – when unity so sorely needed.
 If 1/3rd sold only, it wd. be a terrible flop. Confusion in industry.
 Any way of p'poning it shd. be embraced.
- P.M. May not secure unity. May only be mocked, for flinching.
- D.S. Believe we must go ahead.
 Courses.
- a) P'pone decision until autumn.
 - b) Announce soon abandonment of denationalisⁿ.
 - c) Seek to negotiate settlement w'in the industry.
- a) Gt. loss of prestige wd. be involved by (a). Widely known tht. announcement is impending e.g. by T.U.C. Ll.Davies. Recent P.Q. by Strauss.
 If we say nothg., we shall be known to be wavering. Fedⁿ will make outcry.
 If we then went fwd., it wd. be said we were run into it by industry & b. benchers.
 Industry wd. assume we had abandoned de-natⁿ. Fedⁿ wd. give up their resistance to Corpⁿ. Managements wd. accommodate themselves to natⁿ. Vickers & others who have kept capital to re-invest wd. invest it elsewhere. At best, we shd. prolong uncertainty in industry.

- b) Firm pledge, confirmed since we took office by P.M. and members of Cab. We shd. be breakg. that. Strong feeling in Party, who want us to go fwd. T. & Ind. Group have bn. given, by me, categorical assurance tht. we are going on. Wd. shake Govt's foundⁿ with b. benchers unless we cd. give promise on (c).
- c) Best answer if it were possible. Compromise tht. wd. take into a/c diff^{es} of sale & need for certainty in industry's future. Is it possible? Sure we can't get it, if we show hesitⁿ. Our only hope is to declare our policy firmly. From firm posⁿ on their side & ours we may be able to negotiate – not from hesitation.

Once Labour see we mean to go on – with, I think, Lib. support – they may be ready to negotiate to save some of their own work. W'in last 3 days have talked to Ch. of Corpⁿ (Green), who has come a long way. He thinks he cd. carry Corpⁿ with him on basis tht. Corpⁿ sell off, under Act, any activities not w'in Sch.II: no creation of Agency: Bill to enable Corpⁿ to sell more than they now can: Bd. shd. be created & Agency be no more than shareholding.

P.M. Urgency – Session ending.
 Announcemt. of abandonment will not earn good will.
 Read pledge in Br. Strong & Free.
 Is there any need to incur charge of breach of faith?
 R.A.B. doesn't think this will imperil b/paymts. effort.
 How does this compare with cuts in def. p'mme? and imports?
 If we abandon this, Tory Party will be rent.
 This is normal Party row comp^d with gt. national issues over b/paymts.
 Natⁿ was act of partisanship – H/L. veto cut down to allow of it.
 If we go ahead, we fulfil pledges: by presentg. W. Paper.
 Effect on Steel industry of uncertainty. Ellis Hunter said – there is uncertainty now, develop^{mt} held back: suppose this to be cont^d to '53 or '54. L. Evans, who wd. support, won't be there much longer.
 Publⁿ of W. Paper won't make pol. rel^{ns} any worse.
 P'ponement will certainly discourage industry.
 Can we go on governing w'out a theme.

H.M. Agree with R.A.B. & D.S.
 We might have taken non-Party, unity, line in March & dropped both Bills. Can't do it now.
 S.Bill is not re-actionary – on managemt. side it's almost Socialist.
 If we abandon it now, we shd. get no thanks but only be rep^d as irresolute.

[Exit H.M.]

O.L. Econ. crisis was with us earlier: no excuse for not going on now.
 Nat^l unity won't be achieved by this.
 "Confusion in industry" – worse by recanting on pledges than on going forward.
 Too late now to turn back.

- M-F. Favour going fwd.
No gain in nat^l unity by abandong. this & going on with T. Bill.
Won't cause ind^l unrest in my view.
Pessimism re sale. is serious.
But abandon this & we shall strike blow v. all faith in for. enterprises.
We must give a lead to those who believe in it. Or it will be lost
as a principle. This outweighs diff^{es} of sale.
If we don't go fwd. quickly we can't get our solution w'in this Parl.
- H.C. Future of Parl^y system if gt. Indust^{ies} are to be victims of Party changes.
What do people mean by natⁿ. – ownership. No P.M. is prep^d to
compromise on that. If so, only one form of natⁿ v. another.
Prefer, if there is hope of compromise, not to nail our colours to mast.
Esp. if we know we shall fail to sell.
Why not wait & see how we get on with selling the lorries?
Favour no publⁿ of W. Paper & seeking to lift the industry out of
politics. Can't be certainty in industry when Labour have
threatened to reverse everythg. once again.
- P.M. Even if you can't sell in 1954 or 55, we can get agreed scheme of
managmt.
- H.C. That won't redeem our pledge.
Better to work twds. industrial & pol. compromise. And easier to do
that w'out a W. Paper.
- P.M. That is tactics, not principle.
- Al. May have bn. unwise to give pledge. For now seen to be v. diff. to
sell.
But Party is committed. Can't w'draw. Choice is only between
now or later. Don't wish to give opinion on timing.
- L.P. Don't believe we can buy political peace by this gesture.
If when econ. crisis first announced we had said we wd. avoid all
controversy we might have obt^d unity. But we have decided to
go on with T. Bill & that is more controversial.
Doubt wisdom of compromising on our opposⁿ to natⁿ, wh. binds us
together.
- L. Steel industry have w'drawn because reluctant to buy back.
But, despite disapp^{mt} over that. we must go fwd. – publish W. Paper &
be ready to negotiate then, after showg. no hesitation.
- Ch. Go fwd. Doubtful about timing. Agreemt. wd. be best.
Can't say wtr. this is more or less likely if W. Paper is publ^d first.
- P.T. We shd. seek a compromise. Can't see how publ^d wd. serve that
purpose. Wd. be taken as gauntlet. And if we compromised later
wd. be called another retreat.

We shan't be able to sell.

- Sal. Main issue is not one of principle – mainly timing.
In politics, timing & tactics are of v. gt. importance.
Balance of importance. P.M. said cuts were much more important &
this only a scrap btwn. Parties. Can't accept that. Public
ownership ques. is fundamental to us & to Labour.
Is this the time for a scrap on that?
In H/C., true, no prospect of a spirit of unity. But that's not true of
country, who are beginning to be worried. M/L. says tht. to go
on with this will tend to create industr. unrest.
Only by makg. it clear we stand for unity can we hope to win support
for the cuts.
Pledges. We can't fulfil now because we can't sell. What is right
moment for us. We aren't comm^d to do it now. We don't always
fulfil our pledges [e.g. repeal of T. Dispute Act]
On alternatives of D.S. we don't advocate (b). Nor tht. we say nothing.
But tht. in econ. crisis we have decided to p'pone doing this.
Principle of pr. enterprise. I believe it will be more damaged by trying
this & failing.
A.E. seemed to favour seeking agreement first.
- D.S. L. Evans, tho' he will say nothg. publicly, is 80% in agreement with
our scheme.
- Sal. My view does not proceed from "lack of courage".
- P.M. I meant only that it wd. be so represented, in controversy.
Favour early publⁿ of W. Paper.
We can then go on with search for agreemt.
We shall certainly be represented as "undecided" if we don't.
- Sw. Emphasis now to measure of agreemt. on managemt. And we doubt if
we can sell. Shd. we not reverse order of presentⁿ in W. Paper.
- Al. If W. Paper is expected, shall seem to be vacillating if we defer it.
- W.M. If we are faced with econ crisis, embitterment will be risked because of
impending mtgs. of T.U. conferences.
- D.S. P'ponement now wd. = p'ponement until after Genl. Election.
- Sim. Wd. it not help to secure unity if p'ponemt. offered after R.A.B.'s
statement?
- L.P. Not unless you w'draw T. Bill also.
- P.M. And that wd. mean no controversial legⁿ & Govt. w'out a theme.
- R.A.B. I took econ sitⁿ into a/c when I decided in favour of going on. Credit

here and abroad, wd. not be assisted by p'poning this.
Better qua economic situation, to go on.

1. Iron & Steel Bill.

[Enter Sw., D.S., B-H.

- P.M. Saw Ellis Hunter, with Sal – he said he didn't want a Wh. Paper. Time-table had altered sitⁿ: Bill to come on in Nov. vice next spring. He wd. therefore be content with declⁿ of Govt's intention to press on with Bill – spkg. from industrial pt. of view.
My view: Wh. Paper wd. be less vehement than such a statement. But let us see what the statement wd. be.
- Sal. Prefer a firm statement tht. we intend to go with de-natⁿ, but no mention of date. Don't care how strong the statement is, if no promise were made of early introdⁿ.
- O.L. Leave loophole for agreemt. But think you shd. say it's coming in this year. Won't satisfy industry w'out that. Imply tht., if no agreemt. reached, Bill will come in Nov.
- P.M. A.E. (telephone) unwilling to abandon plan: but ready to discuss statement vice W. Paper – on Tuesday next, when he will be here.
Think W. Paper wd. be easier. Attlee etc. know we have one & intended to publish. Will be said we have changed our minds. We shall be probed on this on Thursday, I expect.
Talk in Fin. Times this a.m. seems well-informed.
Plan for announcemt. on 24/7.
Order of W. Paper cd. be reversed.
- J.S. Enough to declare intentⁿ to legislate on Steel at earliest poss. date. Not keen on W. Paper.
- D.S. E.Hunter to-day says no longer attaches same import^{ce} to W. Paper – so long as Govt. confirm tht. Bill will be introduced this year. He isn't against publⁿ.
But consider too wtr. publⁿ will help twds. agreed solution. I think we must have a basis for discⁿ. If we wait until Bill comes out, we have less room to manoeuvre. Corpⁿ won't take initiative in makg. proposals unless we first publish ours. I favour publⁿ with indicⁿ of readiness to consider constructive comment.
- P.M. Failg. agreemt. betwn. pol. Parties, we must restore pr. ownership. But if we can take steel out of politics, that wd. be a price worth paying – esp. if we have tried & failed to sell.
- Sw. Ques. of tactics – how best to seek agreemt. Bad to take up positions before beginning to negotiate. Refer statement to W. Paper.
- P.M. No compromise likely wh. will win support of Labour.

{ * Re-draft W. Paper in reverse order.
 { Prepare draft of statement *M-F., H.M. to day & D.S. – consultg. Sal
 { & H.C. to-morrow.
 { Consider on 22/7 which we shall do – in A.E.’s presence.

Sal. I accept that plan.

H.C. So do I.

O.L. Statement must say legⁿ will be introduced this autumn.

H.M. Yes.

2. Parliament.

[Enter S.L]

S.L.I. Rep^{ns} fr. Opposⁿ, incldg. visit from Attlee, in favour of p’poning debate until after Recess. Wd. result in Labour Party voting v. ratification. Delay wd. allow them to influence socialists in Europe.

But C.R.A. cdn’t guarantee better vote in Oct.

Lab. Party Conf. m’while, & that might make it more diff. for Oppⁿ in Oct.

Effect in Europe R. wd. seek to take advantage of delay. And Adenaur wants to ratify in Sept.

A.E. therefore recommends debate before end/July.

P.M. Support A.E.’s view.

H.C. Had sugg^d 2-day debate in Govt time. But now we cd. give only 1 day & allow Opposⁿ to use Supply Day as a second.

M-F. Reason: Licensing in New Towns – read 2nd in Feb^y: went to Ctt^{ec} upstairs: now session is to end earlier we can’t meet Labour plans to sabotage Bill. Can’t get it thro’ Ctt^{ec} before end/July. Urgent –

i) only de-nat^l measure introduced: shdn’t abandon it.

ii) J.S. & I have to deal with this & can’t leave Dev. Corpⁿ in uncertainty for another 9 mos.

Must therefore have guillotine motion for Ctt^{ec} & remaining stages.

P.M. Days btwn. 14/10 and 31/10.

M-F. Must go thro’ H/Lds., as well as Rpt & 3rd Rdg.

H.L. This means using 1 of the 2 days earmarked for Germany.

P.M. Opposⁿ won’t be content with 1 day on G.

H.C. Then they can use Supply Day., until 9.30 on second day.

S.Ll. Several agreements to discuss: needs more than one day.

P.M. Full day on last Fri. Adjournment on Sat^y. And wind it up.
Tell Opposⁿ we will do that unless they give Supply Day.

H.C. First time we have had time-table in Ctt^{ee} upstairs under Tory Govt.

3. Friends' World Conference.

P.M. Read Minute from M-F.

Ch. Support F.O. view, on atomic point.

W.M. Pretty stiff if there is nothg. r. him.

R.A.B. H.O. tradition of fairness shd. be upheld.

Sal. V. provocative to send him: surely they cd. send someone else.

H.C. Respectable old Quaker.

P.M. Why not let him come, but decline to see his son.

Alex. Don't admit him if there's anything doubtful.

L.P. Admit, but refuse permⁿ to see his son.

Ch. * Believe he went into R. Zone after his son was convicted.

P.M. Check * & bring up on Thursday.

[Enter Ll.G., G.Ll., T.D.]

4. Import Cuts.

R.A.B. Food. Wheat, flour £9.2m agreed with M/F.
Coarse grains: want £7.5m. Don't press the extra £3m.
M/F. has some sugg^{ns} wh. wd. bring us to £127.7m. That wd. close
gap assumg. waiver. Gives us no margin.

Ll.G. Started on basis of no redⁿ in consumptⁿ levels. Followg. would not.
Wheat: strategic risk – 10 wks in March.
Coarse grains: both to go beyond £3.0m. in a state of siege.
Further savings
 { Butter 1m. which I can't get anyway.
* £4.2m { Quotas for biscuits, canned oranges fr. Formosa wh.
 { we can supply for Australia.
£8.5m. Argentine meat – we can't get all we hoped to buy.

- With these cd. offer £34m.
- Al. Does this mean no strategic stock of wheat.
- Ll.G. 13.3 at end/March. Proposed now to reduce to 10 wks. Risky.
- Sal. Spare Canadians in this. Let cut fall on U.S. wheat.
- R.A.B. Coarse grains – must ask for £7.5.
- T.D. Incompatible with agric. expansion. Wrecks long-term prospect.
False argument tht. some rations aren't being taken up: these are people who grow more of their own: others press for more. For rationing is on '39 basis: means a man can't have any if no pigs on his land in '39.
Accept £3.m: cdn't risk more.
- R.A.B. And I cdn't risk less.
- Ch. Much bigger risk over dollar reserves.
- R.A.B. M/F. can't meet me on bacon, eggs or rice.
- P.T. Is * a saving? Established quota.
- Ll.G. Not available.
Rice. £2m. Why deprive ourselves of 35.000 t. out of 2m. shortage in India. Nor do Indians eat this (polished) rice.
Eggs & bacon wd. mean real redⁿ in diet – and trouble with Denmk.
- P.M. May be more coal as year goes on.
The £175m. is only an estimate.
Cut in coarse grain stops developmt. of food wh. wd. help you next year.
We cd. get dollar economies by cutting F.O. staffs.
- S.Ll. 10 times the size of '39 in U.S. & France.
- P.M. And Br. Council, too.
- L.P. Coarse grain: want to build a stock in order to de-ration.
- R.A.B. Saving of £8.5m. on Argentine meat this year is on basis of buying more next year. I shall have to say he must find compensating cuts in other foods.
- Ch. Are we raising our export prices to Argentine.
- P.T. Where we can.

- L. But can't put up coal because up to U.S. price.
- H.M. Truman has identified our double squeeze – U.S. won't buy our goods or allow us to trade beyond Curtain.
- P.M. Those are points to be taken with new U.S. Govt. If they won't buy from us, we must cut defence further.
I'm against larger cut than £3m. on coarse grains.
- R.A.B. £7.5m was a compromise. I asked for £10m.
- P.M. New procedure. Accept £800m. as target. Give this a trial.
- P.T. Yes. But must give warning tht. B/T. has not got complete control over imports. Will do our best.
- O.L. You can't control, while £ is at artificially high level.
- LI.G. I can control: that's why I'm beaten about so much.
- P.T. Complete control over dollar imports: but elsewhere not 100% control thus I can't guarantee to keep w'in a ceiling.
- P.M. It must be a target, not a ceiling.
And we must see what is involved.
- R.A.B. {Wheat £9.2m. Argentine meat £8.5m.
{£1m. on butter: £3-2m. on miscell. = £4.2m incldg.
butter.
- H.C. What announcement?
- Sim. Materials cuts – much already told to trade.
- H.M. Not "cuts": w'holdg. consent for larger p'mmes.

1. Parliament.

[Enter Sw., B.H., D.E.]

a) H/Lords Debate on Powers of Entry

P.M. Referred to R.A.B.'s answer to P.Q. on 15/7. Not bad. (P.Q. by F. Maclean)

Sal. Llewelin's point – no entry w'out warrant on private dwelling – has some merit.

P.M. Justices' warrant shd. be required – traditional.

Sw. H/L. accept need to enter w'out Justices' warrant into private house.

2. Emil Fuchs.

P.M. Read further minute from H. Secy. F. moved to Leipzig in Oct. '49. Son arrested in Feb. '50. Known for years as anti-Nazi Quaker. Recommend tht. F. shd. come, but shd. not be allowed to see his son.

Sal. }
Ch. }
O.L. }
Sooner he didn't come

P.M. H.O. to consider means of preventing F. from coming here.

1. Parliament. (resumed)

(b)

H.C. Business for next week.
All Supply Days; save Mon & Frid – when time-table motion on Licensing in New Towns Bill will be taken .
Shall be asked if any Statement on Korea is to be made before recess.

P.M. Short statement cd. be made.

Al. V. little to say save on bombing & don't want to enlarge on that.

P.M. Cd. get round that w'out special emphasis or details.

H.C. Then I can promise one. – a brief statement.

P.M. Recess: Why not announce all dates, incldg. new Session.

H.C. Wd. sooner keep that until next week. Shall to-day announce hope to rise before Bk. Hol. but may mean sitting on the Saty.

[Exit B-H.
[Enter D.S. S.LI.

3. Investment Programme.

R.A.B. At £900m. there is still a gap of £87m. after screening.
Money totals only a guide – but we must have a guide if we are to avoid starting more than we can finish.

More for production industry - £100m. Means bringing Defence down to £110m. Only remaining cut wh. can be made is housing – w'out wh. the balance must be distributed among others. H.M. wants £416m. I suggest £372 m. – a diff^{ce} of £44m. With smaller houses & ingenuity, he might still reach his target of nos.

P.M. But you may stop expanding productivity of bldg. industry. Fear of wrkg. themselves out of jobs.

R.A.B. There are 55.000 houses tenders to be app^d. if he is to reach 260.000.
Slowing down approvals wd. meet me. We haven't announced publicly 260.000 target. Bring approvals down to 25.000 quietly and we shd. do the trick. Recognise difficulty of public statements.

P.M. This is only remaining credit of Tory Party.
Good effect on exports too, & munitions, now tht. special workers' houses.

Ch. Each house uses £300 of imported materials. We cd. give more meat to everyone if we gave less houses to some. We are best-housed and worst fed nation in W. Europe.

P.M. Housing achievmt. is all we can say in reply to torrent of abuse.

R.A.B. Can't afford more than £900m. for bldg. If housing stands untouched, all civil p'mmes must be cut. Unrealistic.

Al. Ready to surrender £13m. on Service Dpts. = 15% cut.
M/S. is not ready to make a similar contⁿ.

H.M. Two measurements.

a) Money. Convent^t but risky. What was money output in 1st 6 mos. as cp^d. with estimate. Houses: 111.000 as cpd 92,000 in corr. period of prev. year. Estimate given to Lab. Govt has bn falsified.

£1.600m. is estimate of total output, incldg. m'tenance. Gap is only 5% of that, or 10% of new bldg. Can easily close this by productivity.

b) Materials. Sugg^d 332.000 st. vice

Gap of 64.000 st. = about £4¹/₂m. Timber price has fallen to £60 a standard f.o.b. Can't stop the machine: can't get much new design into '53. Mght. save 20.000 st. or £1¹/₄m. by that means in '53. But in '54, gap of 106.000 st. cd. be closed as to 97.000 st. by new design, reckoning, on 300.000 built.
 In May 2³/₃^{rds} of starts were the smaller houses - & more as year goes on.
 If I delay approvals, news will leak & tempo will be lost.
 To keep all flowing wd. cost £4¹/₂m. in imported materials of wh. I wd. hope to save £1¹/₄ m. In Dec. we cd. decide wtr. 1954 shd. come below 300.000.

D.E. Bldg. industry has got into its stride & if we check it we shall undermine confid^{ce} & productivity. But accept need to limit imported materials. My recomm^{ns} wd. keep expansion going w'out further strain on b/p.
 Want to say we are shifting emphasis to production industry. Wd. cut even more off Govt. Dpts. & give it to industry. E.g. bad to go on with ban on bldg. in Ldn. (City)
 Can keep momentum going with minimum use of imports. But must be allowed to expand capacity for home productⁿ of materials.

D.S. Steel. Home prodⁿ shd. be ½ m tons of finished up in '53. And more from U.S. if we are ready to buy it.

O.L. Money is only a guide. E.g. if £900 m limit & extra ???? p. day were worked you wd. exceed ceiling by £25m. The more industry works, the more Dept. will be punished.
 Materials (imported) is only thing to rely upon.

Ch. Say: no more materials than last year & let him do what he can.

O.L. Figures aren't capable of this nicety – not suff. reliable.

Sw. Massey Harris – 2 factories here. Tractors & harvesters are being refused in Eur. therefore buyers haven't sterling to pay for them. E.g. Finns. because we aren't buying their timber. Turks because tobacco. Illustrates direct link cutting back imports too far means sell our exports.

R.A.B. Ty. will adapt money criterion over next year – it's not satisf^y.
 Other Dpts. are holding back their investment. Housing alone is free. If it's left wholly free, other Dpts. will break away.

P.M. Don't destroy good spirit that is in bldg. trade.
 Cut Govt. bldg., - even defence works. But don't accept need to modify our housg. p'mme to wh. we are deeply comm^d. & is our only success. There is good reason to make exception for this.

- L.P. No one can estimate precisely out put of bldg. industry a year ahead.
The only safe criterion is use of imported materials.
- R.A.B. 30.000 homes wd. give £20m. on b/p. – if resources were put into exports.
* [What are we to say in debate? Expect^{ns} aroused by statements y'day.
[May I discuss with M/H and M/W. means of phrasing announcement
[in terms of use of imported materials.
- P.M. Discourage b. industry now & you'll never get them going again.
- R.A.B. Will leave decⁿ over until next week.
- D.S. Welcome that because must relate my views to new costing & new p'mme.
Must see what bldg. is needed for new prodⁿ p'mme.
- R.A.B. Revision of other p'mmes will be needed – more sacrifices fr. others if we are to say more resources are going into bldg. for production industry. Our exports are dropping: we must get them up. Housing doesn't increase our exports. And unless we increase them we can't live.
- P.T. We are trying to build houses acc. to pledge: def. p'mme: and increase exports. Can't do it all. Either def. or housing must be cut back.
- H.M. On £1.6000 m total for bldg. ind^y. - labour content can be expanded by greater effort. That cd. cover gap of 5% or 10%.
- Sw. Amount of materials needed, with econ. measures, is not too diff.
Flats e.g. use more steel p. person housed than houses - & H.M. is going to build us more.
- H.M. 25.000 t. of steel on present p'mme – cd. prs. be reduced to 15 or 20.000.
- D.S. [Special houses for workers needed to expand exports – on lines done
[for miners etc., & def. prodⁿ. Can this be considered.
* [Wd. make housg. contribute to exports.
[
- W.M. [Support that.
- H.M. [Ready to look into that.
- P.M. Now, I wd. put housing above defence (anyway in men).
- R.A.B. Statement at end/month is likely to damage credit of Govt. unless more teeth can be put into it.
- P.T. We are not makg. a sufft. switch to exports. Can't say we are.

Diff^{ies} in sale: but with more steel, & capacity we cd. sell more.
We are losing orders because we can't give early delivery dates
because lack of steel.

D.E. May I push output of home-produced bldg. materials – e.g. more
cement, to save structural steel. People won't adopt new
methods unless assured of alternative materials. £2m. on my cap.
invest^{mt} wd. suffice for substitute materials.

Sw. Support that v. strongly – from angle of steel allocations.

Ch. Double shifting wd. avoid creation of new capacity.

P.M. Give one more year in wh. economies & home-made devices can come
into effect. Boneless wonder & single saver.

R.A.B. [Cab. rejects both methods of control – both price mechanism and
[physical controls – in cires. when country is clearly trying to do too
[much.

P.T. } Support that view. Exports are dropping because we are trying to do
D.E. } too much.

D.S. And need is to give more steel to firms wh. can sell exports. Shall now
discriminate on that basis.

O.L. Taking a/c of conversion factor of metal use.

Ch. E.g. £400 p ton for steel in motor car.

R.A.B. We have given M/W. all he asked for.

D.E. Now find I need more.

R.A.B. Final decisions next week.
M'while will discuss with M/H and M/W formula related to resources.
[Exit D.E.
[Enter G.Ll.

4. Colonial Development.

O.L. Read statement. Will help.

R.A.B. I agree.

5. Schuman Plan.

S.Ll. As in memo.

Sal. No mention or C.R.O. Wd. like to be kept in touch.

R.A.B. Cd. A.E. delegate some of economic work to Ty.

S.Ll. Contemplates w. parties. [Exit G.Ll. & D.S.]

6. Chinese Aircraft in Hong Kong.

O.L. May I be told when R. Council will pronounce judgmt., so that I may alert Police etc.

W.M. I cd. find out unofficially – I did the case in H. Kong., can ask Shawcross how it's likely to go.

P.M. Stop them leaving H. Kong.

S.Ll. If U.S. win & want to send the aircraft to Formosa....

P.M. I will ask them not to do so. Wd. put that to Truman, if need be.

R.A.B. Protect aircraft to avoid claim for compensⁿ fr. U.S., if they win.

7. Coronation: India.

Sal. Ask him – in neutral terms. If he says no; we wd. have him in Procession & a stand for India.

P.M. Wd. like Indian troops to be there.

Sal. Wdn't discourage them if they wanted to.

P.M. Good feeling in Indian Army – wd. be a good thing to have them here.

8. New Hotel in London.

P.T. Pol. diff^{ies}
a. Housing. Effect will be marginal.
b. Mayfair. If it turned into offices. that wd. be an argument for bldg. this.

O.L. Absurdity of central Govt. control. We shd. have exam^d all claims – sure to be an industrialist who cd. earn more dollars for £2m.

H.C. 16 floors high – horrid.

P.T. 14 actually.

H.M. Awkward timing , if cut in housing announced same day.

P.T. Let me have decision in principle & settle timing with M/H.

P.M. Do it in recess.

9. Cost of Living.

W.M. 3 points up in July. Tea etc. Savings in clothing etc., offset by increased fares.
Likely to be publ^d next week – before Wed. next.

Sw. See that it is explained.

R.A.B. We said it might be 4-5 points.

1. Wages Policy.

- W.M. Opposⁿ may raise this in econ. debate vice ¹/₂ Supply Day.
No power to make award retrospective to date on wh. I referred it
back. I am considerg. wtr. anything can be done on that.
- P.M. Keep us informed of developmts.
- L.P. Believe a wage increase is due to these. They include many of
R.A.B.'s Achilles heel.
- W.M. Employers in other ind^{ies} look to us for a lead on gravity of econ.
situation. These employers mght. be persuaded to give pay
retrospectively.

2. Iron & Steel Bill.

- P.M. Prefer new draft of W. Paper.
- Sal. Majority take opp. view to myself. On reflectⁿ I'm ready to accept that
view. Statement (prep^d in acc. with last decⁿ) was worse fr. my
angle than the W. Paper. If Paper publ^d Govt. will be asked int^{ns}
& will have to state them. Choice therefore is not betwn. W.
Paper & Statement. It's W'Paper & Statement or statement
alone.
Like statement in M/S. memo. But better make it in econ. debate not
on publⁿ of W. Paper. Tho' we are going on with Bill, sitⁿ is so
serious we are willing to discuss amend^{mts}.
- P.M. Agree. R.A.B. or I cd. work it in to speech.
Publⁿ of W. Paper, it's hoped, will facilitate disc^{ns} with Corpⁿ. Deeds
wh. will ease atmosphere.
- H.C. Avoid promises re speed of passage next Session. Heavy p'mme.
5 measures must be passed before Xmas.
- D.S. Publⁿ. Statement this wk. can announce publⁿ. [Enter S. Lloyd
on Mon. next.
- P.M. Settle date with Sw. Announcemt. by H.C. on Thurs. next.
- H.M. Make it clear tht. our legⁿ arises fr.
i) Socialist Acts wh. broke down
ii) Socialist delays.
- H.C. We shall be doing (ii) ourselves.

[Exit D.S.]

3. Parliament.

- S.Ll. Form of motion for F.A. debate. Handed round.
- P.M. Date – last 2 days because A.E.'s indisposition.
- S.Ll. Opposⁿ are still arguing among themselves. They will post units on suggesting deferment.
- Sal. Debate in H/L.
- P.M. On Friday, if poss. 1/8.
- H.C. Is Friday 1/8 to be ordinary day in H/C.
- P.M. Why not be guided by views of House?
- H.C. They wd. rather rise at 4.p.m. Might consider taking adjournmt. after 4.p.m. on Fri. F.O. will be satisfied with 1¹/₂ days?
- S.Ll. Yes, in circs.
- Sal. Think we may have to do it on the Thursday.

4. Compensation for Part-Time Justices' Clerks.

- R.A.B. Not a good moment – wages policy.
Repercussions on 12 or so other Acts. Wd. open door to other claims.
Wiser therefore to p'pone.
- M-F. Diffy. is tht. Mag. Cts. Ctt^{ee} are comg. into effect 1/4/53. If part-time clerks aren't compensated (600 out of 700) the Ctt^{ee} will keep them on. Whole benefit will be lost.
Of the 12 Acts, 7 are not parallel because they deal with part-time compⁿ excluded.
2 aren't because part-times have bn. absorbed.
On remaining 3, argument as in memo. para. 5. In 3 other Acts compensⁿ is by product of legⁿ with another main purpose. Bill was passed on assumptⁿ of compⁿ. Also (c).
Need to improve efficiency of summary courts. Ch.C.'s have given as one reason for crime increase the poor performance of the Cts.
- Sw. Comparison with wage restraint on lower-paid workers. Not needed until Apl. '53. Why not take it up again in autumn.
- P.M. Not a good moment. Wd. cancel out our saving on Ministers' cars.

- Sim. Important for admⁿ of justice to get max. no. of whole-time clerks.
 Won't get them unless part-timers are compensated.
 Stress argument in para. 5 (b).
 No doubt of justice of compensatg. these people.
- Sal. At least don't decide against this in principle.
- Agreed. Defer decision until autumn (Oct or Nov.)
 soon after Parlt. re-assembles.
- [Exit Att.G.
 [Enter P.M.G.]
5. Overseas Telegraph Rates.
- P.M.G. Revenue yield - £2m.
- P.M. An additional import on public.
 Wrongly nat^d by Socialists: no doubt now costs more. Let us rather
 show what a mistake this was, & how much more it costs.
 Ty. still makes a profit out of G.P.O. services as a whole.
 V. large increases.
- P.M.G. Costs have risen by £2¹/₂ m. fr. 1951 to 1953.
 No rise in rates since 1929. What other service has such a record.
 Even at 1/- Transatlantic rate will be 4¹/₂^d less than U.S. rate in opp.
 direction.
 If we don't raise rates, Ty. will have to pay. Comm^d to fixed rate of
 interest on bonds.
- R.A.B. Support memo.
 But suggest no increase in Press rate.
- P.M.G. I don't now suggest that increase.
- Ch. Para. 8 will cost us \$1m p.a.
- P.M.G. Shall be heavily pressed by U.S. if we don't. They wd. like an even
 heavier increase. Can mitigate dollar loss by change in book-
 keeping arrangemts.
- S.Ll. Scandinavia 50%. Belgium etc. only 33¹/₃%.
- P.M.G. Sep. Scand. co., makg. a bigger loss: they ask for this extra.
 Scheme agreed with all countries concerned save tht. U.S. wd. have
 liked even heavier increases.
- P.M. Let failure of natⁿ appear first.
- R.A.B. We must make it pay.
- P.M. Will be an outcry.

P.M.G. U.S. cos. have bn. doing 80% of the Transatlantic business and are operatg. at a loss because of rates we force them to charge.
New cable coming in next year wd. increase our Transatlantic capacity by 15%.

R.A.B. Let me examine the dollar aspects of this once more with P.M.G.
If this were still a private co., rates wd. have bn. raised long since.
Suggest we approve in principle.

X/ { let me examine the dollar point.
{ p'pone announcement for a while

Report X/ back to Cabinet.

[Exit P.M.G.]

6. Korea. Appointment of Deputy C.O.S.

P.M. Ridiculous mouse, but A.E. still wants it.
Parl^t will scoff at this. More respons. w'out any more power.
I won't read it out. F.O. must do it. Or M/Def.

Al. If public understand duties, won't be confusion – and M. Clark wants it. But if misunderstanding & ill-feeling in U.S., then I wd. drop it.

O.L. Too much of this altogether. Confine it to t. of r.

Al. Make if clear
i) no more respons.
ii) only one channel of commⁿ to U.S.

S.Ll. His presence will be helpful to our liaison offr. & Amb. in Tokyo.

Sal. Omit t. of r.

S.Ll. A.E. wd. accept that.

Amended draft approved.
To be announced? in genl statement on Korea on Monday next.

7. “Japanese” Prisoners of War.

S.Ll. As in memo. £20 p. head for prs. in Jap. hands only.
Feeling in H/C. and among the assoc^{ns} of ex. prisoners.
Unofficial means test.
M/P. think it imposs. to distribute the money thro' vol. organ^{ns}.

- P.M. Br. Legion?
- S.Ll. They wd. favour this.
- P.T. Who will handle the distⁿ.
- S.Ll. F/E. Assocⁿ includes 90%. Ty. will consider how to handle it, esp. the 10%.
- P.T. Hope B/T. won't be asked to do it.
- O.L. Avoid suggⁿ tht. this is compensⁿ. Only handing out what we have got.
- R.A.B. P.T. & Nutting have said we shall do it the other way.
The Vol. organ^{ns} expect the money.
Other claims will be re-opened – fr. Colonies etc.
Unusual to give a grant to a p.o.w. May come back at you in future.
Ty. will have to administer. More official.
Having exposed the diff^{ies} I support this unsound plan.
- L. Thousands of merchant seamen. They now favour handing the money over to King Geo. Fund for Sailors. Viz. the Labour Govt. plan.
- R.A.B. Promises given by P.T. & Nutting.
- Al. This is more diff. than it looks.
I started with prejudice in favour of Labour Scheme. But the organisations are nervous about it, esp. distinction between Jap & G. prisoners.
Per capita. grant is easier, tho' not necessarily better, system.

Resume discussion at some later mtg.

8. Marshall Scholarships.

- P.M. Cost?
- S.Ll. £20.000 p.a. plus \$10-15.000 p.a. indefinitely.
- Ch. Good in principle. But unwise to do it differently from Rhodes Scholars. Assimilate it as closely as poss. to Rhodes system – incldg. election – and give no more money.
- H.C. Certainly exclude married. Want them to mix with others – in term & vac.
- Sim. Admin^{ve} cost is v. high – will be heavily criticised.
Rhodes Trust wd. do it for nothing.

A.E. to consider { a) bachelors.
 { b) grant no more than Rhodes Scholars.
 { c) selection to be handled by Rhodes Trusts.

C.C. 72(52).

23rd July, 1952.

1. Egypt.

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

- S.Ll. Read tels. 1060 fr. Cairo.
Amb. has asked Festing to consult him before authorising any mil.
intervention.
Movement is anti-King, who attempted to control Army.
- Al. Not likely to become v. serious. Good thing if E. Army did keep
order in Cairo.
- P.M. No need for B. mil. intervention.
- S.Ll. A.E. will want to say no interv. w'out ref^{ce} home.
- Al. They won't take sides in this: leave them discretion. Must consider
this.
- P.M. Avoid any obtrusive troop movements.

2. Persia.

- S.Ll. May be P.N. Ques. askg. wtr. we still mean to stop sale of oil,
notwithstg. judgment of Hague Ct. tht. it has no jurisdⁿ.
- W.M. Persia accepted jurisdⁿ only as regards Treaties.
Doesn't affect rights of Co.
- S.Ll. Tho' we have sheltered under interim judgmt.
- P.M. Avoid positive answer to-day. I had better answer.
Unless we can say firmly tht. we shall continue to stop the oil.

3. Parliament.

- H.C. Sat until 3 a.m. – on Isle of Man (Customs) Bill. I brought business
to an end, drawg. attⁿ to fact tht. only 20 Labour people were
there.
W^d like to make a formal protest this p.m. Threatening need to sit over
Bank Holiday.
- P.M. Support this. Agreed. [Exit B-H.]

4. Commonwealth Economic Conference.

- Sal. Exp^d time-table.

- R.A.B. Sooner we start, the better.
- P.M. Accept Nov. date.
- P.T. Min^l Ctt^{ee} shd. take the broad decision by end of 1st wk. in August.
- Ch. V. big decisions are at issue.
- P.M. No holidays for Ministers.
- S.Ll. A.E. ready to work at this on Tues. & Wed. & Aug. 2.
Announcement in H/C.
- P.M. I will discuss with R.A.B.
[Enter 3 Serv. Ministers, D.S.,
D.E.]
5. Defence & Economic Policy.
- P.M. Long-term future of defence viz., after 1953. Can't be settled at once.
M/Def. to work at this during 1st 2 wks. of Aug. Thereafter mtgs. of Ministers or Cab. in 2nd half of August.
- Al. Then R.A.B. must not commit future yrs. in what is said in debate.
- R.A.B. Can't have ½ Budget devoted to Defence. £1800 m. on cutting edge & atomic energy etc. Forces will have to find scope for new equipmt. by some re-deploymt.
Won't commit Govt. to a definite view for future.
On civil side – what of cut made in food subsidies, Health Service.
Also on this round civil investment.
Whole basis of def. p'mme was burden-sharing – now a fiasco.
And since then Abadan, terms of trade, no increase in productivity.
- A.H. Metals: ques. of principle is tht. there shd. be some increase.
On total cost, there cd. be a compensatg. reduction in strengths.
We cd. keep a re-armament p'mme if principle of increase there is accepted.
- P.T. But it is the rise wh. is fatal to expansion of exports. Deters contractg. ahead for civil orders.
- P.M. We are not spending less than the £4.700 m.
- Ch. '51 deficit £500m. in b/p.
'53 we propose £500 more on def. & more on investmt. deficit £1100 m. Look at that.

- de L. 1.100 aircraft & 2.700 jet engines cancellations provided for in this plan.
More cancell^{ns} if £500 ceiling.
- J.T. Adm^y wd. have to cut frigates.
- D.S. Real conflict betwn. expandg. exports & m'taing. defence in engineering industry.
We can only look at this on 3 yr. basis. And that will determine exp^{te} in '53. Must do the 3 yrs. first.
- P.M. Need not announce precisely in debate. Better to avoid precision.
- de L. You can't get the new types unless there is a rising curve in metal-use.
- Ch. Do you suggest tht. £450 m. all goes on maintenance?
- P.M. *Let us see division betwn. m'tenance & new equipmt.*
May be better to have a smaller Force with new equipmt.
- A.H. 1953. C.O.S. memo. Metals. New 50.24.
M'ten. 35.64.
Metals cut falls on relatively small field.
We accept '53 decision. The diff^y arises fr. ceiling thereafter.
Industry will go over to exports & we won't get the capacity.
- Sw. There won't be the metal to carry thro' both jobs.
- Al. Then global str. & A.E.'s memo go by the board.
- de L. 150 squadrons now.
- P.M. Then cut no. of squadrons & get the new equipmt. Army too:
have fewer men & better weapons.
- A.H. What will A.E. say on commitments.
- de L. And go back on N.A.T.O.
- Al. * Must ask C.O.S. to review strategy on basis of smaller forces.
- A.H. Even if we start lower we must have a rising curve.
- Sal. Agree tht. no plan can be made on a flat ceiling rate.
- P.M. Can't avoid some increase in met. on new equipmt. in '54 because orders placed.
Can seek compensatg. economies in m'tenance.
- D.S. If size of Forces is m'tained, any cut in metal use will fall on new

weapons.

- Al. Will examine over next 2 mos. the minimum increase poss. in metal-using industries. There must be some.
- R.A.B. May Accept that offer. But we must recognise tht. it may be even more serious. We can't afford all the services we are trying to keep – incldg. social services.
- D.S. Must have dec^{ns} w'in 6wks. Can get along until then. But make all the cut at once blow – not bit by bit, wh. is devastatg. to industry.
- S.Ll. A.E. wants to see 3 yr. p'mme for other services at same time, if def. is to be trimmed over 3 years.

1. Parliament. [Enter Sw., B.H., S.Lloyd.

H.C. Business for next week.
Economic debate – on a Govt. motion, if Oppⁿ agree (it's their time).
R.A.B. to open: W.S.C. to open on 2nd day.
Announce re-assembly 14/10.

P.M. Also new Session 4/11, if asked. The way is clear.

H.C. Better keep them guessing – helps to finish business in October. Also
more constitutional to delay announcement. W^d sooner wait –
Opposⁿ are v. troublesome.
will announce Steel W. Paper – publⁿ Monday p.m.

2. Miss Ward's motion re Members' salaries – shall be asked.

P.M. C.R.A. rep^d hardships of Labour members. But I promised only
considⁿ. Later, after spkg. to 1922 Ctt^{ee}, I told him this was
not the right moment. He knows we won't do it. Told him
he cd. when next in office.
You can say no opp^y for time for this motion.

Sal. Rep^{ns} fr. Labour Peers & some of ours, who are in much worse case.
No salary or allowance for expenses, save rlway. fares.
No ques. of salary. Only poss. wd. be relief fr. taxation for expenses
other than fares.

P.M. C^d be taken into a/c with reform of H/L. or with salaries of M.P.'s.

O.L. C^d be adjusted by Revenue rules – no legⁿ.

Sal. Will say I will report their rep^{ns} to C/Ex.

P.M. This is not the time.

3. Council of State.

H.C. Not urgently needed before recess?

Sal. Leave over until eve of Austr. visit.

P.M. Nice to let Queen Mother know it's intended.

4. Meat Ration.
- L.P. Increase fr. 1/9 to 2/- to be announced on Friday.
- [Enter C.O.S.]
5. Egypt.
- S.Ll. Read this a.m.'s telegram from Cairo.
A.E. proposes to recall Amb. (on leave) to Cairo.
x/ shd. be some acceleration of Rodeo, now at 96 hrs., to 24 hrs.
- Al. Situation needs watching. But wd. not advise sending ships to Alex –
mght. be thought to be going to rescue King. Let them go to
Port Said, as planned.
- S.Ll. A.E. – cd. we move troops to Erskine Line w'out provocⁿ
against sending ships to Alex. at this moment.
Genl. N. & P.M. shd. be warned of x/ for sole purpose of
saving B. lives.
- Al. Don't favour 24 hrs' – means loadg. troops into ships. 48 hrs' is
enough.
Robertson shd. go back.
No more of troops yet to Erskine Line.
- P.M. Gt. disadv. in appearg. to seek to take advantage of domestic diff^{ies}
to increase our hold over E. Dictator has ample force to check
rioting & he says he means to. We shd. wait until real threat
to B. lives occurs.
Certainly we shd. not be precipitate.
No certainty tht. Army will facilitate Comm. revolution. If the
Comms. tried to take this chance, we mght. have chance to
mobilise world opinion behind B. intervention. But not now.
Not going to fuss over Farouk.
Period of 'silent alert'. No movemt. outside C. Zone. Bring Rodeo
to less than 96 hrs.
- C.N.S. At 48 hrs.' notice ships now at Istanboul wd. have to cut visit
short. And those arriving at Malta wd. have to go back.
- P.M. Movement of ships wd. occasion as much alarm. Don't favour it,
until B. lives are in danger or Comm. resolⁿ imminent.
Wait – say at present no more than prepare to go to 48hrs.' notice.
- V.C.I.G.S. O.K. for Cairo opⁿ. No improvemt. for Alex. unless we move the
ships.
- Alex. Go to 48 hrs.' in Canal Zone. Don't move ships.
- C.N.S. W^d mean they cd. move prob. at 72 hrs., not less.

P.M. No need therefore to take initiative in informg. N. But, if he gets to know we are moving, he can be told we intend only to be ready to protect B. lives. But if mil. can establ. contact with him easily, tell him.

All this subject to A.E.'s covering approval.

[Exit C.O.S. & S.L.]

6. Charges for Overseas Telegrams.

P.M.G. Considered again with F.O. & Ty. Urgent because negot^{ns} with U.S. await ratificⁿ. No paymt. of dollars to U.S: merely stopping makg. them incur a loss wh. they have to make good by sending dollars here. They asked for 1/4½: we offer only 1/= . Can't discriminate v U.S.A. by raisg. other rates & not theirs. We carry only 20% of Atl. traffic.

Co-opⁿ by all cos. is essential to satisfy. World Service. Must meet their views.

F.O. were satisfied.

Announcemnt. Preferred to do it before recess rather than wait until Parl. has just gone away.

R.A.B. Service wd. have ended if we had gone on forcing U.S. cos. to make good the deficit.

P.M. Announce when you like.

Sw. Can't do it w'in days of adjournment. Can it be held until Sept.

P.M.G. Must tell Americans. May then leak.

Date of announcement: end of next week.

in H/C. in reply to P.Q.

7. Economic Policy.

Imports

R.A.B. Decide to put these into effect at once. £123 m.
Will not announce in detail.
But on exports I want to say somethg. on coal.

L. No longer object: sales are going well.

R.A.B. Food: shall not specify. Will not disclose stock level. Will say no reduction in consumptⁿ levels of rationed food.
Shd. now get through to end/52. R.S.A. will not now be – 20:
& U.K. shd. be in balance. Can strike a note of confidence – so long as we persevere in the measures agreed. That is necessary in order to steady financial nerves in N. York.

Ch. Stocks, overall, is better than July '52.

Tho' one or two (especially food) are down.

Investment.

- R.A.B. If we did nothg., £100 m. more than ever before wd. be invested in bldg. – at expense of exports & prod. industry. This is an effort to mitigate that. Decontrol is too dangerous: drastic cuts are unacceptable: I compromise on a 5% cut all round. From angle of overseas opinion & home opinion it wd. be wrong to seem to let defence take the full knock.
- H.M. Trust p'mme won't be publ^d. May be a good domestic plan. But publⁿ wd. do no good: wd. enable critics to take total money, divide by cost of house, & deduce we have cut p'mme. I have bn. careful to avoid announcg. a p'mme. Don't want to announce it now, or enable a cut to be deduced.
On assumg. office we found p'mme of 200,000 houses. Never reached. We shd. have built 85/90.000 in 1st 6 mos. We have built 110.000. They were all Socialist houses. We have bn. lucky with weather: have broken bottlenecks. We shall build 120,000 in next 6 mos. 230.000 total: 30.000 over the ceiling. Largely because we set no depressing limit.
We have footings for work of '53. Shall build 260.000 – save for physical (starving materials) or moral (discouraging industry) reasons.
What is best method of handling this? i) Numbers – aim at 260.000. Was 1st sugg^d we cut it to 230.000. ii) Materials – sugg^d we limit use of imported materials. don't mind running down stocks because prices are falling. Avoiding use of timber by boneless house – and steel, by reducg. no. of flats & insistg. on load-bearing walls or re-inforced concrete. iii) Money. Wtr. you put £416 or £395 into p'mme doesn't matter.
Pol. effect of announcg. curtailment of housg. effort.
We can however consider what we do in '54 – needn't be fixed until Nov.
However it be expressed, I want auth^y to build 230.000 in 1952 & 260.000 in 1953 and consider in Nov. what we shd. do in 1954.
- P.M. 1953 is the critical year, in wh. Boneless houses get planned for bldg. in 1954.
- H.M. In '54 we cd. build 300.000 with same timber as is now used for 200.000.
- P.M. Carry it out durg. '53 (i.e. pig it thro') & get thro' to '54 when we can build with less materials.
Also, danger in rigidity.
- R.A.B. Must have startg. dates applied to housing e.g. in areas like Coventry. We cd. then slow down in those areas and put more houses into

other areas.

H.M. Can't agree. Suitable for small no. of big projects: but not for large no. of small units (e.g. individual houses).
Can agree tht. starting of housing schemes, as blocks are agreed with M/W. But we have bn. doing this. And M/W. is to-day in Coventry to sort things out there.
Avoid general rule: accept consultⁿ on black spots.

R.A.B. I'm satisfied if D.E. is – so long as we curb ingenuity of housg. & prevent it fr. getting in ahead of prod^{ve} industry.

P.T. 5% cut on prod. industry carries egalitarianism too far. Hope this won't be pressed. This means £10 m. less than '50.
What about schools? Gets more steel than all B/T. allocⁿ.

R.A.B. Ready to discuss with P.T.

H.M. Repeat objⁿ to publⁿ. Genl. support for that view.

Sw. Rely on allocations of materials e.g. steel.

R.A.B. This is a ridiculous nuisance. Only a rough guide to what we can afford. Agreed: no publication.

Ch. Agree tht. other p'mmes (e.g. education) shd. contribute to enable industry to have £100 m.

P.M. Accept memo. in principle: but allow margin of e.g. £10 m. to meet special needs of B/T. etc.
Ceiling shd. not be rigidly imposed.
No discouragement to housing, until we reach boneless state of '54. No abandonment of intention to reach 260.000 houses in '53.

8. Textiles from Czechoslovakia.

O.L. Best deal in circs. Better than it was.

Sim. Good answer to any row.

S.Ll. Comp. increases in other quotes will be defensible in O.E.E.C.?

P.T. Watchg. that – will consult F.O.

9. Assistance for Building Fishing Vessels. [Enter T.D.]

L.P. As in brief.

R.A.B. Lower interest imposs. Shares not accepted. Grants remain.
Let me work out system of grants & bring it back to
Cabinet. Next Tuesday.

1. Iron & Steel Bill. [Enter Sw., 3 Service Ministers

Sal. Hope R.A.B. will say the piece sugg^d by D.S.

R.A.B. Indicated what he intended to say.

P.M. Let Sal. see what is to be said & give him a chance to suggest small addⁿ.

2. Parliamentary Delegation to Canada.

P.M. Dislike 8 M.P.'s being risked in one plane.

Sal. It is an offer of R.C.A.F. plane. Awkward to decline.

Sw. Can't avoid their flying, together, in Canada.

A.E. Sound Canadians about boat (C.P.R.) instead of 'plane.

Sal. Poss. alternative – return by sea.

P.M. Give a hint to Canadians not to fly them (Tories) all in one batch.

P.M. Put in a Peer vice M.P. with narrow majority.

3. Amnesty for Deserters.

P.M. Want this. But don't press it as Coronation gesture.
V. unhealthy to have these outlaws.
After last war was lifted after 4 yrs. Now, 7 yrs. have passed.
Canada has done so & Australia. Comparison with war
criminals, to whom clemency has bn. shown.
Don't admit repercussion on N.S. men now serving.
Are we to say they will never grant amnesty?

Sim. Support strongly.

A.E. Not in connⁿ with Coronation.

P.M. I agree: do it quickly, if at all.

Al. No need to extend to civil prisoners. Men who have fought are in
diff^t position. I wd. like it, & linked to Coronation.

A.H. Problem not v. large. Army deserters in U.K. – only 2.800. Most are
living with families, tho' under assumed name. Desertion in

war more serious than in peace. Strong reasons now for deserting fr. drafts procdg. overseas.

- de L. Support that. Condoning desertion in war. Those who successfully did it are now to be forgiven. Unwise to do it, when we are in cold war. "Hunted" etc., argument applies to those guilty of other crimes.
- J.T. I support this view, too.
- J.S. V. bad for discipline. Army comrades hate deserters.
- H.C. I strongly agree with Services.
- M-F. So do I

Resume discⁿ – during recess.

4. Service Property in Bermuda.

- J.T. Here is our plan for Service agency. W^d like to ask Bermuda to pay higher (Ty) figure. If C.O. object, we want to sell piece-meal with assistance of private agency.
- O.L. B. offer £650.000. Vol. contⁿ over 12 yrs. £480.000. Agents fees £50.000. M'tenance at £120.000 is v. low. Risk tht. we shall get less than B. offer, and in addⁿ look mean.
- R.A.B. Try for £1¼ m. If they don't accept, try to sell it piece-meal.
- A.E. May lose their £40.000 p.a.
- Sw. Appeal to them pays. They are v. rich. But don't forfeit their good will. Ldn. agents won't be able to prevail v. passive resist^{ce} of Bermudans.
- R.A.B. They can well afford to pay more than £650.000. They shd. be pressed to give more.
- O.L. Stress risk of their cancelling vol. contribⁿ.
- Sw. * Settle a basic sum (£650.000) & share any excess 50/50.*

Agreed.

5. Territorial Waters.

- A.E. No F.O. interest save to reach agreemt.

4 mile limit: we agreed it at Hague for Norway. Iceland has now claimed it, & we shall have diff^y in resistg. it. But all Dpts. agree we shd. preserve 3, as far as possible.....

- J.T. War interest of R.N. Para. 4.
- A.E. Only applies to indented coast.
W^d help us to secure other interests e.g. in Med.
- L. Extension wd. involve increased interference with our merchant ships.
Why this hurry? Intern. Law Commⁿ are to study it. Why not let them do so first. We must be v. careful about our interests.
- L.P. Qua inshore fishing T.D. wd. welcome.
- J.S. White fish Bd. has come down in favour of new system.
No hurry. Was an issue in my constituency in '08.
War – didn't hamper Nelson or Vian.
- P.M. Agree. War consid^{ns} aren't paramount because we shall over-ride if need be.
- Ch. Iron-ore traffic.
- L.B. Awkward if neutral establ^d large area, wh. we cdn't inspect for mines.
Aviation & m/shipping wd. suffer fr. w'spread adoption of this scheme.
- Al. Need for careful thought.
- L. Wait for Commⁿ.
- A.E. U.N. Commⁿ: won't report until end/53. Fear tht. m'while Denmark etc., will move in conformity with Hague decision. Diff. for F.O. to influence others because we haven't a clear view ourselves.
- P.M. Qua fishing, new method is to be preferred.
x| But are there mil. arguments i) peace ii) pre-cautionary iii) war.
| Let M/D. consider that with Serv. Ministers & M/T. & leathers & M/St.
- Sim. No consultⁿ with U.S. & Comm. All affected and L.O.'s. C^d we
y| not delay decision until their views have bn. ascertained. New
| legal theory of base line has prob. bn. establ^d. All turns on reasonable applⁿ of it.
- Our fishing is subject to Conventions wh. wd. have to be denounced before base-line applied.

J.S. I've bn. badgered for 28 yrs. Hague decⁿ means I shall be pressed.

Agreed: { Proceed at x/ (foreseeing current enemy)
{ Consider y/.

6. Persia. [Enter G.LI.

A.E. First rept. of suggⁿ by M. tht. he mght. agree to arbitⁿ not limited to compensⁿ. Offl. Ctt^{cc} favoured sending symp. answer on that. But at next interview M. w'drew all that. Must be nearly mad. All hopes have vanished. What to do now? No good sending answer proposed. Shd. appear to be running after him (1) Mght. however leak his 1st offer, & our attitude to it. Mght. damage M. Amb. agrees. Favour that. (2) M. will ask for relaxⁿ of certain rest^{ns}. Ty. agree we can offer to consider that if we are makg. progress on oil. (3) Pol. sitⁿ. Tender now only alternative. Asked U.S. wtr. we can't find someone else to back e.g. mil. man, as in Egypt. U.S. Amb. is not averse to that.

P.M. Pretty stiff.

A.E. Yes, but things are slipping twds Tudeh.

P.M. Safe so long as U.S. keeps in step. But a tricky business.

Sal. See no other option. Can't sit & watch situation deteriorate.

A.E. U.S. will be v. nervous of Communist Persia.

P.M. The man mght. be assured tht. if he were in control he wd. get renewal of U.S. help with arms & grants and from us prs. some oil. Dangerous to go further than that now. A.E. shd. continue to keep Cab. informed.

[Exit G.LI.

[Enter D.S.

7. Defence Programme.

P.T. R.A.B.'s speech contemplates tht. lead on metal-using ind^{ies} will not increase: no more. Can't do that, build houses and expand exports. Hoped R.A.B. wd. say there wd. be some lightening of that load. Thought P.M. was going to say more, acc. to what he read to Cab. last Thursday.

Al. Put amendmt.

R.A.B. Have rec^d welcome offer from Al. wh. I am going to pursue. Merits are O.K. Matters less to P.T. what I say in speech save for impact on public. Alex. formula for speech is an

improvement.

A.H. Care in statement re sales of equipmt. Don't give impⁿ tht. it's at expense of our Forces. It is rather due to except^l progress of production.

After discⁿ: agreed tht. R.A.B. shd. use Alex. formula.
[Exit A.H., J.T., D.S.]

8. Wages Policy. don't record this [sic]

W.M. Must report on Thursd. ques. of reference back to W. Councils.
.. .. effect on engineering ind^{ies}.

P.M. No need for W.M. to spk. to-day.

9. Marshall Scholarships.

A.E. All points were decided in consultⁿ with Vice Chancellors, & Rhodes Trust. They will have to operate the scheme.

Ch. At later ages you will get mainly Univ. Dons.

A.E. Arguments in memo.

Discussion to be resumed.

10. Gatwick Airport.

R.A.B. Agree: inevitable. Fit it into investment p'mme.

L.B. Will be staggered over many years. Will discuss with Ty.
Agreed. [Exit L.B., de.L.]

11. Overseas Information Services.

1) Accounting. Agreed.

Sal. 2) Enquiry. Can you put this to 'outside' body, when it goes to defence & f. policy. W^d prefer Ministerial Ctt^{ec} wh. wd. hear evidence fr. outside.

A.E. Diff. for Ministers to give time.
Intended Ctt^{ec} of 4 or 5 who knew this from inside in war.
Must answer before recess.

Sal. Parl. will then want to see report.

P.M. Prefer to keep it in Govt. hands.
Sw. Panel of consultants, fr. outside, to advise Govt.
Sal. Won't press my view.

C.C. 75(52).

31st July, 1952.

1. Parliament.

[Enter Sw., B.H.]

H.C. Business for wk. after Recess.

2. Legislative Programme.

H.C. Main point: must know at outset of Session what we intend to pass. Sh^d get Bills ready. Final dec^{ns} not until Oct. But let's be firm then.

Transport & Steel are firm. What else? i) Monopolies – promised this Session, but no policy yet. Shall look foolish if we don't do it next Sessⁿ. ii) Leasehold. iii) Development Charge. Both these involve standstill Bills – and those, w'out announcem^t. of alternative policies, will make us seem to know not what we intend. Much to be said for takg. main Bills on ii) & iii) wh. cd. go upstairs.

H.M. I want both standstill & main Bill produced together – certainly on (iii).

Sal. We H/L. don't get T. & S. until summer: diff. for H/L. to do one or even two more major Bills. Don't overload H/L. p'mme for June/July.

H.M. Final H/L. stages cd. be taken in spill-over in autumn.

Sw. T. & C. Planning is more important than Monopolies.

P.T. Monopolies: policy is settled, save for nat^d industries. Developm^t. Charge: Memo. to come to Cab. in about 3 wks.

P.T. W^d like a decⁿ wtr. Monopolies is in or out for next Session.

[Exit B.H.]

[Enter J.T. & L.B.]

3. Suez Canal.

Memo. approved.

4. Egypt.

A.E. Ali Maher looks as tho' he may be able to control military. Flail: C's-in-C. makg. a fuss about it. Knock him off it. Must keep it at 48 hrs.

Al. O.K. pro tem. Can't do it indefinitely. [Exit L.B. & J.T.]

5. East/West Trade.

P.T. U.S. pressing us to w'hold these supplies. Craven Bros. row. They now seek guidance on delivery of goods contracted for before end '50. Commercial cons^{ns} point to allowg. this: we have large adverse balance with R. & want coarse grains. U.S. over-estimate amount of prior commit^{mts} – only \$1.5 m. in fact. A.E. & I recommend we shd. supply those, on basis in memo.

O.L. I spoke in Sep. '50. Cravens make largest machine tools (one of 2 makers) wh. can be used for munitions. We can't export the tools wh. I mentioned in my speech: they really mean munitions (large tanks & guns). Esp. after Labour Govt. stopped them, on a/c of our pressure.

Ch. Para. 14. Look at what we risk losing.

P.M. I am hopelessly committed. My b'cast on 26.8.50. Labour Govt. yielded to our view.

A.E. Misunderstanding – needs re-considerⁿ.

R.A.B. I said in my speech – i) consult other nations ii) don't damage our own interests iii) avoid increasg. war potential of our enemies. Thght. this memo. met me. C^d it apply to all save Craven Bros., who are notorious.

P.T. Goods clearly of strategic value are out anyway.

O.L. But planing machines (armour plate) wh. cd. be used for one purpose or another, shd. be v. carefully scrutinised.

P.T. Approve general policy, subject to exception for Craven Bros. and similar tools. Let me discuss list with O.L. and D.S. and make specified recomm^{ns}.

A.E. No Craven Bros. tools. Nothing late Govt. vetoed. Subject to that, make a list of prior commitments which cd. go.

P.M. And bring it up to Cab. again.

[Enter Att.G.]

6. Immunities for International Organisations.

Sim. Att.G. has taken narrow "legal" view. V. diff. to confine it to that in relation to internat^l oblig^{ns}, which are not enforceable by any court. E.g. on N.A.T.O. Att.G. says we aren't comm^d because tho' we have signed we haven't ratified. In fact we put the

agreemt. forwd. & presided over group wh. discussed. We have all the advantages, now it's in Paris: we are fully committed to honouring the obligation.

In my view we are comm^d in respect of all – save the one which hasn't bn. set up.

Att.G. Thought Cab. wd. wish to know wtr. we are legally bound or not.
That's why I was careful not to take pol. cons^{ns} into a/c.
E.g. Postal Union: we aren't bound in my view. May be good policy to honour it.

A.E. I shall argue to-day on Germany we are bound: tho' for political reasons we ask Parlt. to discuss & ratify.

H.C. Several of us argued the other way in Opposⁿ – incldg. Sw. and both L.O.'s.

Sw. But para. 2 of 262 was never explained to me.

Sim. Art. 7 provides for action in event of abuse of privilege.

P.M. U. Postal Union. Has gone on for 70 yrs. Why give immunity now?

Sim. Because at our instance a conventⁿ was made to secure uniformity for all and to some extent cut down existg. immunities.

H.C. If the true posⁿ were explained as in 262 when this comes up again in H/C. I wd. be prep^d to eat my earlier words.

Memo. approved.

A.E. to report new ????.

[Exit Att.G.]

7. Colonial Questions.

Memo. approved.

[Exit A.E.]

8. Wages Policy.

W.M. 1) Ref^{cc} back to Wages Councils } are having some
2) N.C.B. refusal of wage claim. } effect.

To-day engineering employers have to decide on £2 p. wk. claim.

They have told me they wd. like to take firm line, but don't want to risk losing good will of Unions. I have said, if outbrk. unoff^d strikes, we wd. not intervene. But if regular Unions approach us, for arbitrⁿ etc., I have stat^y obligⁿ to intervene if normal machinery is exhausted.

Ministerial statements. Employers are v. sensitive. Ask Ministers to avoid saying anythg. wh. mght. encourage idea tht. any

wage increases wd. be justified.

L. Miners – arbitrⁿ is open: miners are considerg. it.

R.A.B. We shd. support M/L. {Exit Sw.
{Enter A.H., de L., D.S.

9. Deferment of Apprentices.

W.M. Agree in principle: ready to discuss methods.

Al. Don't agree: we are v. short of technicians. Smaller our Services
become, more technicians we want.
Also, dangerous to encroach on universality.

W.M. Para. 3 last sentence – safeguards Services. I want to preserve that.

D.S. Apprentices are a national resource like steel. Sh^d be allocated
acc. to national need. Get away from assumptⁿ tht. Services
have 1st claim on their skill. Retention of skilled men is
essential to secure emplt. of unskilled men available.
Agree we can't have 2 diff. methods.

A.H. D.S. deferment is really exemption. Apart fr. that, we cd. agree.
16.000 coming back fr. Army this year.

P.M. "Immediate reserve" of tradesmen.

Al. Want them in peace e.g. R.E.M.E. & R.A.F.
Let Serv. Dpts. discuss with M/L. and M/S. detailed scheme.

D.S. Urgency.

W.M. If it follows existg. scheme it can come into opⁿ at once. Only ques.
is "indefinite": only 3% so far have refused.

D.S. Ready to discuss that. But we must have more latitude than under
super-priority – discriminatg. acc. to export work.

W.M. Cdn't defend that.

{ Agree in principle – urgent action – method to be
{ settled by M/D., M/L., M/Supply, Serv. Ministers.
? B/Trade.

10. Fishing Fleet. {Exit A.H., de L., D.S.
{Enter T.D.

Agreed.

1. Persia. [Enter Sw.

A.E. Two main aspects.
i) No hope unless mil. coup d'état. U.S. share that view. W'in last few hrs. a more encouraging message from Tehran. Genl. Zahidi has approached Embassy & said 3 or 4 Nat. Front people have come to him expressing dissatisfⁿ with M. Z. is also in touch with previous Opposition. He has some support in Army. He is therefore a possible. Told Middleton not to tell U.S. that Z. has come to us. He will make an independent approach to them. They may be interested.
ii) U.S. anxiety to give money to M. Most inopportune because of (i).
As soon as poss. we must discuss terms of a poss. agreemt. in order to delay any offer of U.S. cash. Para. 19 therefore stands, tho' mainly as a delaying tactic. And add to (d) tht. we shd. deprecate any U.S. cash to M. until a move is made.

R.A.B. I agree with para. 19 of memo.

Approved.

A.E. Tydings anxious to have a go. Getting hurt because I won't say wtr. I want him to try. I shall stall him off: e.g. by asking what he thinks he cd. get.

2. Marshall Scholarships.

P.M. C^d there be a limit on nos. of married men?

A.E. C^d try to secure tht. majority will be under 25.
Drop limit to 28: & express wish that majority shd. be under 25.

H.C. Wives are a real nuisance.
Express a preference for single men.

A.E. Not so easy.

L.P. \$100 per mtg. is too much for Selection Ctt^{ee}.

A.E. Will look into that.

Approved – subject to A.E.'s considⁿ of points raised.

A.E. They shd. be under 25 & preferably unmarried – but no absolute bar.

3. Japanese Assets.

- A.E. Promise of late Govt. But many members pledged the other way.
- Al. I favoured vol. organ^{ns} method: but they and Service Ministers prefer the per capita basis and be done with it.
- P.M. Object of belligerency is to avoid capture.
- A.E. Keep it to Jap. captives and give them somethg. worth while.
- Al. Vol. organ^{ns} can't do it on means test basis. They wd. take it into their general pool.
- R.A.B. i) B/T. announcemt. & Nuttings. – volte face.
ii) Will excite claims.
iii) What agency will handle this?
Prefer to adhere to earlier decision. If not, must tell H/C.
- P.T. Must announce a change of policy.
- A.E. F/E. P.o.W. want this – a few votes in it.
- P.M. Why not give it to vol. organisations, but don't require them to trace individual claimants.
- A.E. 90% are in F/E. P.o.W. organisation: no diff^y in finding them.
- P.T. No one has protested to me against my announcement.
- H.M. Feeling in H/C. is tht. prs. in Jap. hands shd. be compensated for past suffering not present need.
- A.E. x/ Shall we ask M/P. to produce a plan for giving the money to ex-Jap. p.o.w.

Agreed – as at x/.

4. Commonwealth Economic Conference.

- O.L. a) Colonial Representation.
Panel of observers – none to speak.
- Sal. Suppose P.M. of Malta or Gold Coast came. W^d be greatly resented by Doms.
- O.L. Am against any P.M. coming. I will guarantee [to have advisers, not P.M.'s] that P.M.'s don't come.

Sw. Diff. to exclude them:- after C.F.M.

Sal. They haven't attended P.M. mtg.
This a full Ec. Conf. May be different.

P.M. O.L. shd. represent Colonies himself.

H.M. C^d O.L. have them here for consultⁿ outside the Conference.

P.M. Once here, he will creep in.
O.L. must represent Colonies at Conference – that is his duty.

O.L. They are v. large dollar earners.
C^d restrict no. to 6.

P.M. And offered more than you please.

Sal. How keep them out of P.M. M. in May?

R.A.B. At C.F.M. we kept them out of conf^d discussions.

Sal. Cdn't they come as advisers to O.L. but not attendg. the mtgs.

P.M. V. diff. to draw another line apart from "Dom. status".

Sal. Test is the constit^l status, not how much dollars they earn.

O.L. { I will ask some advisers on basis tht. they don't attend mtgs.
*{

R.A.B. { And invite them also to official mtg. in September.

Sw. Measures to be passed by legislatures with unofficial majorities.
Much easier to get along with that if they had bn. represented.

R.A.B. b) I had better not go to Mexico. Will send Salter instead.

5. Conservative Party – Aims & Objects.

P.M. Nat. Union of Conservative & Unionist Assoc^{ns} propose tht.
membership cards shd. state objects of Party.

L.P. I will talk to them. I don't like this wording.

[Enter J.T.]

6. Exercise Mainbrace.

A.E. Laid on by Shape w'out consultⁿ with us until late stage.
Concerned about part of it w'in Baltic – esp. that near Bornholm.
Exercise assumes B. captured (& we hold it as R.) & others

liberate it.

x| Danish suggⁿ & Norway approves.
| R. know of it: & articles are in Pravda saying it's provocative.
In view of x/, I suggest we verify tht. D. really want to be so bold,
explain risks - & go on with it if they accept.

P.M. V. risky – mght. be grave trouble. Visit wdn't hurt: but naval
exercises wd. look provocative. Put it bluntly to D. (& to U.S.)
tht. this is pretty bold.

A.E. y/ This sort of plan ought to go to N.A. Council.

Al. C^d cut out the landing of Bornholm, probably, if thought wise.

A.E. Sh^d you go into Baltic at all.

P.M. We ought not to go inside Baltic at this time.

A.E. Public discⁿ in D. - & Govt. have toughly said it's our territory. Don't
want to discourage unnecessarily.

Al. C^d Danes do inside Baltic alone?

P.M. R. wd. like that even less.
I wd. feel safer if U.S. were in it.

A.E. They are in main exercise.

A.E. Now that R. have complained, I don't like climbing down.

Agreed: Advise D. & N. not to have operations
w'in Baltic.
y/ to be pursued by F.O. & M/D.

7. Egypt: Rodeo.

Al. Amb. says we cd. stand down now, so long as no ostentatious troop
or ship movemts. We cd. accept that limitation.

Agreed

[Exit J.T.]

8. Germany: Contractual Settlements.

A.E. First thought of Party leaflet. Then thght. C.O.I. wd. be better.
But may be said we are using it for Party purposes.

P.M. Policy introduced by late Govt. – only diff^{ce} is timing.

R.A.B. Frankly political at end. And proposed to put it out thro'
Post Offices etc.

P.8. says much on attitude twds. G. contribⁿ.
Starts a new principle.

A.E. I thght. it quite objective. Text can be altered if you wish.

R.A.B. If you delete last section (because political) it will be less use. Mght.
be better to use Party channel.

P.M. Then you admit tht. our f. policy is Party policy.
Better to alter the pamphlet, but use C.O.I.

Agreed: text to be circulated.

9. Commonwealth P.M. Meeting. 1953.

Sal. All agree, tho' Malan may not come. Inform all P.M.'s.
Announce mid/Sept.

Agreed.

1. Lynmouth Floods. [Enter S.Ll.

H.M. Scale – wd. be small in Ldn. but is v. heavy in Lynmouth. Also quite a new experience for them.
First-aid work is going well – emergency Ctt^{ee} under Clerk of Peace of C^o. 1,000 have bn. evacuated – out of 2,000 in joint U.D.C. of Lynton & L'mouth. They will want to return. I resisted suggⁿ of requisitioning remaing. hotels in L'ton because this = only source of local income. Will get caravans in. Losses – of individuals: profit & stock } Ld. Lieut.'s fund.
Don't overlook loss in other villages.
1) Sh^d Govt. make reasonable donation to that Fund, wh. covers Devon & Somerset.
2) Reconstⁿ. Roads & bridges. Heavy exp^{re}. Most are roads carrying 75% or 50%. Later on we may have to make an add^l contⁿ.
Will send in to-morrow 1st class engineer.
Not sure river shd. be taken back into old course.
Main risk now is tht. tides will overwhelm rest of town.
Insurance cos. are likely to pay on policies (comprehensive).
Houses – 50 in L'mouth & 50 elsewhere in County. Where shd. some be built?
Propose i) contⁿ to Fund ii) state tht. work will be done, & paymt. will be considered in due course.

P.M. Need for some gesture from Govt. Can't leave it all to private subserⁿ.

R.A.B. Pay £20,000 to relief Fund, at once.
Promise tht. Dpts. will see how best to share out reconstⁿ costs – roads, bridges etc.
Orkneys & Sc. Borders floods – we gave £20,000.

H.M. Decⁿ of insurance cos. will affect greatly the size of claims on Fund.

P.M. 10/= on every £ subscribed up to total Exch. exp^{re} of £50,000.

R.A.B. Our total exp^{re} will be £350,000 or so.
Say tht. extraordinary Exchequer grants will be paid.

Agreed: £25,000 to Fund.

Statement to Press shd. include Insurance point, & extraordinary Exch. grants.

2. Persia.

P.M. Corr^{ce} with Truman. He mght. like to make a gesture in his last few months – don't want it to be one to our disadvantage.
Read further telegram 3403.

- S.Ll. Three points emerge fr. M.'s conversⁿ
- i) he is willing for compⁿ to go to Intern^l Ct. That, if honest, changes whole sitⁿ – so long as arbⁿ covers all, incldg. terminⁿ of concession. I favour followg. that up.
 - ii) financial help. We cd. relax export & trade controls. But money must come fr. U.S. - & they will prob. give it whatever we say.
 - iii) getting oil going. C.O. are willing to negotiate on that if (i) has previously bn. agreed. I don't see much chance of good result on that. They must not give better terms to P. than what is given to any other oil country in M/East.
- The U.S. at beginning of month sugg^d a joint approach to P. – U.S. grant, U.K. purchase of oil in stores, arbitⁿ on compensⁿ. A.E. didn't accept that – because no Ct. in arbⁿ & we wdn't buy our own oil.
- P.M. Wait 24 hrs. for reply from Truman.
- L. He will hesitate because he has attacked the oil cos. on trust-busting basis, as pol. diversion pre-Election.
- S.Ll. Will you send my message to follow up?
- P.M. I will wait for his reply.
- S.Ll. Read F.O. draft of possible joint message.
- W.M. Any U.K./U.S. misunderstanding on “natⁿ”. We aren't challenging the Act. We only say that we must have compⁿ for cancellⁿ of concessⁿ.
- L. If we got full compensⁿ for unexpired period of concessⁿ, valⁿ of assets wdn't come in.
- P.M. Am ready to send this off.
- S.Ll. If this goes to Ct., embargo will be ended. Co. don't think that big people wd. come in. And doubtful if we cd. go on enforcing embargo for much longer.

Agreed: despatch new draft to-night, with explⁿ tht. “natⁿ” is meant to refer to cancellⁿ of concession: these words are not the form of reference to the court, wh. wd. have to cover T. pt. re validity of '33 concession (his para. 7).

3. Japan.

Not heard.

4. Town and Country Planning. [Enter H.

-
- L.P. Land is not changing hands at existg. use value. The theory is not working in practice. V. equitable scheme, but human nature is not playing.
- R.A.B. £7 m. p.a. on dev. charge. Sh^d get £4 m. on my plan.
- H.M. And £1 m. p.a. to collect.
- R.A.B. Inequitable as betwn. one owner & another. We shall end in trouble.
- H.M. Can't get back to private bldg. – at 5% interest on loan, no subsidy and developmt. charge.
- H.C. I support H.M. – on that a/c. Private housg. vice subsidised is the task of next 10 yrs.
- R.A.B. C^d exempt those.
- H. Every Tory in H/C. is pledged to abolishg charge – cdn't stomach 60%.
In Sc. no land is being offered for developmt. because of the charge.
- P.M. Consider wtr. legⁿ can be passed next session.
- H.C. Ctt^{ee} have worked on this since Feb^y.
- H.M. Arbitrary nature of the charge.
- R.A.B. x/ Consider some interim measure to hold posⁿ for 2/3 years.

Agreed: Ctt^{ee} to consider x/.

[Exit H.

[Enter A.H.

5. Emergency Powers.

- M-F. Prepare Bill to show we are trying. Sorry we haven't got rid of more: hope to kill 25 Rgs.

6. Boarding Education for Children of Serving Officers.

- P.M. Read my brief.
Sh^d taxation be kept high and tax-free allowances given to mitigate it to certain classes.
- Al. Bad economy – many senior offr. are leaving Services because they can't afford to pay for education of their children.

- V. small cost.
- R.A.B. £400,000.
- R.A.B. V. large problem. Cantnar & Spens have sugg^d income tax allowances. Colonial Services are also claiming same. Must do this in relation to a Budget. Will look at it favourably.
- Ch. Money used for children's educⁿ shd. be relieved from tax. Some general solution must be found.
- A.H. Unique problem – officers are all abroad: they educate their children, go bust & then leave the Services. Can't wait until general solution is found. Even in next 6 months many will drift out. Disturbance element in pay doesn't include this.
- P.M. Must be considered in relation to next year's Budget.
- R.A.B. Must devise some special relief in respect of education.
- O.L. Support that approach.
- Agreed: R.A.B. to consult with M/D. & C.O. by saying how he stands on general issue.
- P.M. Give me figures of nos. leaving Services on this a/c.
7. Transport Concessions to Miners.
- L. N.U.M. have asked tht. subsidised fares, granted in some areas, shall be put on national basis. That wd. have repercuss^{ns} on other industries. We are trying to keep it to districts. But warn Cab. tht. we may have to give way, if we are to avoid a b'down and e.g. a strike in S. Wales. May we have leave to fight present line, or even link it with wages & be subject to arbitⁿ.
- W.M. Can't subsidise wages in this way in well-paid industry. Nat^l basis wd. be disastrous.
8. Industrial Disputes – Electricity Undertakings.
- W.M. May be strike affectg. some power stations.

1. Kenya. [Enter Sw., B-C., S.Ll., Home.

P.M. Are there precedents for similar action by Socialists?

O.L. If Oppⁿ criticised us officially, we can quote their deportⁿ ordinance of 1949 – wh. lacks the safeguards wh. I have now included: ques. only thro' L.O., no cond^{ns} on ev^{ce} of one witness alone, & appeal to Supr. Ct.

In Malaya even more stringent ordinances were introduced by Socialists.

P.M. On merits?

O.L. How deal otherwise with cond^{ns} in which 100 witnesses have disappeared? Ordinary processes of law won't suffice. But I added the safeguards. And deferred re-introdⁿ of corporal punishment.

P.M. Troops?

O.L. Not yet out of hand.

P.M. Worth re-enforcing – e.g. parachute battⁿ fr. Egypt, in terrorem.

O.L. Will consider, with M/D.

Sw. Deportⁿ of leaders is best solution, when you are dealing with secret societies under witch-doctors.

2. Persia.

S.Ll. V. unsat. reply from M. Arguments absurd. We shd. try hard to preserve joint U.K./U.S. reply even if there has to be a separate & longer U.K. rejoinder as well.

P.M. U.S. agreed tht. our offer was fair – hard for them to wriggle out of that.

S.Ll. State Dpt. have behaved v. badly. They need pressure.

P.M. Tho' we can't stop them giving money to Persia, if they wish to.

S.Ll. But we ought to stop them encouraging U.S. oil cos. to buy P. oil.

P.M. Say to M. – his reply doesn't carry us further than posⁿ when we made the U.K./U.S. approach. Clear negative. F.O. to draft reply & submit to P.M. – after consultg. A.E.

3. Pacific Pact.

Sal. Acheson stood firm on basis tht. U.K. observer wd. mean observers fr. all other countries. Not influenced by argument tht. U.K. wd. come in at once if A. or N.Z. were involved in war. If we press A. & N.Z., we may well get negative reply.
*But no need to conceal our view in Parlt. – we have a good case. Austr. public opinion may influence Menzies – Evatt is exploiting his chance.

P.M. Menzies & Casey are behaving v. ill.
This indicates U.S. wish to dominate A. & N.Z. – dollar countries under U.S. protection. Doubt is A. people wd. stand for that.

Sal. Stress *.

P.M. I wd. wish to send personal tel. to M. & Casey & to Holland.

Sal. I wd. welcome that.

P.M. Will show draft to Sal.

S.Ll. Case cd. not have bn. put more strongly to U.S.

4. Saudi Arabia.

S.Ll. Saudi Arabia trying to extend influence – skirmishing on Trucial? coast.
We have bn. dropping leaflets. Small bodies on either side are skirmishing. Doubt if much will come of it.
Reason is – to cover more oil country. U.S. oil interests may be encouraging them.

5. Argentine Meat.

S.Ll. Cab. agreed that some credit shd. be offered.
Ty. agreed we cd. go up to £10 m. in first instance. That offer is now being made.

L.P. This will enable negot^{ns} to go on. But doubt if they will be content.
If not, better course wd. be to offer to take more meat & an advance payment for it.
Ration will drop from 2/= to 1/9 in December, probably. If Argentine meat begins to be shipped in Nov., we may avoid that.

P.M. Avoid reducg. it on 24/12.

L.P. Sh^d not allow negot^{ns} to be delayed. And they can't be allowed to fail. We shd. try to get 200.000 (not 170.000 only).

6. Egypt. Sterling Balances.

S.Ll. £5 m. offer. Neguib's first reactions are not unfavourable. Seems likely that he will accept cond^{ns}.

P.M. Welcome his row with Wafd – esp. disarming them.

S.Ll. Reasonable also re Sudan; & will give his answer on Wed.

7. South African Questions in U. Nations.

Sal. We don't want to identify ourselves with Malan's racial policy. We don't want to compromise on our view tht. these are domestic matters not for U.N. Any intervention by U.N. wd. tend to push S.A. Oppⁿ into Malan's arms. No sympathy with India in raising these issues. Hence the wise, tho' unheroic, course of a middle line. Para. 14.

S.Ll. S.A. won't walk out on 1st and 3rd resolⁿ. The 2nd is the dangerous one. And India is sending a snappy Delegⁿ (M^{rs} Pandit & Krishna Menon). If there is a debate on racial policy, it will be undignified for us to sit mum.

O.L. But we must.

Memo. approved.

8. G.A.T.T. Admission of Japan.

P.T. Genl. agreemt. on 18/9. Avoid welcome. Seek p'ponement. Avoid any decision by G.A.T.T. at this stage. We have now persuaded U.S. to come a long way to meet. U.S. now propose reference to Inter-Sessional Ctt^{ee}. Read draft resolution in W'ton Tel. 1820. Comments: as in draft telegram. This will p'pone issue for six months or more.

P.M. Don't like para. 2. Sh^d insist on amendment in para. 1. And see what they say.

S.Ll. V. little time. Mtg. starts on 2/10. We have got U.S. a long way – dangerous not to clinch this now.

Ch. Agreed. We have done v. well in W'ton.

H.M. Better suggest stopping at "... matters involved".

P.T. Accept that.

Agreed on that basis. } P.T. to submit revised draft
And delete para. 2. } to P.M.

9. Engineering Wages.

W.M. Moderates on both sides desire settlement.
Union doubts how many will observe overtime ban – but enough
will do so to damage our industry.
6/= or 7/= wd. settle it. Ship-bldg. employers wd. give that.
Engineerg. employers (some of them) itch for a show-down:
think this is the moment for it. Doubt if they are right.
Employers don't want to take initiative in making an offer.
Don't want Court of Enquiry.
Employers have now agreed to joint mtg. with Gould. Thursday
next week. At invitation of M/Labour. Unions will certainly
come.

1. Korea. [Exit Sw. & G.Ll.

A.E. Proposals well received here. Put Comm^s in some diff^y.
Para. 4 only point for Cab. to-day. No decision now. Look at it again in light of Comm. receptⁿ of other proposals. They offer better chance of agreemt. But on offers made we stand quite well. Let Cab. turn it over m'while.

Agreed.

2. Trieste.

A.E. Long disc^{ns} with Gasperi & Tito. Time won't heal this. W^d loom large in Ital. elections in spring – Comm. mght. gain & make settlemt. more diff.
Racial diff^y: in B. 3 Ital towns tho' hinterland Slovene. There are Sl. in hint of A. Zoll also in Slovene. Considering swaps – but convinced now it's too complicated – towns depend on hinterland: Slovene corridor thro' Zoll wd. be v. diff. Only chance is to get settlement on Zones as they are. Tried to persuade T. to give Capodistria to Italy, but he cdn't agree. Have told results to U.S. Courses a) say together tht. Y. & It. must take it. Tito wd. Italy doubtful. b) merely to recommend, w'out pressure. I wd. have preferred a): but at Election time U.S. wdn't go along with it. Must be content with (b).

Agreed: best we can do.

3. Yugoslavia.

A.E. Steady evolⁿ twds. w. form of adminⁿ (away fr. Commⁿ).
In some ways already to right of Socialists. E.g. bonus on output, profit-sharing schemes. Will circulate report.
Private ownership of land.
They told us of Soviet technique on Satellites. They choose 2 members of Cab., say they aren't trustworthy, & Sat. P.M. dismisses them. Then 2 more & so on, until all are out. They tried it in Yugoslavia: “when we resisted, the break came.”
They certainly want to work with us.
Tito seems popular & not in fear of his life.
He wd. like to come here. Suggested next spring Mar/Apl. – informally, not as Head of State (wh. he is likely to become in Jan.).

4. Austria.

- A.E. A. ready to sign any Treaty, to get R. out.
W^d be good if we cd. persuade U.S. & Fr. to say we will sign either Treaty, long or short.
Clear that R. won't sign at all - every sign tht. they will remain for ever.
- P.M. Look at this again after U.S. Election.
- A.E. But Austria, as elsewhere in Europe, much less feeling of tension.
No one seems impressed by Satellite armies – ill-equipped.
- P.M. Believe estimates of R. strength are exaggerated. Want to test it by reference to steel, & key materials.
- A.E. Saw Genl. Collins (U.S. C.O.S.). He favoured our Trieste solution, but feared U.S. Govt. cdn't back (a). He spoke too of U.S. staff talks with Yugosl. Tito wd. have preferred to see Br. offr., but we can't change that now.
Albania: Tito said we cd. have snipped it off in '41. But now we must have plans prep^d in advance. But note tht. Albania-Yugosl.-Greek link-up is anti-Italian.
Comm. split in France: Tito thght. it most important event since Y. defection.

5. Persia.

- P.M. Proposed joint reply to M. Answer?
- A.E. Not from Truman: bad reaction from State Dpt. Tel. 1884.
Read F.O. reply to this.
- P.M. I approve that.
- P.M. We can't prevent U.S. giving M. money. But we won't give him any of the £49 m: & let him stew.
But Alton Jones & other cos. I'm told the little cos. cdn't save Persia.
We cdn't intercept U.S. tankers by force: but they wdn't get much w'out the large cos.
- L. If U.S. Govt. lifted the embargo, it wd. be a pity – tho' the big cos. wd. take some time to get moving.
- G.L.I. In Grand Jury procdgs. it was said on behalf of Govt. tht. one of the purposes was to open compⁿ betwn. cos. in "Persian & other" oil – we protested at once thro' Embassy.

6. Oil: Grand Jury Proceedings in U.S.A.

A.E. Will Cab. approve Annex A.
Dutch propose to take same line.

Approved.

[Exit G.Ll.

7. Wages: Engineering Industry.

H.M. Employers are reluctant to start talking on a figure. Will have to be
general to start with: they are v. coy.

P.M. Employers must be discouraged from returning a flat negative.

[Enter Sw., Solr. Genl.]

1. Budget: Out-turn of Revenue & Expenditure.

R.A.B. Receipts less, & exp^{re} greater, than assumed.
Rise in exp^{re} by l.a.'s. Am submittg. memo. on further control.
Shall have to consider situation.

P.M. Have there bn. such violent fluctuations previously?

R.A.B. Probably not. Am considering – will report.
Speech 7/10 at Mansion House – will say this is now our main
problem. B/payments is better: now this is worse. Risk of
renewed inflationary crisis.

2. Germany: Krupp.

A.E. Policy of Socialists & U.S. was to break up the big combines. Krupps
has bn. broken up. Krupp has now bn. given this money in
paymt. for his interest - £6 m. G. money.
He was acquitted as war criminal by U.S. revision of sentence. Were
we to say tht. because his name is Krupp he cdn't be paid.

P.M. Decision made by U.S. Govt. during late Govt. office.

A.E. Krupp will pay some to employees - & may be subject to tax.
W^d welcome chance to make position clear in H/C.

3. Development Charge.

H.M. Stand by memo.

Sal. I am not personally interested.
Are Tories in favour of private ownership of land or not. Tendency
lately to show nothing but hostility to land-owners. Don't
think in terms of large estates. We ought to give them all a
square deal. This doesn't give it.
Don't oppose abolition of dev. charge: only the inequity betwn. one
owner & another.

P.M. Had read out P.M. Minute of Feb. '44 on a Selborne memo.

H.M. Accept that. But propⁿ then under discⁿ was comp. purchase at '39
prices of land in occupⁿ. All sales now will be at use value:
only ques. is paymt. for developmt. potential.

Sal. Land bought for invest^{mt}: man doesn't base action on use or future

develop^{mt}. He shd. be fully compensated if there is compuls. purchase. For real value: not 47 value. Cond^{ns} & value of money may well change.

- H.M. My plan has bn. criticised as too favourable to land-owner because frees him.
Under law now £300 m. will be paid. Then all dev. value will be taken from land-owner. Claims total more than £300 m. So they wd. get only about 80% of their claims. But 87 by no. & 57 by value under £1.000. & v. many under £3.000 this wd. be spent not invested – hence inflationary. You wd. be buying values wh. in v. many cases wd. never be developed – e.g. Lords.
My plan: pay only as & when. But more than 80%.
Why shd. “free” sale be given 100% price? Admit some inequity. But Sal.’s argument really ignores altogether theory tht. State shd. plan. Right to do what you like with land has bn. limited. And we shall compensate him as much as he wd. have bn. under Act as now. But we can’t pay full value – compensⁿ wd. be so high tht. planning wdn’t work. That is why ’32 Act broke down – compⁿ for value tht. p. auth^y created.
Housing. The more I succeed the greater burden I put on State (subsidies). Vital therefore to revive private bldg. Diff: pre-war spurt was due to low indust^l bldg. Not easy to get them in now. Controlled rents so low: money costs much: and dev. charge as well.
My plan is a compromise.
- Sal. These figures show wide distⁿ of land-holding. W^d affect v. many. Quite accept non-paymt. of £300 m. My sole diff^y is the differentⁿ betwn. one owner & another acc. to wtr. he sells privately or under comp. purchase. And the gap will widen as years pass. What about my para. 3. Current Market value for all sales & arbitration.
- H.M. All turns on “current market value”. Land selling now well above value w’out developmt.
Benefit of public planning (e.g. land near a new town) wd. go to the private owner. The arbitrator wd. give the enhanced value.
- L.P. Two problems. i) Are we to abandon developmt. charge? The Act has broken down. At 60% cost of adminⁿ wd. be [Enter D.S. heavy. Subsequent Govts. cd. raise it to 80% or 100%.
Against Dev. Charge. Ch., L., Sim., O.L., W., Al., P.T., Sol.G., M.B., H.C., J.S.
- M-F. Some part of devel. value is due to public improvemt; & owners shd. make some contribⁿ. I favoured 40%. But told it’s impracticable. Answer to Sal. is to make owner who gets private sale pay some charge.

- A.E. Support M-F. But don't know how it can be done.
- W.M. What about para. 9. of memo.
- P.T. Turns on compensⁿ.
- Sal. I shared M-F.'s view, but have bn. pushed out of it by argument tht. Soc. wd. or cd. put it up to 100% w'out having had the £300 m.
- R.A.B. Agree with M-F. Can find no tax as equitable as dev. charge. Sales tax on land wd. involve us in cap. gains tax. Nor wd. it be confined to develop^{mt} value, but to whole price. Thus, if equity is to be kept, must have some charge. Weakness of H.M.'s posⁿ is tht. he is retaing. part of existg. Act – planning and compensⁿ. Sal.'s scheme may involve v. heavy compⁿ on comp. purchase, falling on Exchequer. This is odious subject. No agreemt. in Coalition Govt. Don't want same trouble again. Don't want to pay £300 m. C^d we not say – reduce dev. charge: this isn't final Act: may get a better scheme next year.
- H.C. But existg. scheme doesn't work. Sales tax cd. be considered – in framework of planning – need not therefore have consequences re cap. gains tax.
- Sw. Favour M-F. view. Dev. charge not wrong per se but falls on wrong man viz., the developer. Why not make dev. charge payable by land-owner when he sells above use value and assessed claim?
- J.S. There wdn't be any developmt. on that basis.
- H.M. cf. 10(b) of my memo.
- R.A.B. Spoke in support of Sal. memo.
- A.E. How avoid that?
- R.A.B. Either increase compⁿ (Sal.) – too expensive.
or Keep dev. charge – Cab. dislike this.
- H.M. Tax will always be paid by final purchaser. { Price will be made to
But see 10(b). { include tax.
- P.M. First principle: don't penalise a developer.
- M.B. 10(b) wdn't make people more ready to sell.
- P.M. Yes: more sense in a non-developmt. charge.
- M.B. Sales of land for estate duty – wd. be doubly taxed.

P.M. Let (? Minister) set out 4 or 5 general principles which we cd. defend. Or ? Ctt^{ee}.

4. Rent Control.

P.M. Shd. not approach this from angle of landlord – or indeed tenant. We must base it on the house. Let Govt. restore the “wounded” houses to take part in the battle. Quoted fr. Labour Party “Welfare State”. Suppose you allow l’lord. to raise rent so long as he spends all on repair & gets no added profit. See that he gets no more out of it, but allow him to put up rents, w’in limits, to extent of repairs done.

H.M. Preserve national asset. Must therefore either buy or enable l’lord to repair. Base it on the state of the house – to avoid giving no benefit to the l’lord who has, at a loss, kept his property in reasonable repair.

A.E. Support this plan. Do it early, rather than late.

R.A.B. Approve in principle. But don’t want “slum clearance” nos. to be added to “target” 260.000.

H.M. We are now in posⁿ to remove requiremt. of licence for bldg. altogether. Will help to get private bldg. moving. Rest only on planning permission.

H.C. { Approve in principle: L.P.’s Ctt^{ee} to examine details.
{ Proceed with prepⁿ of a Bill as soon as possible.

5. Communist on Advisory Council.

W.M. Quite difft. from Arbⁿ Tribunals. On Adv. Ctt^{ee} we have accepted them. Support M/S.

Approved.

[Enter de L’l., G.Ll.]

6. Duke of Edinburgh: Proposal to Learn Flying.

de L’l. Elementary civil flying only. No more is proposed at this stage. Late King earned his wings, in last war but one. Also Windsor, also Gloucester & Kent. The last 3 did solo tests, with instructor there but not active.

Ch. Sh^d not ever be allowed to fly the Queen.
H.C. Advise against it. What point in it?
O.L. This is 1952. Flying is a normal part of life.
de L'l. W^d be gt. disappoint^{mt} to him & to R.A.F.
Sal. I am against his learning to fly.
In favour: R.A.B., J.S. (rules re Queen later), M-F., L.P., Alex.,
P.T., W.M.

P.M. I will bring it up again.
[Exit Solr.G.]

7. Coronation: Naval Review.

P.M. M'batten says it cd. be done w'out add^l cost – save for fireworks
and charter of liner.
Shall we ask what Adm^y can do w'out add^l expense.
R.A.F. Fly-past cd. be allowed w'out extra cost.
I must give some hope at Balmoral.
[Exit de L'l.]

8. Petrol: Brands.

G.Ll. Ty. have agreed. Only ques. is timing. Awkward while C.E.C.
Officials are here because we can't supply this good petrol
to Doms.
R.A.B. And also announcg. extra burden on our b/p. when they are here.
About £400.000.
G.Ll. Before Tory Conference. Freedom.

Agreed: Do it early. But consult C.R.O. about
informing Dom. officials.

1. Transport Bill.
- [Enter S.W., Att.G., L.B., B.H]
- L. Memo. puts both sides – Ctt^{ee} is divided.
- L.B. 2nd part of levy shd. be dropped – for sev. reasons. We mght. be defeated in H/C.
 Diff. sitⁿ created by decⁿ to allow rlways to operate on roads.
 But we must do more – enable rlways to compete more effectively. Integrⁿ is off: we now rely on competⁿ. This cd. be done w’out deterring purchasers of lorries.
 Don’t give rlways 100% freedom: but be ready to look at charges again.
 M.f.n. theory handicaps rlways: abandoning that wd. bring them more traffic e.g. from C. licences. E.g. on lines of Euan Wallace’s plan. Cd. get agreemt. with industry & avoid heavy damage to heavy lorry business.
 Avoid rlwys. recovering fr. traffic wh, must go by road.
 If we drop levy, we will give stimulus to talks btwn. industry, rlways on charges – try to get somethg. out of that.
 Wd. consolidate our Party & divide Labour (because Rlway T.U. men cdn’t oppose measures to get freights free-er).
- L. Cdn’t give rlways freedom. Need for care to prevent coal & steel from havg. to pay higher charges to support low competⁿ ratio for other traffic. Coal has no repⁿ in F.B.I. Industry is not near agreemt. with rlways on charges. Unless we are careful, this will arouse more hostility than levy.
 BTC are not opposed to levy. Not everyone is against it.
- Sw. Pol. almost imposs. to get levy thro’ H/C. Liberals wd. vote v. it.
 Tories wd. be v. reluctant to vote for it.
 Also it’s wrong.
- i) With new facilities for rlways to operate on roads, can’t see why they shd. be bound to lose money.
 - ii) Tribunal must control rlway rates. But many have advocated for years some greater latitude & flexibility – in order to get business. If they get it, no increase on heavy traffic wd. be involved.
 - iii) “Danger to Ty. if no levy.” More likely to get efficiency on rlways w’out feather-bedding by levy.
- M-F. Believe in levy. Everywhere rlways are losing traffic to roads: some equalisation is essential. Let roads pay insurance policy to keep rlways going. Unshaken on econ-arguments. But concerned at pol. diff^{ies}: must take them into a/c. Tho’ w’out levy our solⁿ wdn’t last. Favour latitude on charge up to point at wh. industry agree. If we cd. get consent of F.B.I. and N.U.M. I wd. run risks re effect on heavy traffic.

- R.A.B. Levies aren't ideal: & I didn't much like the plan at outset.
But (i) if you take it away, Bill makes no contⁿ to road/rail. Becomes
mainly a Bill to sell 8/10.000 lorries back to pr. enterprise.
- L. Or $\frac{2}{3}$ ^{rds}.
- R.A.B. Can't be sure of selling more at any early stage.
Bill will become pretty thin.
(ii) Out of ques. for Ty. to assume responsibility for rlway stocks.
Abolition of levy brings that risk nearer.
Wd. prefer on balance to keep levy. We cd. modify it or throw it over
in H/C if need be. But it's no more popular than E.P.L. was. We
cd. "deal with it" in H/C.
- P.T. Support M/T. His sugg^{ns} re organⁿ & fair policy form a reasonable
plan for transport. Levy was always hard to defend – better the
x/ roads work more they have to pay to inefficient rlways.
Sell as many lorries as we can. Remove 25m limit as soon as we can.
But give rlways a reasonable chance to compete with roads.
- O.L. x/ isn't fair. Rlways must go on, to carry traffic wh. can't go by road.
They can't compete, only by free-er rates: essential differences
wh. make rlways more costly. Favour keeping levy.
- Ch. Rlways must be kept going.
They are paying at present. May lose money if roads become more
efficient. Who shall bear the loss? Not Ty.: wd. encourage
inefficiency. Make road-users pay? Smacks of subsidy. Free-er
charges on rlways.
Danger is heavy traffic.
Wd. it be possible to pass Bill as now, but refrain fr. charging part 2 of
levy until we are sure rlways can't compete. Reserve it for $\frac{2}{3}$
years until we see how we stand.
- P.M. BTC road services are makg. a loss – and 5.000 of their lorries are laid
up. Their overheads remain as before. Exposes bankruptcy of
Socialist policy.
Thought we cd. sell $\frac{3}{4}$ of the lorries. Now appears to be thought
unlikely.
That is the most serious factor in present situation.
Parlt. is place where these things shd. be thrashed out. Need we decide
it so far in advance of discussⁿ in H/C. Parlt. shd. take a share in
forming & shaping legⁿ. Not humiliating to make concess^{ns} to
Parlt. opinion.
- A.E. Strong arguments for levy when we framed Bill. They are still there.
Last sentence of para. 7. Danger to Ty.
Unwise to abandon it now, despite its unpopularity.

- S. This is a denatⁿ Bill. We wdn't have promoted it now if we hadn't given pledge at Election. (P.M. Needed on merits too). It shd. be success, if we can make it one. Vital therefore tht. as many lorries as poss. be sold. Levy is a deterrent to sales. It is frightening off those whom we wanted to encourage.
We can drop levy – now or after debate on H/C. Majority seem to favour latter course. But M/T wanted a balanced plan, putting other things in Bill to offset dropping levy. Can we get those in to Bill when it's in H/C.
- L.B. Agree. If we drop it & put nothg. else in, it will be a thin Bill. Agreement. on rate re-adjustment wd. depend on dropping levy, to some extent.
And we cdn't move it in during Ctt^{ee}.
- Ch. No case for levy now because rlwys aren't losing money.
- L.B. It's psychol. disadvantages wd. remain. Tho' it is a poss. compromise. Make it dependent on affirmative resolⁿ.
- P.T. Wd. deter purchasers of lorries.
- L.B. Flexibility of charge is good in itself.
- H.C. This is not a good Bill on wh. to wait to make concessions. We had a debate before recess, and are expected to make up our minds in view of opinion expressed since.
This wd. be a v. drastic change to make in Ctt^{ee}. And diff. then to put in the off-setting proposals.
- W. Must be influenced by consⁿ tht. rlwys are paying – and don't need the levy.
Put into Bill both flexibility of charge and right to charge part 2 of levy. But don't charge it now.
- L.B. Welcome freedom to explore greater flexibility. Shall find it more diff. to persuade industry to co-operate if power to charge levy remains.
- O.L. Get all Parl^y criticism by this means and more of the credit.
- Sw. We don't know results of changes we propose to make in organⁿ of transport. Rlwys may make money in future on road services. Why decide now that levy is necessary. Authorise it: but let it operate only after aff. resolⁿ of both Houses.
- L. Danger of allowg. rlwys to make preferential rate-deals with big firms.
- L.B. B.T.C. will be in control – with road haulage represented on it.

Agreed P.M. {Work out possibility of including in Bill both provⁿ for
{greater flexibility and power to charge part two of levy
{(later, on affirmative resolution).

L.B. Yes. But
i) Levy is now in title.
ii) H/C. may need a longer interval before 2nd Rdg.
Might not be ready for introdⁿ quite so soon. And
Steel might have to go on first.

P.M. And no public hint of any changes of policy.

2. Leasehold Reform. [Exit L.B. & Att.G. & W.M.
[Enter Solr. G.

M-F. As in memo.

P.M. How can we do all this – with T&C.P., Steel & Transport and
Coronation.
Why not extend the standstill? How much better if we had extended
B.B.C. Charter for 3 yrs. instead of 6 months.
Long-term solution wd. involve separate Sc. legⁿ.

J.S. We shd. present only – not proceed with it.

H.C. No chance of getting major Bills through.

Sim. Cdn't we expose our long-term plan when we bring in standstill.

H.C. If so, by Wh. Paper vice Bill?

M-F. The Bill is ready. It cd. start in H/L. We shd. at least show we had got
an answer.

H.C. If you published Bill, it wd. make it a high priority for followg.
Session.

P.M. Take credit, in debates on standstill Bill, for our ideas – if necessary by
publⁿ of W. Paper.

Agreed: 1) Standstill Bill only
2) Let H.O. prepare a Wh. Paper, for consⁿ by
Cabinet.

S.G. Try to work in to Standstill Bill security for residential tenants.

Agreed

[Exit Sol. Genl.

3. Monopolies Bill.

- P.T. Pledges – in Election and in last King's Speech.
Short Bill: only 10 clauses. Cd. be ready soon.
- P.M. Why clutter up the p'mme, esp. when Opposⁿ are obstructive.
- A.E. Not a strong case for going on with this.
- Sim. Will be diff. to select 3 panels.
- H.M. There's Rent also: we cd. p'pone the more popular Monopolies Bill.
- P.M. Abandon it, unless Opposⁿ will give it as agreed measure.

4. Saudi Arabia.

- A.E. Encroachment on Sultan of Muscat's Protectorate.
The Sultan has mobilised & wants to have a crack at Ibn Saud.
Hafiz is going back. I offered w'drawal on both sides. Then Ibn
Saud wdn't see Hafiz. He even talks of taking us to U.N.
May be serious.

5. German War Criminals.

- A.E. Am recommendg. release of Kesselring. Submⁿ to Queen.

6. G.A.T.T. and Imperial Preference.

- O.L. B/T. draft (circulated) is acceptable to me save on one point – on p.2 of
Draft.
- P.T. I accept that.
- S. Better: but no other member of Commonw. thinks so.
- A.E. Every Dom. is against us on this. None wants greater freedom.

Agreed: "... most embarrassing posⁿ for us to be in"

1. Transport Bill.

[Enter Sw., Solr. Genl., B-H

- P.M. H. Morrison, as reported in M. Guardian. 14/10 Cont^{ns} to Tory Party Funds: invitⁿ to publish sources of Funds.
Diff. to know how to tackle this.
- M-F. Not new. Debated in '49. They have said in for months in relⁿ to New Towns Bill and Transport Bill.
- Sal. I wd. treat it with contempt.
- P.M. V. well: I will let him come to dinner to-morrow at No. 10, as arranged; & say afterwards, if need be, that it was surprising that he accepted my invitation.

2. Kenya.

- O.L. Baring's report. Satisfied K.A.U. is behind Mau Mau, & wishes to lock up their leaders incldg. Kenyatta. Pretty rough, but believe it is essential. Others from Kenya have confirmed this view. Action about 23/10. Battⁿ from M/E. cd. be flown in just in advance. A Battⁿ K.A.R., of which 2 are in Kenya – almost all recruited from tribes other than Kikiku. The other 2 cd. be moved in quickly. But white battⁿ is more important.
- P.M. Yes: in addⁿ a show of strength by 100 or so parachutists – dropping and doing exercises.
- Al. There are no aircraft to drop them from – we borrow U.S. aircraft!
But I will look into possibility.
- O.L. Stress that this is rough: & may be short period of violence.
Action under em. leg. w'out trial – review by judicial committee.

3. Development Charge.

- A.E. Now reduced to para. 2 issue – all others cleared away.
- P.M. 1947 Act was very stupid: why did we not oppose it more keenly?
- Sal. Don't like H.M.'s plan because it involves inequity. But see that we can't pay the £300m: don't think it poss. to continue Dev. Charge.
Acquiesce in H.M.'s plan – but only as least bad alternative.

- R.A.B. Don't believe Labour wd. restore D.C. to 100%.
At 50% D.C. remains a nuisance - but so are all taxes.
My reason is tht.
- i) we can reduce it later, if we wish.
 - ii) compensⁿ at '47 value can be justified more easily if 50% D.C. remains – less inequity betwn. one land-owner & another.
- Inequity by degrees.
Wd. yield only £2 or £3m. p.a. But £10m. for compensⁿ in next Budget.
- P.M. Not a ques. of unpopularity – but contrary to publ. interest to deter development: that's main reason for abolishing D.C.
Uneconomic plan qua hampering developmt.
Main Ty. gain is not having to pay £300m.
- R.A.B. Don't think I cd. easily raise a loan for that.
- P.M. You can't have it all ways.
- W.M. Abolish it. Impedes developmt. Also awkward if you aren't paying out.
- H.C. Abolish it.
- L. 50%.
- M-F. Retain some charge – 33¹/₃%. To acknowledge that some of increased value of land is due to publ. action.
- O.L. Abolish. Sim. 50%. M/D & S/S. Scott Abolish. Sw. Abolish
- H.M. Abolition is essential if private house bldg. is to be encouraged & subsidised house bldg. to be reduced. Bad tax anyway: matter for negotiation.
How defend 50%: what reason for rejectg. amend^{mt} to reduce it to 33¹/₃.
- A.E. On balance, abolish.
- P.M. Reduced rate gives worst of both worlds.
- Ch. Let Ty. recoup themselves on stamp duty.
- R.A.B. Too complex. Worse than E.P.L.
- Sol. Genl. 1947 Act has broken down – let it go. Hopeless to w'hold £300m. & go on levying charge.
- P.M. Balance of opinion is for abolition.

R.A.B. Acquiesce in majority view. Tho' warn Cab. tht. compensⁿ won't be held at '47 value. Tho' that won't arise for 3 or 4 years.

[Exit B.H.
[Enter 3 Service Ministers

4. "D" Scheme for Furniture.

R.A.B. P.Q. by Allen. Propose to say we intend to introduce at proper time but are discussing with trade guarantees re quality.
H. Wycombe won't like this, but I can't deny what we have bn. saying to the trade.

P.M. Make it clear that there will be no tax on furniture of the kind required by cottagers.

5. German Archives.

A.E. Can copy before we return – and we can “lose” some if we wish.
C.O.S. are concerned about some. Want only to discuss that with U.S. & Fr. M'while we can get on with the diplomatic documents.

A.H. S.I.S., cypher, interrogⁿ of Allied persons by Germans.

J.P.L.T. Influence mines, guided missiles – we cd. prefer to keep.

de L'1 Target identification.

Memo approved – M/D. with C.O.S., to have discretion to destroy.

6. Chemical Warfare Policy.

P.M. Cab. shd. take note of this.

Sal. Don't like “higher N.A.T.O. authority”. We shd. make it clear that is a pol. decision. Stress para. 6. Tell Canada we are so insisting. & we will consult them when the time comes.

7.

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

[Exit 2 Serv. Ministers.

8. U.S. Fighter Bases in Denmark.

Memo approved.

9. Rent Restriction.

H.M. Keep it open until after by-election. Avoid raising wide issues.
Short Bill only.
Don't favour putting it in Q. Speech.
Cdn't bring in Bill until after Xmas or Easter even.

Sw. Press is now reasonable: we don't need to make any early
announcemt.

H.M. Relate rent increase to cost of repairs. But shd. we take no a/c of
repairs already done: v. inequitable. Tho', if we do, it means
many more rents are raised at once.

[Exit de L'l

10. Borrowing by Local Authorities.

R.A.B. Indicⁿ tht. l.a.'s won't greatly dislike. Will have valuable psych. effect.
Not v. revolutionary, for their exp^{'re} depends on our policy decisions.
But, to extent they have to go to market, it may make them
more economical.
Likely to strengthen public confidence.

Ch. Large increase in Bank loans wd. be just as inflationary as large sums
below the line.

J.S. Will smaller auth^{ies} be restricted?

R.A.B. Shdn't make them go on market. They wd. have to go on same terms
as Govt.

H.M. Short notice: no consultⁿ with me in advance. May I discuss with
R.A.B.
It is we, not they, that plan their capital exp^{'re}. Only a v. small fraction
is w'in their control £2m. out of £476m. is element in cap.
investmt. of l.a.'s wh. is w'in their control.
Shop-window dressing – tho' that is important. Aim to get a few to
borrow as before. But they haven't got any longer their earning
capacity (trains etc.) or their high rateable value.
If we don't renew in Expiring Laws, l.a.'s will be alarmed & confused.
Is it necessary? There is a proviso which contracts right out: &
we cd. arrange for 6 to 10 l.a.'s to be exempted – 1,500 of
them: and only about 10 cd. go on the market.

R.A.B. I want an early psycholog. effect. Add^l exp^{'re} below the line may be £100m. – it's £75m. now.

H.M. This will give no add^l control.

Defer – to enable R.A.B. to discuss with H.M.

11. Opening of Parliament.

Sim. Queen, at Coronⁿ or at first Parl^t. after accession, has to make the Protestant Declⁿ. She will make it therefore at Opening of Parl^t.
Read extract: as prescribed by Act of 1910.
Geo. VI: Cab. authorised diff^t terms: left out “of my value.”
Do we want to do this again?

P.M. x/ Consider with C.R.O. &.H.C. & M-F.
If Geo VI got away with modified wording, may be wiser to stick to the 1937 form.

Agreed as at x/.

1. Turkey: Credits.

[Enter B-H., Sw.]

- A.E. As in memo. Turks take the line that this money was spent in common defence.
- P.M. Take a/c of reasonable chance tht. we need not pay interest on U.S. loans – maybe in respect of our defence effort. We may be better able to get that if we have dealt generously with Turks. Turkey is in gt. danger. And her assist^{ce} in N.A.T.O. closes R. access to M/E.
You won't get the money, but you might get gratitude.
- R.A.B. T. have treated us with contempt. T. also letting down Bank, who lent money on commit^{mt} to reach a fair settlement with us.
Want to seek settlement after £12m. and waive past interest and future interest. That wd. be a big concession & in parallel with what I seek on U.S. & Can. loans.
Also we have to negotiate Italian loan – sterl. balances.
- A.E. Pre-war debt: not same as Italy or U.S./Canada.
We asked Bank to put the pressure on T. to talk. [Exit M-F.
If you don't settle now, they'll never pay. Ty. must choose betw. a bad settlement now or no settlement ever.
Our Amb. thinks we cd. get £7m.
- R.A.B. Mustn't get it abroad that we can afford such generosity.
- H.C. Wiser to offer what is consistent with approach to U.S. and fail than offer somethg. less.
- A.E. Turks will say these are pre-war debts & not comparable.
They mght. cut down imports from U.K.
- R.A.B. If we go below £12m. it must be an act of State Policy, not a financial settlement. [Ready to consider that – to-day: to be ready to talk Thurs]
- A.E. Will ask our Amb. wtr. it wd. be wise for me & R.A.B. to squeeze them now. Will report back if we can't get anywhere.
- P.M. M/D. to consider what they can be told about modern mines. Vital tht. Bosphorus shd. be blocked to prevent R. from coming out into Medⁿ.

2. N.A.T.O. Operation in Mediterranean.

A.E. Just heard of another Exercise in Med.
We must know details.

Al. We are finding out.

3. Parliament.

H.C. Dispose of H/C. Bills by Wed. Then handle H/L. Bills
3 days on Bds.

- 1) Steel W. Paper
- 2) Civil Aviation
- 3) Ridley Dept? F. & Power

Strasbourg – details later.

Innocents: In addⁿ to Transport Bill, B. Museum Bill, Currency & B.
Notes, Dentists, Poachg. Deer (Sc.) Bill.

Statement (periodical) on Korea: volunteer it before E.Sh. asks for it.
Frid. next wk: Defamation Bill. If it doesn't get thro', we can put it
thro' in followg. week.

[Re-enter M-F.

[Enter T.D. & Wark

4. National Service.

W. 8.000 p.a. out of 800.000 in farming – are called up now.
15/16.000 eligible: exemptⁿ (defermt) for stockmen etc., 50%
deferred.

Engineering: a v. much higher propⁿ is taken.

T.D. Was proposing to discuss with M/L. means of easing posⁿ w'out
exemption.

My remedy: para. 8. At present, if farmer employs more than 2 there
is no case to consider. I want all cases to be considered.

Diff. to persuade farmers now tht. we are serious re f. prodⁿ.

My plan wd. mean another 7.000 wd. be considered and about 4.000
lost.

[A.E. Against making any change.]

W. We think only about 3.000. Not worth the disparity with other
industries.

At 3.000 only there is not much sense in pretendg. agric. is liable.

T.D. The young are specially valuable for mechanised agricultural work.
Big psych. diff^{ce} to us, and little effect on Service.

R.A.B. Unwise to breach principle of universality.

But M/L. statemt. shd. not be so rigid: use caveat “while present
commitment continues.” We must preserve means of making

some saving. Wd. prefer to make a small movement over whole field; rather than “exempt” for some industry.

P.M. This concession might start a run. [Exit A.E.]

H.C. | Are we deferring the right men? “Full-time stockmen” doesn’t cover
y | farm when there’s no scope for a stockman full time.

W. Danger of appearing to breach principle of universality.

J.S. Comparable with coal. Diff. to convince farmers tht. we want 60% increase of production.

x/ P.M. Better to say nothg. doing so long as our present commit^{mt} last – as M/D said at Scarborough.

R.A.B. Keep open the possibility of delaying the call-up.

Agreed 1) As at x/.
2) M/L. and M/Ag. to consider y/.

1. By-Elections.

[Enter Sw. & B-H.

- P.M. H. Wycombe is so important tht. we shd waive normal rule r. Ministers' spkg. at by-elections.
- H.C. There will be others as important – 1500 majority. Rule may disappear.
Ministers can't attend H/C now save when on specific duty. This wd. draw them away from H/C. even more.
- P.M. Selectivity (of occasion) is possible.
- M-F. If we lose H. Wycombe + prs. Bury our majority wd. be vulnerable.
Our posⁿ is so serious tht. we shd. breach the genl. rule for this.
- R.A.B. No rule: not too many shd. go. Selectivity (of persons also).
- O.L. M'tain genl. rule, but make this an exception.
- P.M. One wd. be enough.

Agreed: One to go. – exceptionally, w'out prejudice to genl. rule.

- Sw. B'cast during period of election.
- B-H. One in every 3 months.
- P.M. Don't devote one to by-election – or mention it, when M/H. b'casts as arranged on 30/10.
- Sw. Risk that Labour wd. claim right of reply & get in just ahead of election.
- B.H. They cd. ask for another: you can have as many as you like in one quarter, but must have one.

[Exit B-H.
[Enter Att. G.

2. Judges Salaries.

- Sim. Ques. is one of method.
Prefer either additional £1,000 free of tax.
or provⁿ tht. part of existg. salary be free of tax.
- R.A.B. Recognise need to help judges.
But posⁿ isn't easy.

If we give tax-free allowance, it can't be based on expenses – without a wangle, wh. Judges cd. not tolerate.

Legⁿ providg. for tax-free [m'tenance] allowance = £1.000 of existg. salary. They wd. be sole exceptⁿ. Even Royalties put up a schedule of expenses to justify the concession. Judges c'dn't do this. Revenue dislike this: doubt if Judges (who have to adjudicate on tax law) wd. like this invidious posⁿ.

Compromise: increase of salary plus a larger allowance for expenses.

O.L. Original £5,000 was designed to insulate them fr. all worries & exclude corruption. "Expenses" are irrelevant. I wd. vote a straight £2.000 tax free in addⁿ to salary as recognition that he is apart from all.

R.A.B. Equivalent to £35.000 p.a. gross. Pretty steep.

P.M. Cd. Opposⁿ query it after Dalton's decision on Attlee's salary. Judges are above everyone – in a position by themselves. The reward for this – unblemished reputation of the English Bench. A national asset. Wd. be damaged if Judges were forced back into practice at the Bar. If we are to do this at all, make a job of it on basis of "unique" argument. Prefer to declare a portion (£2.000) of existg. salary free of tax – if necessary by legislation. Make a decent job of it.

R.A.B. Wd. reverse 100 years of Revenue practice. 1825 Judges' salaries were free of tax. They have paid tax since Peel's income tax was introduced.

Sw. Legⁿ wd. meet the Revenue point.

Sim. I wd. be happier if it were done by legⁿ.

P.M. Let Sim. consult draftsman re form of Bill.

R.A.B. [Cd. I discuss with Sim alternatives of first £1.000 to be tax-free.]

General sense of Cabinet: let first £2.000 be tax-free by legⁿ.

Sim. and R.A.B. to consult together on details, and inform P.M.

- or rather submit a plan to Cabinet.

M.F. J.S. reserves posⁿ of Sc. Judges. Wants to raise ques of parity with English Bench as well as the tax-free addition.

P.M. I favour pro rata treatment, but not parity.

[Exit Att.G.]

3. Borrowing by Local Authorities.

H.M. Have discussed with R.A.B. Am content with statement he proposes to make – meets all my fears. A few l.a.'s may go to the market. But control over l.a. expenditure will be kept to Cab.

R.A.B. Shall wish to limit the amount in next Budget. But can say nothg. about this until time of Budget.

P.M. Rates a/c for £700-1.000m. They shd. live w'in that & not sponge on Exchequer.

[Exit H.M.]

Memo. approved.

4. Tourist Allowance.

R.A.B. M'tain it at £25 but alter age for children. Mgth. be able to raise it later in year. But unwise to do it now.

[Enter D.E.]

5. Kenya.

O.L. Arrests began with arrival of 1st contingent of Lancs Regt. Aim: arrest 138 people. Haven't heard how many are in. 3^{1/2} Battⁿ of K.A.R. are available, in addⁿ to Lancs. Regt. Thanks to M/D. & mil. commⁿ.

Al. Paratroops: cdn't be done because all aircraft in other use.

O.L. Trouble confined so far to Kikuyu.

6. Preservation of Historic Buildings.

D.E. As in memo. Powers now confined to uninhabited houses. Cd. make a start with money Ty. offer. M/W. wd. do houses unoccupied: Nat. Trust those wh. are occupied.

R.A.B. Wd. wish to discuss Bill with M/W. For Chatsworth mgth. be covered – thro' Land Fund. Appeal pending on death duties.

P.M. Art collection shd. not be dispersed.

R.A.B. Devonshire won't do that w'out consultg. Ty.

Sal. Waverly's Ct^{ee} (has now reported). If Ty. tells you can't export to U.S. & puts arbitrary value on the object – there's no free market by wh. to judge what is right.

D.E. V. short Bill & non controversial.

R.A.B. Opposⁿ want it.

Memo. approved.
D.E. to consult R.A.B.

7. Coronation.

P.M. Shd. we not meet some of reasonable criticisms in Press.
a) What about cutting out Embankmt. procession.

D.E. This was done in return for asking Queen to come back down Mall
Route is shorter than Geo. V. but longer than Geo VI.
Wd. myself prefer to suggest to Queen tht. she alters arrival route to
include Embankment (10 more minutes & 600 yds.)

P.M. b) Choice of day.

D.E. Too late now to alter it.

P.M. c) Set out 4 or 5 criticisms & set out our reasons for dec^{ns} taken.
To remind ourselves & assist in answering ques.

D.E. Platforms in front of stand – to increase nos. who can stand and see.

P.M. d) Ready to re-consider decision on television. We govern by popular
will.

Sw. No explanation given in Earl Marshal's announcement.
No objⁿ on grounds of sanctity – Vatican was televised, incldg. Holy
Week.

H.C. What new facts to warrant change of mind?

Al. Disappoint^{mt} of public.

Sal. Archbishop must be consulted.

Agreed: Ctt^{ee} to consider this and other points.

[Exit D.E.]

8. Use of Troops to Maintain Essential Services.

Agreed: renew powers under D Regs. & p'pone making
them.

9. Wages: Engineering Industry.

W.M. Talks are in progress.

1. Queen's Speeches.

[Enter Sw., B.H., L-B.]

Amendments sugg^d & approved.

Opening Speech: Scottish electricity. Only mention of Scotland.

But admitted that legⁿ is a long way off.

Sw. Reform of H/Lds. Shall we be precluded fr. raising it if we say nothing?

(Sal.) I think not.

A.E. C^d we do this in '53, with everything else that's going on.
Not mentiong. it doesn't preclude.

[Enter Att.G.]

2. Transport Bill.

P.M. Not a scrap of former scheme is now to remain.

Alternative: ruthless exposure of State lorries to competⁿ of private enterprise. They will be destroyed. The admin^{ve} overheads wd. drop away presumably as the business declined. I'm ready to back it, if need be: but let's understand what it means.

L. We were told at outset by B.T.C. tht. even raising 25 m. limit wd. ruin R.H. Executive: we hesitated to destroy State business costing £30 m. in good will. That was why we devised original scheme. 7/10 Cab. invited Ct^{ee} to re-consider on basis of suspended Pt. II of levy.

Later, at mtg. with P.M., asked to consider total abandonment of Pt. II. We are now divided. Some stand to compromise plan on Pt. II:

M/T. favours unlimited competⁿ. R.H. Ex. wd. certainly shrink away. Tho' Hurcomb is less apprehensive of competⁿ than he first was.

My own view: favour present Bill & compromise on Pt. II.

M/T. scheme wd. benefit short-range hauliers already in business at expense of those who mght. wish to re-enter long-distance trade. The licensing system wd. check their automatic return.

P.M. Remember Labour threats to ruin the sale of the lorries. C^d be said tht. these threats made sale impossible & justified change of policy.

- M-F.
- i) New plan doesn't honour pledge to expropriated long-distance men.
 - ii) Does too much for short-distance men.
 - iii) 1933 Act licensing system wd. be undermined.
 - iv) No lasting solution of road/rail. Suspended levy wd. be somethg. B.T.C. will make a loss & put it on Ty.

- v) After producng. W. Paper and Bill, Govt. wd. be in gt. pol. diff^y if they made so violent a volte face. Confidence in Govt. wd. be shaken.
Accept flexibility of charge proposal, but retain compromise on levy Pt. II.
- L.B. Opposⁿ to levy threatens chance of getting charge prov^{ns} thro'. Even more afraid of auction being a farce.
Not afraid of changing my mind: wd. be going back to original thghts. of Party & we publ^d Bill invitg. discⁿ.
M-F.'s points. i) ¼ of 25 m. limit people are old long-distance men. Only 3.700 were bought out. Most don't want to come back. Sh^d be possible to devise means of facilitating their return.
If auction is a farce, Ty. will suffer. Real help to Ty. is to get it back quickly into private hands.
- P.M. Mill stone round necks of rlways. (guaranteed stock).
- O.L. M/T. plan is not a road/rail policy: law of jungle. Unregulated compⁿ not only betwn. road & rail, but betwn. free & nat^d road hauliers. "We don't know the answer: let jungle work it out." It's not a policy.
- W.M. Pt. II in suspense will deter purchaser: also Labour threats. Fear there will no buyers.
- O.L. Industry will regard suspensory compromise as death of levy.
- L.B. Was never to have come in for 2 years.
- P.T. Bill as now won't work. Shan't sell lorries. If we try, B.T.C. will be left with a lot on their hands – truncated R.H. Ex., with the worst of the assets. We never pledged ourselves to sell whole of R.H. Ex. – only to give those expropriated a chance to come back.
L.B.'s plan. Raising 25 m. limit will phase existg. R.H. Assocⁿ. W^d disappoint long-distance men who want to resume, but there are v. few of them.
R.H. Ex. cd. fight back v. competⁿ: wd. not be truncated.
Favour L.B.'s plan. W^d phase Tories: wd. clear ground for negotⁿ on rates between rlways. & industry.
- R.A.B. No safeguards in this. Higher cost of carrying coal.
- L.B. N.C.B. thght. my plan mght. impair new zoned delivery system – fear reduced as much as increased charges. N.C.B. can press B.T.C. – they sell them much coal, & cd. put up price v. rlways.
- L. V. strong rep^{ns} fr. N.C.B. tht. they cdn't face increased coal freights. Sh^d have to see tht. tribunal protected their posⁿ.

- L.B. Yes: seekg. agreemt. on this betwn. N.C.B. & B.T.C.
- P.M. Aim shd. be to rid State of the lorries – by sale or by destructⁿ by competⁿ.
- Sw. Risk to auction is that so many oil hauliers have invested elsewhere & won't come back into the business, no matter what terms are offered.
Lucky if we sold 10,000.
Favour M/T. plan.
- P.M. W^d like to be sure first tht. there's no way of securing sale. E.g. by hire-purchase, so tht. Labour Govt. w'in 3 yrs. or so wd. not be able to confiscate much.
- Ch. Services cd. prs. take some of these lorries which are now laid up because of trade recession.
- L.B. The idle vehicles are not the same ones all the time: it's a statistical thing. Who runs carrying trade if these go to Forces? Give Services first claim on what B.T.C. has to sell.
- Sw. 1) Leave rlyways. & nat^d roads as they are with more flexible charges.
Give them chance to do their best – subject to competⁿ.
H. Morrison used to say let it compete with free enterprise & see what happens.
2) Tory Party wd. prefer L.B.'s plan wh. fulfils pledge to short-distance men.
3) This will last because will not enrage Labour so much. Indeed, it may divide them.
This plan is better on merits and on politics.
Suppose you pass L.'s Bill. Fiasco on the auction. Leave R.H. Ex. operating worst assets. W'in 12 mos. you free short-distance men to compete with them. We shall have messed up nat^d industry, let in few private people, and bust the finances.
- L-B. R.H. Ex. chairman asked me on Sat^y – why not give us our chance to compete with free enterprise.
- L. How can you expect them to succeed v. competⁿ when they failed as monopoly.
- L.B. They believe they cd. do better with a smaller undertaking.
- R.A.B. M/T. plan wd. react on rlyways. & so on Ty., if not on coal price.
Diff^y of getting charging clause right in time.
W^d prefer to keep old Bill, suspend levy Pt. II., & associate that at future date when we see wtr. flexibility of charge does assist rlyways. Haven't seen that clause yet: can't pronounce upon it.

Tho' it's now 22/10.

- L.B. The clause in draft.
- R.A.B. What effect on licensing system. How give long-distance men suff^t guarantee they can get back. Provⁿ not yet worked out.
We haven't the basis yet on wh. to adopt a diff. new scheme.
- A.E. Vast reversal of policy. Can't take it "unseen".
My disposⁿ wd. be to stand by Bill, deferring applⁿ of levy Pt. II.
- L.B. Time factor. I wd. rather face debate of Address than defend the old Bill with suspended Pt. II. levy.
- H.C. We promised H/C. tht. it wd. be first business of new Session.
Intended to give notice of presentⁿ at once to oust debate on Address.
Planned to put it thro. H/C. by 6/2. – to free H/L. for Steel.
If Bill is radically different it wd. be cheatg. to exclude discⁿ on Address. Nor cd. we take 2nd Rdg. after 1 week. Time-table rested on assumptⁿ tht. House had already seen Bill.
- A.E. We shd. have to treat L.B.'s Bill as a new one.
V. dangerous to make this reversal unless sure new plan .
- P.M. We can't make this violent change now. Eating all our words.
Sh^d look foolish.
1) Propose we stick to old Bill, but with Pt. II. levy either out or suspended. (Decide that alternative later.)
2) Preserve the proposed easement for the rlyways.
3) All must do utmost to sell the lorries. Consider hire-purchase, to spite Socialist threats. Inducemts. to avoid farce at auction.
3. Saar.
- A.E. Ad. & Schumann broke off convers^{ns} – deadlock. Saar Govt. due to announce on Friday elect^{ns} prohibitg. all G. participⁿ.
This wd. make Saar solⁿ imposs. & gravely damage Fr-G. rel^{ns}.
I got a v. good offer fr. Aden. – handed it to Schumann & pressed him. Haven't heard wtr. Fr. Cab. have accepted.
Elections wd. be p'poned for a year or so.
4. Wages Policy: Engineering Industry.
Shipbldg. employers have offered 7/6. Believe workers will accept.

[Enter Sw., B-H.

1. Parliament.

H.C. Business for next week.
Two of the 3 promised days on nat^d industries.
Thursday: Prorogation about 3 p.m. after debate on
Dankwerts Award.

2. Corporal Punishment.

P.M. Thought our posⁿ was tht. no case had bn. made out for restorⁿ
of c.p.

Sim. Debate took unexpected turn – Goddard advocated w'spread extension
of c.p. to offences not liable to that penalty for 100 years.

P.M. Wait for opinion to form: it may be more humane than long terms of
impt. Don't confine ourselves necessarily to offences for
wh. c.p. has bn. recently available.

* Cabinet may discuss this – one day when we have nothg. to do.

3. Accession Declaration.

Sim. Form of declaration altered in 1910 at request of King Geo., who
thought old form offensive to R.C.'s.

A.E. Easiest course = follow precedent of 1937. Agreed.

Sim. Elizabeth – subject to views of the Queen. Agreed – submit to
Queen.

[Enter G.LI.

4. Persia.

A.E. U.S. are v. anxious to give money to Persia & we may be unable to
restrain them. But we ought to try to hold them to principle of
arbitration.

Ch. C^d we say to U.S. – you pay us our claim & get what you can out of
Persia.

A.E. There is something in that. But risky to suggest tht. U.S. have
succeeded to our oil inheritance in Persia. V. good business for
us. A.I.O.C. don't want it any longer.
Shall I put a note on this to Cabinet?

P.M. Yes: explore that. I wdn't be afraid of that.

A.E. Not impossible that U.S. wd. look at this.
[Exit B-H., G.Ll.
[Enter de L'Isle

5. Export of Arms: Jet Aircraft for Egypt.

P.M. W^d give Egypt a substantial advantage over Israel. 3:1. Doubtful.

A.E. Ques. wtr. we want to give Neguib a helping hand – he is having a pretty tough time with his supporters, in persuadg. them that a policy of friendship with west is worth while. I have felt he is best bet we have had in Egypt. W^d have liked to help him.

P.M. Reluctant.

A.E. He is askg. for 5. Shall we start with that, and eke it out.

de L'I. We have plenty wh. I can't take because I haven't the money. Want to sell all we can, in order to keep industry together in order to build new types when we can afford them. Remedy is to sell more to Jews.

A.E. But they can't pay: they're bust.

Al. Settlement with E. wd. enable us to reduce our commitments. Won't get settlement unless we help Neguib. We haven't done v. much for them.

A.E. E. have paid 20% deposit.
Will try 5 jets + 2 trainers and the others v. soon. And if Israel protests
x/ we might try to give them a few more. May I have discretion to go to 14.

J.S. Para. 5. W^d this not give us chance to get somethg. done re murders.

A.E. Yes. W^d have liked to get concession on Canal; but U.S. wdn't join me in this.

P.M. Keep them sweet until we can find out wtr. a new U.S. Adminⁿ really means to arm Egypt in spite of danger to Jews.

de L'I. x/ If we are anxious, train a few more J. pilots in U.K.

A.E. Yes.
Agreed: as at xx/.
[Exit de L'I.

6. Saar.

A.E. French have rejected formula. Askg. for more: they won't get it. Have urged them m'while to p'pone elections – anyway until Monday. French are crazy to lose this chance. V. disappointing.

[Enter T.D., L.I.G., J. Foster.

7. East/West Trade: Rubber.

A.E. Concerned because we aren't getting enough grain in return for the rubber. W^d like to react by sending less rubber, but believe it's not so easy.

Ch. I wdn't give more than last year. Relate it to amount of grain.

O.L. R. pay for the rubber & we cd. buy grain with that elsewhere. Avoid rough & ready barter. They pay in international division.

Sw. And they wd. draw it fr. Indonesia if we didn't sell it.

O.L. The 80.000 t. of last year is still the limit.

A.E. If we keep to that figure U.S. will have no legitimate complaint.

P.M. V. well – if we can say we are not exceeding last year's total.

J.F. Warning: Ceylon are about to conclude agreemt. to supply a lot of rubber.

8. Agricultural Marketing Boards.

T.D. V. important. M. Bds. accepted by Party. Politically committed to them. F. & A. Ctt^{ec} agreed tht. new marketg. Bds. be encouraged; & that Ministers cd. secure sufficient safeguards. Opposⁿ shdn't object to exclusion because their past record.

Since '51. – B/T. raised ques. of inclusion w'in Monopolies Commⁿ.

We sugg^d means of using a Marketing Council under 1949 Act.

We have induced farmers to accept that, with diff^y. M/F. prefers that system.

Now Cab. has decided not to go on with Monopolies Bill. I must go on with Marketg. Council scheme. Farmers won't produce the schemes if they are threatened with still further machinery of control.

Damage to producers' confidence wd. far exceed anythg. hanging to Monop. Bill, now v. distant.

P.T. Academic. No Bill.

Under law now, Commⁿ can't investigate statutory monopolies.

We have always opposed that exclusion. Dpts. (nat^d ind^{ies} & agric.) don't like being brought in. But contrary to what we have always said.

Can't we tell farmers that we don't yet know what will be in Bill?

- T.D. Schemes are being held up because of this.
Want to be able to say they won't be in Bill. Undertaking.
- P.T. Keep it open.
- P.M. Farmers have no right to ask for such a guarantee.
- R.A.B. Support T.D. Ministers' powers are enough.
- P.T. Warn you tht. it will be diff. to exclude agric. monopolies but not nat^d industries.
- P.M. "As at present advised we see no reason to strengthen existg. powers of Ministers to safeguard public interest."
Or NO intentⁿ in present circs. to make any change in existg. system by wh.
x/ We don't anticipate will be nec. to make any altⁿ in present system in view of powers of Ministers to safeguard public interest.

Agreed: M/Ag. authorised to use formula at x/.

9. Tariff Policy: Horticultural Products.

Not heard.

- R.A.B. Let P.E.C. look at this, next week.
- P.T. O.K. But I've got a lot to do first e.g. see the N.F.U.
- A.E. Avoid public statement. Continue with private discussions.
- H.C. Think statement must be made. It sets out the facts.
- A.E. Explain the awkward facts, privately, but avoid public statement.
- J.F. Less we say the better. More likely to get agreemt. in Nov., if we say nothing more publicly in interim.
- A.E. Only a few weeks to go now, before C.E.C.
- T.D. x/ Let P.T. see farmers & Party Ctt^{ec}, avoid public statement, & report back to Cabinet.

Agreed as at x/.

[Exit T.D., L.I.G., J.F.]

10. George Bundock.

A.E. No hope of smuggling him out.

P.M. Is there nothing nasty we can do to them?

A.E. Can't think of anything.

Advise, but don't press him to surrender.

P.M. Don't do anything. }
Again in 3 months. }

1. Iceland Fisheries Disputes

[Enter Sw., Ll.G., T.D., B-H.]

A.E. Best chance now is to get the 2 industries into discⁿ directly. Since memo. written, same suggⁿ made by leading Icelandic trawler-owner.
Wd. at least reduce tension & might achieve modus operandi pending agreemt. betw. Govts.

L. Support this line.

T.D. Cd. F.O. persuade I. Govt. to authorise their owners to discuss?

A.E. I will see them

[Exit Ll.G. and T.D.]

2. By-Election: High Wycombe.

B-H. Socialists have asked when M/H. is b'castg. In fact he is doing it 31/10 Friday before the election - & it was too late to alter the plans. Looks therefore as if Opposⁿ will chip in afterwards, on eve of poll.
All we cd. do wd. be to take Mon. p.m. as well, and exclude [Enter D.S.] them – makg. that an election b'cast.

Sw. Cab. decided to leave existg. plans unchanged & risk Labour coming in.
Wiser to stand on that.

P.M. Consider wtr. we cd. take Mon. Then if they do use Sat. unfairly, we cd. hit back.

B-H. Subm^d later report.

[Exit B-H.]

Speakers. General agreemt. tht. A.E. might speak. Not too unusual.

3. Kenya.

A.E. Report that Mau-Mau may be raised in U.N. Have auth^d our Delegⁿ, in consultⁿ with C.O., to take agreed line in that event that we walk out.

4. Iron and Steel Bill.

D.S. Seek final authority to introduce – no major change made.

H.C. Present on 5/11 to exclude discⁿ in Deb. on Address.

R.A.B. Para 10 of 1st Sch. – I will settle with D.S.
[Enter D.E.]

5. Historic Buildings: Queen's Speech.

P.M. M/W. thinks there will be serious disappointment if this isn't mentioned.
Cd. say in Debate we would do this.

R.A.B. Opposⁿ wdn't be critical.

D.E. This is 1st step in their dirⁿ. They wd. welcome it.
Nat. Trust will launch campaign if we don't act. Wd. involve v. little Parl^y time.

H.C. Not mentioning small houses & rent control.

Sal. Omit it fr. speech: prompt enquiry in Deb. on address and say we hope to do it w'in the year.

Agreed.

[Exit A.E.]
[Re-Enter B.H.]

6. Coronation.

(i) Television

P.M. Read draft answer to P.Q.'s this afternoon.
Cantnar's point.

D.E. Somethg. in this because techn. diff^{ies} have not bn. explored. N. has told Rank he can make colour film before I have explored techn. diff^{ies}.

Sal. Support proposals in P.M.'s memo.

Sim. Strong objⁿ to film giving view from the East. Wd. give them more than television.

D.E. It was done last time.

Sal. No colour film if v. high lighting is req^d. That wd. destroy the atmosphere of ceremony. N. & M/W. shd. have chance to experiment before final decⁿ reached.

P.M. Correspondg. statement in H/Lds. to-day.
{Memo. approved.
{Reply to P.Q.'s approved.

(ii) Seating in the Abbey

- P.M. I'm keen on T.U. repⁿ. What about wives?
- W.M. Give them an allocⁿ & let them decide how many wives.
Small repⁿ of employers.
- P.M. Many come in other capacities & they represent v. much smaller propⁿ
of popⁿ.
- D.E. C. Service & Services shd. take a bigger cut because so many G.'s who
come in own right.
- Al. But Fighting Services are much larger than they were in '37.
You might absorb the G's w'in the totals.
- P.M. V.C.'s shd. be asked.
* Let M/W. make a critical examinⁿ of this plan, so that Cab. may offer
advice to Earl Marshal.
- Sal. 3rd categ. of Peers who don't perform any public service. Some think
that they shd. be excluded. But I see no escape from ballot.
- H.C. Safer to say all Peers may come, but Peeresses must ballot.
- D.E. Must I make provⁿ outside Abbey for Peers & M.P.'s who don't get in.
- P.M. Yes: consolation box.

(iii) Other Arrangements.

- P.M. Sh^d. we not check profiteering in sale of seats on route?
- L. Many firm contracts already made – many with Americans.
- D.E. You cdn't stop a black market.
- Sal. We shd. not incur a loss on our seats. Doms, if they think prices are
too stiff, can bear the difference themselves.
- D.E. Dom. diffy. due to their relying on our prelim^y estimates.

[Re-enter A.E.]

(iv) Dress.

Salisb. Ctt^{ee} to report to Cabinet.

7. Industries Disputes Order.

[Enter I.M^cL.

W.M. Was never intended to deprive prof. classes of right to report disputes.
Anomalies – because some disputes may cover these classes as well as others wh. are w'in Order.
Some Ministers, however, oppose this – at least w'out some upper limit of salary.

R.A.B. It wd. be easy for high salaried people to get award wh. wd. be v. embarrassg. Must ask for upper limit.

M-F. That wd. mean my going back.

I.M^cL. Consultants & specialists have put in claim, asked for arbitⁿ à la Dankwerts. They will certainly go to arbitⁿ if Order is widened. Mght. cost £20 m. If Ind. Disp. Tribunal is only one open to them they wd. take that.

W.M. Exclusion was a drafting accident.

P.M. Do nothing, until pressure becomes irresistible. Let us see if the feeling about this is really strong.

W.M. Have bn. delaying: but it's becoming a v. live issue – many deput^{ns} etc.

P.M. Bring it up later, if you can't go on stalling.

[Exit I.M^cL.

8. Development Areas.

P.T. Statement to-morrow. Policy app^d by E.P.C.
i. Intend to schedule an area in N.E. Lancs
ii. Similar action re area in N.E. Scotl. nr. Peterhead – some assist^{ce} with factory building.
iii. In other ways intend to relax requiremts. wh. must be satisfied before a man can build a factory.

9. Unemployment.

W.M. 20/10 – still under 400.000 unempl^d.
Have risen only by 8.000 as cpd. with normal 20,000 seasonal in (?) September/Oct.

P.M. Why has expected rise in prodⁿ not occurred?

R.A.B. Mainly because of sales diff^{ies} in export markets.

- A.E. Likely to get worse.
- P.T. Textile exports may tend to recover slightly. But increasg. buyers' market in engineering – growing competⁿ fr. Germany.
- Sim. * Might circulate to Cab. figures on production.

1. Parliament.

[Enter Sw., B-H., L-B., D.S.]

H.C. Handling Debate on Address.
The 2 major Bills will be excluded, by presentⁿ.
Dev. Charge – subject to H.M.’s view – shd. not be so excluded because policy has not bn. disclosed.
All Ministers ¹/_c Dpts. shd. be in attendance, as can’t be foreseen what may be raised. Ch. Whip to draft a notice to Ministers.
Private Members’ time – 20 days as before.

Agreed.

P.M. “A horrible no.” of P. Members’ Bills got thro’ this Session.

H.C. Many were useful. [Enter Att.G.]

2. Transport Bill.

L. (i) Levy: majority of Ctt^{cc} wd. prefer to retain it in suspended form.

L.B. In favour of dropping it, on balance. Unpopular: hampers agreemt. on rlway charge. On other hand, we have said it’s essential element in plan. And 70% on C. licences is more diff. to justify if no Part II.

M-F. Favour suspension.

Sw. Favour dropping it. Suspension gives worst of both worlds. In debate we shall prob. concede it, & m’while shall have forfeited good will of hauliers & industry’s support for rlway charges plan.
We give much more chance now of rlway profit – less need for levy.

J.S. Support Sw. strongly. What gained by puttg. in now prov^{ns} wh. don’t operate until ’57. Plenty of time for us or others to do what is needed.

P.T. Support. For selling lorries & for encouraging rlways.

H.C. Agree. Parl^y diff^{ies} for v. little gain – we aren’t going to do it for yrs.

R.A.B. Prefer levy operable at once. Better than nothg. keep suspensory levy. Another plan: levy once for all at 10% p.a. p. ton of freight capacity. That wd. simplify levy plan: wd. bring in £5m. to Exchequer and hamper haulage.

A.E. Susp. levy will have to be conceded in debate - & we shall have worst of all worlds.

- P.M. Favour dropping it. Opposⁿ will damp down on any concession but magnify any proposal. cf. criticism of Budget.
Wd. help sale of lorries & industry's support for rate prov^{ns}.
- M-F. Makes Bill ridiculous – no longer any contⁿ to world-wide problem of enabling rlyways to pay their way. No logical basis for Bill.
- P.M. Bill will remedy the ills of nat^d road transport. Isn't that enough?
- M-F. Socialist plan was their solutⁿ of road/rail problem. Levy was ours. If we drop it now, we are shown to be w'out a solution of that problem. Attrition of rlyways by roads is the crucial problem of transport.
Buying Parl^y ease by a solution that won't last does us no good in the end.
- A.E. Suspending it damages M-F's argument v. seriously.
- M-F. Defend that by saying we shall see how charges plan etc. succeeds.
- R.A.B. Danger that if we drop Part II now we may be forced in Parl^t. to drop Part I.
- Sim. On a long view wd. levy on roads save rlyways w'out crippling roads?
- M-F. If you exclude State subsidy, they (roads) must. Industry pays, thro' their choice of transport.
- L. In straight competⁿ, road will win because of convenience and lower overheads.
- P.M. And giving better service.
- L. Better than during natⁿ, but traffic will be drawn away fr. nat^d rlyways.
- Sw. Rlyways will be free to make money out of road transport.
- P.M. These arguments dispose of the suspensory compromise. Real issue is betwn. immed^{te} Part II and dropping it altogether.
- W.M. Against retaining immed. levy. Is compromise worth while? Rlyway charge plan ought to help. Pt I will require £30m. Pt. II is only £4m. p.a. 4 years hence. Is it worth having all this fuss & row for only £4m. p.a. What diff^{ce} will that make twds. "saving" the rlyways.
- P.M. Revolution in transport is coming anyhow: is it wise to seek to slow down the change artificially.

R.A.B. [On Dev. Charge I said I wd. not have tax on land.] I don't want Exchequer to pay for rlyways, nor do I want to find the money by special tax later.

P.M. Don't see relevance of []. And burden of fixed interest on rlyways will in the end have to be eased by State.

Sal. I was opposed to introdⁿ of the Bill.
Our pledge was to de-nationalise road transport. levy will delay & prs. defeat that object. Doubtful if roads can carry rlyways, in the end. Rlyways are economically unsound: if so, we can't permanently hand them round the necks of a more modern form of transport.
I favour dropping levy altogether.

P.M. Preponderant view is in favour of dropping this altogether. (May get breathg. space for 4 years before State has to aid rlyways.
L. agreed.)

(ii) Railway Charges.

L.B. This will be much eased by decision on (i).
There will be argument in Parlt. & we may have to make some changes.

L. N.C.B. have reached substantial understandg. with B.T.C.

(iii) 25 Mile Limit.

P.M. This has advantage of being definite.

Sw. Ctt^{ee} are agreed on this.

L.B. Doubt if we cd. have lifted it earlier than date proposed in Bill.
Believe we shall not have finished sale before then.

(iv) Sale of Lorries.

P.T. Under genl. law you must pay $\frac{1}{3}$ rd & balance over 18 months.
But some easier terms are needed for these.

R.A.B. If this fails, we may have to provide some State credit.
If Co. will approach B/E. at once, I will ask for speedy consⁿ.

- Agreed
1. Bill approved for introdⁿ.
 2. M/T. to submit early report, after consultⁿ with R.A.B. & P.T., on the hire -purchase plans.

3. Transport Charges.

L.B. Wages award will add £4 this year & £18m p.a. to B.T.C.
Shall refer the matter (applⁿ for increases in freight charge) to Tribunal.

[Exit L.B., D.S., Att. G., & B-H.

4. East West Trade: Drugs.

A.E. Accept fact tht. H. Kong can't do more. Hence plan in memo. [Enter Munster

Ch. U.S. don't export them. Are they strategic under Battle Act?

P.T. Not in any list. No-one else has banned export save U.S.

[Exit M.
[Enter Ll.G.

5. Food: Christmas Bonuses.

Ll.G. Meat due to come down anyway at this time of year.
Hope Argentine deal can go thro', for then we cd. free sausages completely.

Main (continuing) ration changes – Approved. *

Christmas Bonuses.

Supply posⁿ no better than last year. Tea is now free. Sugar bonus at Xmas wd. mean w'holding a bonus for fruit or special purchase costg. £1m.

R.A.B. £¹/₂m non-sterling for fats. Must we spend extra £1m on sugar.
Does M/F. really want to give bonuses.

Ll.G. I wd. prefer to keep steady rations as high as poss.

R.A.B. M/F. exp^{re} is £15m. above estimate already in 2nd half of '52.
B/p. future is not encouraging.

* R.A.B. P'pone, so tht. I can discuss with M/F

P.M. In general I'm in favour of some bonus (e.g. for cakes & puddings).

* All changes to be announced together.

6. Food: Enforcement of Controls.

Ll.G. 30 enforcemt. offrs. recently shed.
(Another 350 staff will go at end/year because freeing tea)

Note taken

[Exit L.I.G.]

7. Egypt: Defence Negotiations.

[Enter 3 Serv. Ministers & C.O.S.]

- A.E. New factor –Turkey. This is interim hand for Amb. to play until we have a wholly new policy.
- C.I.G.S. Neguib is best bet we have had in E.
We wd. give him some arms, in bldg. some jets.
We wd. also begin w'drawal of re-inforcemts. We don't think Rhodes is likely to be requ^d if we support Neguib. Even if worst came, we are better off w'out Farouk.; for we wdn't have to rescue him & in new situation we shd. hesitate to do it, for it wd. mean war with E.
We don't want genl. def. talks now because reviewing M/E. strategy.
- A.E. Agree - this is a holding operation.
- Al. But friendly gesture wd. help e.g. w'drawal of Para. Brigade fr. Cyprus to U.K.
- A.E. Wd. prefer to consult Amb. They are a tough lot, like young Turks.
They are imp^d by strength.
- Al. Can't keep them long. Get pol. credit for w'drawal.
Want also to get work going on M/E. H.Q. in Cyprus – on assumptⁿ of some success in M.E.D.O. talks.
- A.E. Want to be able to present any w'drawal to our credit.
- C.I.G.S. Increased confidence in Neguib.
- A.E. Or re-organⁿ in M/E. as a whole.
- P.M. Not so fast. Only a short time since we nearly put Rhodes in.
Also w'drawal always considered as part of genl. agreement.
- A.E. N. doesn't want a row with us.
- C.A.S. Also we haven't the troops tht. wd. be needed in new circs. to do a Rhodes.
- R.A.B. W'drawal helps me.
- A.E. Review of M/E. defence policy must be complete before I can see how to play the diplomatic hand.
- P.M. What of the base?
- Al. That also turns on the review.

- A.H. Contents are now being classified.
- * P.M. Give me a report on this.
- P.M. Wd. help us to shape long-term policy if we knew views of new U.S. Govt.
They might take some share of the responsibility.
- A.E. We can prob. get U.S. to come into MEDO. H.Q. at Cyprus. Might move them on from that to do more.
- General opinion in favour of Cyprus base. But no auth^y to start work there at once, P.M. wanting to have a detailed report to Cabinet.
- P.M. Report to come to Cabinet on necessary preliminary moves.
- F.O. memo approved.

[Enter Sw.]

1. Commonwealth Economic Conference.
a) The Collective Approach

- A.E. Must keep control of decⁿ in our hands until the end – still far off.
Choice:
(i) plan somethg. like this as basis for discⁿ. But no final commitmt. until we see what emerges from all the discussions. Ctt^{ee} agree on basis that we aren't committed – save only Cherwell.
- P.M. Sal. writes – in full agreemt. with course proposed by A.E.
- Ch. All agree on objective – multilateralism with convertibility. But I believe we can't start on this until our econ-posⁿ is strong - & there is no prospect of its becomg. so. We risk doing this at the v. moment when our b/p becomes diff. in 2nd half of '53.
I am only reconciled to discⁿ of this because I doubt if it will go thro' – U.S. won't accept it.
Hope we shall put this up only as a v. tentative idea - & not get tangled up by arguing too strongly for it.
- L. V. important conference. Both sides of argument will be heard at C.E.C.
Uneasy about going into this too soon. Full of risks.
- R.A.B. Approach is Mult. Trade & Paymts., not convertibility. Conv. is not the aim, only an instrument for returng. to multi-lateralism. If we go into C.E.C. with this aim, we shall be seekg. to escape fr. restrictive system (reducing imports & pushing exports): if we can float a convertible £ we can look \$ in face.
We must move gradually to it.
We shd. reserve final decisⁿ to U.K. Cab., when satisf^d that cond^{ns} are right.
Modific^{ns} included in place.
The 5 b. dollars – no longer in the plan, wh. now suggests working thro' I.M.F. & re-vitalising it. (Will phase Asiatic Doms).
Amount then available to st. area wd. be only add^l \$1m over & above frozen \$1¹/₃ m.
- P.M. “Stern internal measures” – required in any event. What are they?
- R.A.B. i) A tight hold on credit. More flexible under convertibility.
ii) Investment and consumptⁿ. Will be less need for cutting imports further if world trade is expanded.
iii) Developmt. – in U.K. as well as other Comm. countries.
iv) Must balance Budget, & for that control exp^{ire} by I.a.'s and nat^d ind^{ies}.

- Canada – criticism of our excessive exp^{re} on welfare, housg. & even defence. We shall have to keep public exp^{re} w'in our means. But we can't because of pledges check housg. p'mme unduly. Hope we can transfer more to private & less to subsidised housing.
- A.E. Can't take all cuts on Defence.
- P.M. Cd. cut down bldg. other than housing. e.g. factories.
- H.M. That wdn't give Budgetary saving. No 'investment' diffy. because unemplt. is beginning in bldg. trade.
- R.A.B. Stiff internal measures wd. be designed to avert unemplt. & high prices.
We are trying to do too much. Excess reflected largely in below-line exp^{re} by l.a.'s & above line exp^{re} on defence. We want more into exports, fr. defence & housing. Pol. imposs. to do anythg. with housing save switch more to private. On defence, hope for agreemt. with M/D. for '53, esp. to relieve metal-industry burden. Shall have to cut civil exp^{re} – e.g. hospital adminⁿ, education, and costlier subsidies. Look for £150/200 m. – most of which go to meet increase in defence exp^{re}. But all turns on cuts in def. p'mme and switch to private housing.
- H.M. Can't do any switch in '53: p'mme fixed. My aim is to get as many subsidised as Labour built, and balance up to 300.000 in private.
“Trying to do too much” – Not for total economy, but too much by public auth^y. For prodⁿ is falling & unemplt. rising: the economy cd. bear more. Hence our policy shd. be to free people who are willing to do things at private cost.
I shared many of Prof's anxieties. But I am content with proposals as now stress need to put a positive plan to C.E.C.
- P.M. Defence. Exp^{re} can be settled only year by year. M/D. must have a forward plan; but Cab. can't be comm^d to its future years – they must be open to review each year.
- Al. I accept that wholly. Make a plan, subject to adjustment annually.
- P.T. Largest obstacle to U.K. industry's competⁿ is weight of taxation. Unless we can relieve that, exports must shrink. Taxⁿ can't be relieved except by cuts in exp^{re} either on defence or on welfare state.
- J.S. More diff. to cut welfare this year. Wd. have bn. easier to do last year.
- P.T. Industry cd. carry this taxⁿ in the 6 yrs. when they cd. sell any exports. But now sellers' market has gone & G. & J. are about to revive their competⁿ.

- W.M. Comforted by hearing tht. we retain control Wd. prefer to avert decⁿ until we know more of the internal measures & their effect on emplt. We shall keep w'in 400.000 or so this year: but it wd. be easy to slip upwds. to 1m. or more.
Severe deflation, defence cuts & drop in exports might produce that next year.
- A.E. Imp. Reference. No enthusiasm in offl. talks. Must press the Ministers.
Tho' not beyond a point. "Press but not force".
- P.M. Agree: but let us not be the first to cast it away.
- Sw. i) Doms will look to us for a lead. We must know our own mind & give a lead.
ii) This is a gradual plan. We remain judges on action. We shall manage the currency & can apply remedies to protect ourselves. Convert. is means, not end: but we can't recover unless we get back our posⁿ as a centre of world trade.
- H.C. Agree, as basis for discⁿ, so long as final decⁿ is reserved.
- M.F. Agree – put fwd. on a tentative basis, for discussion. Fear or unemployment.
- P.M. Put this forward & see how it fares.
{ But we must show an air of conviction. Put it boldly and
{ decisively – not as the last stinking of our stinking fish.
- b) Gold.
- R.A.B. Two ques.- i) price of gold. Discuss with Doms & consider with S.A. later how we raise it with U.S.A.
ii) re-opening of London Gold market.

1. Parliament.

[Enter Sw., B.H.

H.C. Monday: Oppⁿ amendmt. mainly on unempl. W.M. to reply.
Tuesday: R.A.B. opens. H.C. replies.
Business for remainder of week.

[Exit B-H.

2. Commonwealth Economic Conference.

a) Development.

[Enter T.D., J.F., D.S., L.I.G.

R.A.B. U.K. help wd. increase our b/p diff^{ies}. But am exploring means with
Banks. Will report later on that.
We must treat U.K. developmt. as of equal importance.

Sw. Para. 16 (a). – we don't want private investment to taper off.

T.D. Para. 10. Expansⁿ will involve "sp. measures" fr. time to time. We cd.
do more with a little more cap. invest^{mt}.

R.A.B. I don't dissent.

D.S. Para. 10. Add civil aircraft to special list.

b) Commodity Policy.

P.T. Choices in para. 8. All Dpts. agree to (3) as best, for reasons in
para.11.
Main purpose wd. be to stabilise price.

A.E. Fear we may fall betwn. 2 stools. Appreh. these agreemts: yet wheat
has worked out well. Suppose U.S. approach us, diff. to put up
counter offer then: easier if we took a more positive line, & push
some of these.

Sw. Diff. with Doms. e.g. on wool. But tin & rubber wd. be useful to us.
cf. World Conf. in '30's.
This is not a wholly negative approach: merely tht. we prefer
empirical approach.

P.T. Agree - bias in favour. But all out plan wd. founder on Dom. diff^{ies}.

Ch. Evening – out of U.S. purchases, is of paramount importance.

J.F. At Conf. v. wide diff. of view: each country had one policy for imp. &
another for exports.

[Exit T.D., L.I.G.]

3. United Nations: Tunis.

A.E. U.S. have told Fr. they will vote in favour of competence. V. awkward for us. Shall discuss with Acheson & Schuman on arrival. Propose to resist.
Even more diff. will be S. African Policy. V. diff. to get anyone to agree tht. it is solely a domestic issue. Won't be a popular line in H/C. But it is thin end of v. dangerous wedge because of our Colonial affairs.

P.M. Stand with the French, boldly.

J.F. We have comm^d ourselves to that attitude to S.A.

4. Egypt and Sudan.

A.E. Cab. shd. see my reply. Also consider wtr. consultⁿ with Doms. is required now.

J.F. Malan wd. object & might leave Comm. Can. Austr. & N.Z. mght. also object – because machine won't work with small units included.

A.E. Consider at Comm Conf^{ce}. * Let C.R.O. put in memo on genl. ques.*

[Exit J.F.
[Enter G.L.I., D.E.]

5. Atomic Energy Organisation.

P.M. Sal. (absent) favoured Ch.'s view.

Ch. Convinced after 12 yrs' exp^{ce}. U.S. fr. scratch, got bomb in 3 yrs. R. in 4 yrs. We took 7 yrs. & another 3 before we are in full prodⁿ. With full priority & all money req^d. Because C. Service is not adapted for this work. cf. record of the diffusion plant. Now is time to change – big prodⁿ. future, already 1/2 size of I.C.I. Multiplication of small delays. June to Nov. to get small rise for Penney.

Danger is weakness at top: if the 3 we have don't stay: or if we can't get prodⁿ managers. I.C.I. have 75 at average salary of £4.500. We can't expand.

Security. Took us 3 mos. to get rid of real security risk ??????. Losing staff – cd. be mitigated by bonuses at end of contract.

166 bodies working under grant-in-aid. Parlt. can't control exp^{re} now: cd. do it better under open system – as in U.S. Every other country works thro' ind. corpⁿ and Canada has changed over to that system.

Transition: w'draw suggⁿ of transfer to sep. Dept. Mght. be under L.P.

Ask only for decⁿ of principle.

- D.S. Am looking at this objectively. Many facts shd. be taken into a/c. Cockcroft says majority of Heads of Divn. favour staying in C. Service, tho' with more independence as they might have under L.P. They don't want to lose security & opportunity for promⁿ elsewhere in Govt. scient. service. Losses of staff: no more than by firms in industry. Not a ques. of theory: organⁿ is in being: must have good reasons to warrant dislocⁿ of a change. Suggest a small Ctt^{ee} to state arguments for & against. Must be a year before legⁿ cd. be introduced.
- A.E. I support Ch. Security (U.S. views): Corpⁿ wd. make own rules & be more flexible. This work is not suited to C. Service methods. Shd. be able to pay higher sal^{ies}.
- P.M. Two sorts of enquiry.
i) principle
ii) wages & means. Waverly might do ii)
- R.A.B. ... Control in U.S. is v. detailed. Much interdept^l. work bn. needed on a. energy. Shdn't go too far away. Dangers to other Govt. scientific work if abnormal salaries given to atomic scientists. Won't be easy to est. corpⁿ. There will have to be Govt. control: money will come into it disprop^{te} salaries won't be possible.
- Al. Canada. Transfer to State Co. Thght to be gt. improvement. Favour Cherwell's plan.
a) we are only country to keep it in Dpt.
b) U.S. wd. be readier to co-operate in orgⁿ like their own.
- D.E. M/W. have done £50m bldg. for this. Special team experienced in this. No delays due to Ty. control, or complaints re speed of bldg. Have earned Penney's praise. Corpⁿ wd. have to build up a new special team: we cdn't spare ours. A change now wd. slow up work progress.
- Sw. Corpⁿ cd. employ M/W. if they thght. them efficient.
- M.F. Support Ch. Para. 4 of O.L's memo. – powerful reasons.
- Sw. Security C.S. methods (v. fair) aren't safe enough for this. Corpⁿ make it condⁿ of contract tht. he cd. be dismissed w'out notice, or tht. ppt. shd. be held.
- L. Favour small Ctt^{ee} of Ministers.

- P.M. i) Report by small body of Ministers. L.P.S. W.M. H.M. to confer with D.S. & C.H. Report in 2 weeks.
ii) How & when shd. then be remitted to Ctt^{ce} of experts under Waverely + 2 assessors (?Akers & Woods).

[Exit M-F. G.Ll.

6. Blitzed City Centres.

- P.M. Pretty steep to stop this work – e.g. Ldn.
- R.A.B. £80-100m increase in bldg p'mme. Any avail. resources shd. go into production industry. Do no more than feed ad hoc any work on wh. unempl^d labour is available. My figures show there's no unemplt. argumt. for increasg. total.
- H.M. Small in amount but more serious. Honour: mutilated cities have bn. ill-served.
Interest: 68 Parl^y seats, of wh. 28 are held by us, some by narrow margins.
Costs nothg. to Exchequer or rates: & when built will pay rates & taxes. Rateable value is created by this, not by houses. L.A.'s who have purchased land are getting Exch. grant wh. will taper off when bldgs. are up.
£2m work to be done next year: Ty. only want me to put in 1/2m. if I don't put more in now there will be no work in the followg. year.
Only 63 jobs in hand now: 25 will be done by end/52., more early in '53. There will be unempl^d if we put no more work in. Current unfilled vacancies mean nothg: it's what will happen when my jobs end.
Whole amount = 1,300 houses.
- P.M. Sheer incapacity tht. this wasn't done earlier, as in Germany. Can we defend pos^{ve} action to stop it being done now.
- R.A.B. Must increase our earning power.
- P.T. This arises because ceiling for 52 was exceeded. I wd. like to have exceeded mine for factories. How can I refuse factory bldg. when Woolworth's are allowed to build.
- H.M. Get away fr. "fair shares." Plymouth can build because they don't want factories. Coventry prob. will have to be refused. Deal with it sensibly on a local basis.
- R.A.B. But I must preserve fair shares among Ministers in E.P.C.
- P.M. They co-operate in most harmonious distⁿ of effort.
- D.E. State of bldg. ind^y. shd. be judged by ques. wtr. man who has licence can get an early startg. date – not by emplt. In blitzed cities, all but 4,

startg. date can be given at once. Even in the 4 the delay is steadily moving down. In almost all these cities now, licensed work can start at once – means we need more work. Are we to hold it back because invest^{mt} ceiling. Let B/T. and M/S. ceilings also be elastic in these cities. In most there is not enough factory bldg. to take up the slack.

Can't get more workers into Coventry w'out more shops.

D.S. Agree – when labour available & factory work is not delayed. But ceiling for factory work shd. be raised too. Can't judge wtr. there is enough factory work while ceiling is m'tained.

H.M. { May I seek a formula with R.A.B. so tht. I can announce somethg.
{ wh. will preserve element of flexibility?
{ Expanded version of R.A.B.'s para. 5.

Agreed.

P.M. Let R.A.B., H.M. & D.E. confer & submit a solution. (to P.M.)

7. Supplementary Defence Expenditure.

R.A.B. Not arguing merits – partly due to textile orders. Parl^y need to disclose early, as proposed in memo. [Enter A.H.
[Exit D.E.]

H.C. Most improper Parl^y procedure – pity we weren't warned earlier.

R.A.B. Agree: but no alternative now.

H.C. We shall be criticised – on timetable.

R.A.B. I will take respons. for this, in speech on Tuesday in D. on Address.

A.H. We told Ty. 2 mos. ago. It's their fault if Ministers weren't told earlier.

D.S. Ditto. with us: mostly book entries.

- P.T. Accept \$480 for metals – tho' M/S. & D/T. will look firm by firm at switchg. to exports.
Real problem is: how finance defence at £1620 or so. Para. 10 of 393 proposes to cut social services & give amount to increased defence. That means v. little tax relief. New firms can't get capital to start: no private savings: industry can't compete in compⁿ cond^{ns} w'out tax relief. We can't have guns & butter, in present quantities. If we do this def. p'mme, even more social cuts will have to be made if exports are not to decline. How can we put our econ. plans to C.E.C.
- D.S. Eng. exports can't be expanded w'out relieving ind^y of taxⁿ.
- P.M. Devote Xmas recess to review of future pattern ('54 & '55). Shall have to face redⁿ in nos. Must have good weapons. But less tail, esp. in traing. establ^{mts}.
- de L. R.A.B. memo. figure means front-line of 1882. To provide for Fighter exp^{re} we shd. have to cut bombers & M/E. & F/E. (200 aircraft, wh. wd. have to be cut at once). T.A.F: forming 2 squadrons with U.S.: But in Sep. shall have 200 more aircraft in G. than now. But can't equip them with Swifts. Shall have to cut 200 odd Hunters & 8 Swifts.
- Sw. Can't settle much above £1600 m. w'out risk to exports wh. might endanger the £.
- R.A.B. Indicated nature of cuts to be imposed on civil expenditure up to about £150 m.
- Sim. How wd. 394 look on basis of £40 vice £75 m. cut. Sh^d more come off R.N. than R.A.F.
- de L. Saving by reductⁿ of man-power gives small dividend: £1 m. for every 3.000 men.
- A.H. Settle near £1645, to avoid public shock to U.S. & others, on basis of quick review of future pattern.
- D.S. Avoid 2 more cuts on industry. I have made 1 in anticipⁿ, shall have to make another on '53 decⁿ; don't ask me to make another in spring.
- M-F. £1610 for '53. (Consequences in 394 wd. be £40 m. less severe than now stated). R.N. shd. be cut more, and benefit given to R.A.F.
- P.M. £1600 but no reductⁿ in Divns. or latest types of equipmt. until I am satisfied.
- R.A.B. * £1600 – but variations on cost as proposed in C.320., para. 15.

- A.H. Germany: anything over £30 m. has to be found by W.O. out of savings.
- R.A.B. Aim to get any excess over £30 m. on to G. or elsewhere.
- * Agreed: excess shd. not have to be found by Army.
- H.C. Commitments – 2 kinds. Temp^y (Malaya & Korea) & Perm^t (N.A.T.O. and re-armament) wh. is more important. C^d they be analysed in cost?
- P.M. Fix 1953 as at * but £1610. £480 for metals.
Consider means of effecting the cut. For I don't yet accept cuts in Divns. or new aircraft.
Review (covering strategic, econ., pol. & financial) further pattern for '54 and '55.
- H.M. Evaluate cost of particular commitments e.g. Trieste.
- A.E. Need for early commⁿ to N.A.T.O.

[Enter Sw., de L., J.T., D.E., F. Horsbrugh

1. Coronation.

- (a) Naval Review.
P.M. £10.000 for water: v. excessive. Charge cd. be made for accommⁿ
in liner.
- J.T. Ready to cut our Govt. entertaining.
- P.M. No: provⁿ must be made for Govt. guests, but on day before & after
people can pay.
- Sal. Doubtful if there is a day left for it, on which Queen cd. attend.
- *P.M. { Let us have Review, but Adm^y must do it cheaper.
{ Sal. to verify tht. day is available wh. suits the Queen.
- (b) R.A.F. Review.
de L. Mildenhall. Nothing in estimate for oil.
Fencing, lavs., camp for ground-staff £8.000. Subsistence &
rations £7.000. Entert^{ment} - £1.000.
- P.M. Consider a charge, to offset expenses. Submit detailed plan, at lower
cost.
- Sal. Doubt, again, if Queen can find a day. I will consider that.
- Approved (both) in principle, subject to Queen's pleasure
& revised estimate of cost.
- (c) Decorations off Route.
D.E. Many more Govt. bldgs. in provinces: must cost more than it did
before. Don't favour cuttg. Ldn exp^{'re} in order to find money for
them. But are Cab. willing tht. Govt bldgs. shd. be bare cpd.
with l.a. bldgs.
- (d) Education Authority Expenditure.
F.H. Gifts to children. "Reasonable expense" last time. Suggest^{ed} limit of
2/6 p. head: possibly 2/= wd. do. Agreed. 2/=
- Sal. Even 2/= limit might cost £360.000 on Exchequer – prob. not more
than £½ m. in fact.
- (e) Seating in Abbey.
Sim. N. wants 880 for H/L. and 650 for H/C. as minima approved at once.
He can't delay some announcement of Dom. seats – or some
approach to Houses on method.

D.E. I have submitted my views to P.M. – 650 is too low a limit for H/C.
W^d cause v. great trouble.

P.M. *M/W., Sal., H.C., B.H. and Sim. to study and make report, consultg.
D.E.'s memo. Agreed.

(f) Prices of Seats.

B-C. Want to say £4 & £6 (P.Q. to-day) tho' it prob. won't cover cost in full.

B-C. Mght. put cost up by another £100.000.

D.E. I cd. sell more seats to agencies at profit.

P.M. You must be self-supporting. Agreed.

D.E. Agreed. Stand on £4 & £6 & make profit elsewhere.

D.E. Have also to say how we are distributg. seats in Govt. stands.
Previously, Nat. Govt. refused to say (prob. because they had given too many to Co-ops.). Avoids argument to keep mum.

P.M. Follow precedent & avoid controversy. Say which bodies, but not how many seats to each.
[Exit F.H., J.T.
[Enter L-B.

2. Gatwick Airport.

L-B. There are misgivings. But case for alternate airport is overwhelming – because increasg. load of air traffic. Seven Ldn. airports wd. be reduced to 3 under this plan. Mght. be wise to present W. Paper on future airport policy for Ldn. area – demonstratg. savings (£400.000 p.a. on the 4 to be dropped), also helicopter possibilities. Let Cab. consider, on basis of a draft W. Paper. Cab. can then understand & public be informed. If outcry in Gatwick continues, local enquiry cd. be held limited to the local issues.

P.M. Why not go to desolate, distant spot & use helicopters to come in.

L.B. 10/15 yrs. before any large nos. can be moved by helicopter. Certainly can't use them for 2nd class traffic. W^d deal with that ques. in W. Paper.

L. Gatwick is unique qua fog free.

H.M. Can't hold local enquiry until national policy is establ^d

de L. Wish to be consulted. [Exit de L., L-B.
[Enter A.S., Ll.G., T.D.

3. Marketing of Eggs.

- L.I.G. 25% of available eggs go to black market. No alternative but to free market. W'in 12 mos. for wh. M/F. continues to control imported eggs we must work out permanent scheme for marketing eggs. Wdn't free it until spring, when more eggs.
- J.S. M/H. wishes to be assured of adequate supplies for maternity & other priority classes. May he be consulted?
- L.I.G. Yes: but we can't do much for them, w'out complex priority scheme.
- T.D. Favour de-control. But new factor: B/T. uncertain wtr. support price scheme can be operated. In announcg. we must assure farmers tht. price & market guarantees will be preserved: will discuss long-term: promise tht. imports can be controlled when Govt. purchase is dropped. W'out assurance, our prodⁿ cd. v. rapidly drop by 50%.
- P.T. Diff^y in controllg. imports because G.A.T.T. etc. B/T. shd. consult with M/F. and M/Ag. on ways & means before announcement made.
- A.S. De-rationing can be announced. It is before assurance is given to farmers tht. this point must be thrashed out.
- Sal. Heavy imports fr. Eire & Austr. - & we have agreemts. to take all they can provide. C.R.O. shd. be associated with it.
- P.M. Promise a full statement in November & work it out m'while – incldg. all the supplementaries wh. will be asked. Ty. to come in on consult^{ns}. Agreed.

4. Christmas Food Bonuses.

- J.S. M/Food can put a good case.
- P.M. If R.A.B. & M/F. agree, I can oppose it no more.

Memo. approved.

5. Meat: Argentine Negotiations.

- L.I.G. Austr. supplies are better & I cd. hold ration of $\frac{1}{8}$ until March even w'out Argentine meat. Amb. wd. like this announced, as weapon in negotiations. Thus, I don't want now to announce 1/9 for meat.

Sw. W^d rather you had plus & minus together.

C.M. 96(52).

13th November, 1952.

1. Parliament. [Enter B-H., Sw.
H.C. Business for next week. Transport Bill: L-B., M-F. and Parl^y Sec^y.
2. Coronation. a) Dress. [Enter D.E. & Nutting
P.M. All Ministers shd. wear at least Levée coat, or full-dress if they
have it.
B.H. So shd. all P.C.'s.
P.M. b) Peer's Coaches. Let Earl Marshal consider again wtr. those who
wish to use them may not do so.
Sim. c) Seats in Abbey. Propose another 30 for H/L. and another 40 for
H/C. – at expense of Services etc.
Sal. Will be ready to make H/L. accept 910: Cdn't bring it off }
at a lesser figure. } Agreed.
N. cd. then go ahead on H/L. Further delay to 25/11, }
to canvass opinion in H/C.
- P.M. Suggested by M/W. tht. 260 for Col. be increased to 280. Has bn.
agreed by Cor. Commⁿ.
Earl Marshal to be asked to broaden repⁿ of women's
organisations. Agreed.
Repⁿ for employers – only 16. M/W. asks for 50. W.M.
supported: won't compare with 22 for nat^d ind^{ies} and 60
for T.U.'s and 6 for Co-ops. Agreed: recommend 40,
or more if nat^d ind^{ies} can do with less.
- D.E. H/C. seats. [690 -] betwn. 546 M.P.'s who are not P.C.'s = 1.000 with
wives: 900 likely to want to come. Cdn't therefore avoid ballot,
and that wd. cause gt. ill-feeling.
Sal. Wrong argument: they are M.P.'s.
D.E. Leaves a gap of 350, which ever way you do/sum.
B.H. M.P.'s think they have an even better 'right' to attend than Peers.
That's why we asked for delay to canvass opinions – many
with young children may prefer 4 seats (free) outside – prs.
plus view of dress rehearsal.
d) Television. Draft of Earl Marshal's announcement approved
subject to amendment.

Sw. Omit final recommⁿ. Criterion is what camera takes, not where it is.

Sal. e) Service Reviews. R.A.F. Review wd. involve scratchg. att^{ce} at R. Tournament. Army will have no show at all.

[Enter A.H., de L.

P.M. R.A.F. Review wd. hardly be worth the effort. Fly-past on the Day.

de L. Not same thing.

A.H. Tournament will be a Coronⁿ do – with Dom & Col. troops as central feature. They will be v. disappointed if Queen can't attend.

de L. W^d take H. Park if need be.

Al. No interference with Tournament. Consider H. Park in lieu.

Sal. Or in July.

de L. I wd. accept a later date, at an airfield.

Agreed. Sal. to consult Palace.

[Exit A.H., de L., D.E., B.H.

3. Iceland Fisheries.

T.D. I. Govt. wdn't allow owners to discuss. They have now agreed to disc^{ns} in Commⁿ under Over-Fishing Convⁿ & m'while to send experts to explain to U.K. owners. Our men won't lift the ban on basis of that offer. Grimsby men have said they will stop fishing when I. trawler lands fish at Grimsby. We are trying to avert open breach.

P.M. Try to get it treated as exceptional case.

A.N. x/ I. Govt. say they are excludg. their own trawlers as well as ours. Can't get more from I. Govt. than promise given to discuss next year.

Sw. W^d I. Govt. invite B. observers to test x/. [Exit Nutting.

4. Feedingstuffs: Decontrol.

T.D. Want approval in principle, & authority to begin discussion with farmers and milling industry etc.
Want assurance tht. pool of 5½ m. tons will not be reduced while negot^{ns} pending.

- LI.G. V. diff. operation of de-control. Some risks. Remove subsidy on flour: may have to rise price of bread by 1^d because temptⁿ of switchg. fr. one to other. Tough in price review to prevent compensatg. them for increased price.
- R.A.B. W^d mean raising bread subsidy to £40 m. But net saving of at least £17 m. We can discuss later how we deal with bread – may not be necessary to raise price. Don't wait for Budget: do it in ordinary course of agric. policy. Greater risk than bread is increased imports.
- P.T. Wish to discuss price support problems before announcement.

Agreed: { Discuss with farmers & industry: Consult
{ B/T. on price support: then early
{ announcement of decision of principle.

[Exit T.D. & LI.G.

1. Town & Country Planning Act, 1947. [Enter Sw., Solr.Genl., Galbraith.

H.M. 3 points of substance only are out-standing.

(i) How to end d. charge? End as we began: not to apply to op^{ns} begun after 18.11.52. Agreed.

(ii) Compuls^y acquisition. May be said tht. develop^{mt} mgnt. be held up etc. Want to say that safeguard v. this is comp. acquisⁿ. But want to avoid too truculent a tone. Hence re-draft. Can defend comp. purchase when large tract is to be bought & part of it re-sold to a no. of people for private develop^{mt}.

Sal. W^d have liked a ceiling for p. auth^y selling price to private developer. C^d be monopoly price. Can't trust publ. auth^y to sell always at a fair price. E.g. require them to sell at a price no higher than they bought at.

H.M. Yes: it is their duty to sell at market price. In long Bill we will take power by Reg. to require them to sell at "fair" prices.

M-B. (iii) Paras. 36-7. Is it necessary to refer to 'encouragement' of comp. purchase . E.g. in 37 final sentence cd. be amended as in words given.

R.A.B. (iv) Para. 39. Add, at end, "Safeguards must be introduced to prevent abuse of a system under wh. admⁿ rests with l.a.'s and cost falls wholly on Exchequer?" I will suggest precise form of words. Agreed.

H.M. (v) Must disclose our intentions re unscrambling. Ty. dissents are on this.

R.A.B. a) Sh^d we recover fr. developers etc. No. We cndn't get more than £2 m. } Agreed.

b) Sh^d paymts. be made when develop^{mt} has occurred & charge has bn. paid. Yes. Involves £6 m. }

The whole thing may cost £60 m. in '54. (H.M. says £30-35 m.) Tho' I save £300 m.

H.M. On a) we can't recover: we shd. ????? penalise those who followed Govt. policy. Welcome (b).

P.M. Presentation: as liberating measure.

Sw. Socialist theory was fallacy because dev. charge wd. never have brrght. in anything like £300 m.

M-B. (vi) Para. 5 last sentence contemplates paymt. of compⁿ to people who haven't made out a claim on the £300 m. Why sh^d we pay them?

H.M. Because these are small men who have bn. swindled out of the claim.
We want to bring claim & land together. Consult.

[Exit H.M. & M-B.

2. Government Information Services.

R.A.B. 1364 to 864 redⁿ in C.O.I. Use central agency when it is more useful
than Dpts. Aim at more reduction of contracting out: tho'
Savings movemt. won't abandon their publicity.

Sal. It is an economy to use central agency. Shd. be a bias against
contracting out.

Sw. I wd. make all Dpts. use it – with special saving for Ty!

1. Coronation.

Agreed tht. D/W. shd. be discouraged from seeking offl. invitⁿ to Coronation.

P.M. Soc. Govt. agreed to his exporting £80.000. He wants another £40.000 – to build a house.

R.A.B. If there is a v. good case, refer his solr. to me.

H.M. If you force him to live in exile, it's unfair to deny him his money.

2. Electoral Reform.

P.M. Formal request from Cl. Davis for depⁿ on this. Wish to be accompanied, when I see them, by R.A.B. and some other Cab. Minister.

3. Armed Forces: Widows' Pensions.

Al. July, rec^d all-Party deputⁿ led by Ogmore askg. for most of these reforms, and for some more wh. I haven't recommended. Widows are urgent: rates fixed in 1914, though c/living has risen by 138%. Some, who were over 60 in '48, can't benefit from N.H.I. Nat. Ass. is £35 p.a. p. child: Service pension only £16. Restⁿ to officers & w.o.'s is no longer justified, in modern cond^{ns}. Eventual add^l cost = £1 m., but only £160.000 in 1st year.

R.A.B. They get N.H.I. pension. But my diff^y is tht. this scheme is out of date. Can't we get contributory principle?

Al. V. diff. with young men joining for only 3 yrs. W^d deter recruiting. Wdn't cost less than my proposals for widows.

A.H. Careful study made. Ty. recognise the diff^{ies} of contributory scheme. Bn. under consⁿ since '45.

J.T. Men don't go into Services as career until ?????, as do other Services.

M-F. There wd. be repercussions on Police, who wd. demand non-contributory increase.

Al. Anyhow, what of existg. widows, who cdn't benefit fr. new contrib. scheme.

de L. Must encourage long-service, but can't guarantee to keep any part individual to 60. Must have series of short contracts, wh. doesn't accord with contributory principle.

A.H. This is w'in limit of Ty. contⁿ to a contributory scheme. A v. modest scheme.

Agreed. M/Def. & R.A.B. to consider further. Promise announcem^t. before Xmas.

Record: old scheme: Armed Forces are diff^t.

[Exit 3 Serv. Ministers.

[Enter LI.G., Nutting, Mackesⁿ.

4. Argentine Meat Negotiations.

LI.G. Effect of no agreem^t. less serious now. Thght. ration might fall to ¼?
Now Austr. & Urag. supplies, cd. stand at ⅛^d until
end/March. Amb. thinks tht. if we made that clear, negot^{ns} wd.
x/ be helped. Shan't get settlement w'out £20 m. credit and
quantity of bully.

R.A.B. Favour using x/ and continuing disc^{ns}. May bring some sense into it.
Mixture of b) and c). Give some credit, provided they can't use
it to run down our reserves. Canned meat, but only in lieu of
carcase.

LI.G. x/ Sh^d like to offer to take some bully – for stock-pile, e.g. 10.000 tons.

R.A.B. Only w'in import total agreed already for M/F.

Sal. Support R.A.B. qua Doms., who dislike our paying higher price for
Argent. meat. Also we are about to reject Austr. applⁿ for a
credit.

A.N. Shan't get our exports in w'out some concession on x/.

P.M. Need for meat. Can't we do (c)?

R.A.B. As before: no concession on bully now. But I will consider wtr. we
cd. do it for stock-pile.

A.N. Remittances: public utilities. Do we give way?

R.A.B. Let's have the mixed Ctt^{ee} soon, if we are to have it at all.

Mack. In essentials – shall get none in.

A.N. Credit. Sh^d not be carried on F.O. Vote. It's for a trade agreement –
not a pol. gesture.

- R.A.B. F.O. are only Dpt. wh. can carry it w'out legⁿ.
- Agreed: Defer decⁿ on that until A.E. returns.
- Mack. 5. Delegated Legislation. [Exit LI.G., A.N.,
[Enter Att.G. & B.H.]
- Sal. Live issue in both houses – not Party issue. Can't ???? it indefinitely: must have enquiry sooner or later. W^d wish H/L. to be covered – Joint Ctt^{ec} of both Houses. H/L. have refrained fr. exercising their strength v. orders.
- R.A.B. Will be a great nuisance if we do change the law. Ministers attendg. a scrutinising Ctt^{ec}: or Parlt. havg. power to amend.
- H.C. Tories shdn't oppose that.
- M-F. Favour para. 8(iii).
- Sim. Deprecate widest form of enquiry á la Donoughmore. No need to go over it all again. Suffice to review Parl^y procedure.
6. Railway Freights. [Enter L-B.]
- L-B. Wages & other increased costs will add about £31 m. to costs in full year.
Tribunal's 7½% designed to preserve their freedom to deal with fares next year.
I want to authorise only 5% in freight, but warning tht. next yr. B.T.C. will be likely to put fwd. passenger applⁿ. On 1/1 they can raise by ¼^d a mile.
Inclined to think I shd. announce this before Transport debate is over: to avoid being accused of holding it back until after the vote on the Bill.
- J.S. Last Dec. 10% rise: M/T. said wd. be limited to 10/= p. ton. C^d we say this w^d be limited to 5/= p. ton.
- A.L.B. Will consider & try to meet you. W^d have to clear it with Tribunal and B.T.C.

C.M. 99(52).

20th November, 1952.

1. By-Elections.

[Enter Sw., B.H.]

P.M. Farnworth & Small Heath. Not disposed to stop Cab. Minister speaking. Certainly Ministers below the line shd. go. Ch. Whip to make a plan.

2. Duke of Windsor.

P.M. Advised him not to come to Coronation. He will say to Press tht. it wd. not be consistent with usage for Coronation to be attended by any Ruler or former Ruler. Money. He will see R.A.B., who will in public interest give him leave to take to France more of his own money to build himself a home there.

3. Parliament.

H.C. Business in H/C. Tues/Wed. Steel Bill. M/S. to open: M^r Low to reply early on Wed: H.M. to end. Friday: Debate on Press Council Bill. Had hoped newspp. wd. put fwd. proposals: they have not. Prs. we cd. say tht. we still hope they will.

P.M. Let M-F. see the Association.

Sal. P.Q. by Samuel by H/L. Reform. I will repeat what P.M. has already said.

Sim. Addresses on Emerg. Powers.

M-F. Adjourn H/L. debate for final approval on Mon. to pick up any H/C. points by amend^{mt}.

4. Coronation: Service Reviews.

Sal. Queen has agreed to do R.A.F. Review on 15 July. [Exit B.H.]
This solves diff^{ies}.

5. Volta River Aluminium Project.

O.L. Tho' no final decision needed, will be diff. to w'draw if prep^y commⁿ reports favourably.
4/5^{ths} of our aluminium has to be bought in dollars. Large bauxite deposits in Gold Coast (200 yrs' supply): power from Volta River: £100 m. eventual cost. Will produce ¾ m. h/p.,

mostly to be used in aluminium prodⁿ. We shd. have option on 75% of prodⁿ – 140.000 t. p.a. when scheme is complete. V. large artificial lake, fr. wh. irrigation cd. be drawn. Our finance wd. be by loan to V. River undertakg. G. Coast Govt. will hold 10% of the equities: this will reduce risk of appropriation à la Mussadiq.

R.A.B. Support. This is way to support developmt. But does para. 17 go too far, at this stage?

Sw. Will consider a modificⁿ of final sentence.

Sal. Publication – before Conference?

O.L. Everyone knows it's under considⁿ.

Sw. Can't risk amendmt. by Conf^{ce}: Aluminium Co. might not go ahead.

O.L. Cdn't represent this as fruit of Conference.

Sal. Don't conceal it from Doms. in Conference. Don't press for delay in publication.

Agreed: Approve project, and announce w'out waiting for Conference.

6. Housing Programme. [Enter D.E.]

Sw. No increase in timber for wh. we budgeted.

H.M. May be less if "boneless w." comes to pass. Danger that we may do more than 230.000 in '52 (may be 240.000): and in '53 we may do more than 260.000. Problem: to increase private bldg. Removal of d. charge will help. Wish, before Xmas, to announce in effect removal of licence-control. L.a.'s have discretion to grant 1:1 but many aren't doing so. Complete removal – simpler & more dramatic: nothg. but planning control for any house w'in a cubic limit 1.000 ft. & a timber limit: 1½ standards beyond that a bldg. licence. Prs. also allow builder to put up not more than 6 on same basis. Alternative is "modified test". W^d like to discuss that choice (on pol. grounds) with 2 or 3 Ministers.

* Agreed: L.P.S., W.M., M-F. to discuss with H.M.

D.E. Industry can build 300.000 houses in '54. 10% expansion in '52, likely to be repeated in '53, in bldg. materials industry.

R.A.B. No more to say. V. expensive. Means stiffer budget & less for productive industry than we cd. wish. Must get more emphasis

on unsubsidised. W^d like more than 85.000 private.

Al. Def. p'mme will be less and finished in '53.

R.A.B. For planning purposes I shall assume 270.000 in 1953.
y/ What about repairs? Will there be enough labour for repair of houses de-controlled from rent rest^{ns}.

[H.M. I need another month to study rent control.]

L. Means increased cap. invest^{mt} in gas & electricity, for more houses.

Ch. Will industry suffer to extent tht. houses go ahead? Will overall ceiling be held firm?

R.A.B. Will make the best of it in Inv. P'mme.

W.M. On y/ nothg. to suggest M/W. reasons are wrong. They have come out of repairs, not fr. other construction.

[Exit D.E.
[Enter O.P.]

7. Maternity Benefits.

O.P. Larger benefits in total, tho' one weekly rate will be reduced.

R.A.B. Support this. Cost £2.1 m. on Fund: no need to raise cont^{ns} in advance of next quinquennial review.

H.C. Politically vulnerable to reduce any rate. T.U.C. support won't help us in back streets.

R.A.B. If we modify one recommⁿ we shall throw it all open to argument. Stand on Ctt^{ee's} recommⁿ as a whole.

Sal. C^d you give them choice?

O.P. Adv. Ctt^{ee} considered & rejected it.

Sw. Offer the option if strongly pressed in Parl.

Memo. approved: adhere to Ctt^{ee's} recommendⁿ. [Exit O.P.
[Enter F.H.]

8. Higher Technical Institutions.

Ch. L.P. favours, not only S. Ken., but also in Provinces – Manchr. & Glasgow.

L. Damaging shortage of technicians in coal-mining.

- R.A.B. S. Ken. is going on quite fast: no fresh decⁿ needed.
Expect Manchr. & Glasgow to expand. Ready to promise to review
their investment allowances. Agree some disentangling will be
needed.
- F.H. Manchr. Need assurance of enough places for advanced techn. work –
don't want that crowded out by facilities for higher
technological work.
- Ch. Let them make proposals for separating the two.
- R.A.B. Am encouraging U.G.C. to get proposals for Manchr.
Mght. get U.S. aid for this. Am discussing that with them.

Memo. approved.

[Exit F.H.]

9. Corporal Punishment.

- P.M. Sh^d we clutter ourselves up with enquiry when p. opinion may give us
chance to restore flogging for all crimes of violence & cruelty.
Alternative is to devise much stiffer cond^{ns} of impt. What about
a plebiscite on c.p. – a suitable subject.
What of re-introducg. for 3 or 5 years, to see if it does reduce crime.
If we can't act, I wd. sooner not have an enquiry.
- Sim. Every civilised country, save Brazil & some States in U.S., have
abandoned this penalty.
- M-F. Wide feeling of anxiety. But Report in '38 v. flogging: abolition
in '48: only 4 years' trial of no flogging & new methods. Only
previously floggable offence is almost only one whose incidence
has fallen since '48. Real need is for increased nos. in Police:
4,000 below establ^{mt} in M.P.D. & similar shortage in other
centres. Got 3,000 increase last year.
Strong arguments v. acting w'out enquiry into post-war conditions.
Pol. diff^y: only about 3 or 4 to 1 in favour of c.p. among Tories, and
Labour are solid v. it. In 1948 O.P. spoke in favour of abolition
& all of us abstained.
P. Members' Bill will now come up in February. Immediate ques:
what advice do we give when that Bill comes fwd. We cd.
wait & see H/C. opinion on that Bill.
- J.S. Majority of Sc. M.P.'s wd. be against restoration of c.p.
- Ch. Rates of crimes to conv^{ns}. App.2.
- M-F. Yes: That's why I stress real need for increase in Police.
- Sw. Gross increase in crimes since '38.

P.M. Wait for P. Members' Bill – a good chance to test public & H/C.
feeling. C^d allow a free Vote. Tho' Govt. view wd. have to be
stated.

C.M. 100(52).

25th November, 1952.

1. Kenya.

[Enter Sw. & B-H.

P.M. O.L. and M/D. shd. look into ques. of use of a) tear gas b) short guns with buckshot. And submit report to Cabinet.

2. Parliament.

H.C. Business for next week. Wednesday: 3 choices.
A.E. doesn't want C/Europe.

M.F. Prefer Welsh debate to be p'poned for a week because Socialist objⁿ to Lloyd's appt^{mt}.

B.H. The Opposⁿ threaten vote of censure – cd. take this out on Welsh debate.

P.M. Let H.C. settle this with Ministers concerned.

3. Purchase Tax.

R.A.B. Will yield £4-5 m. p.a. Said on Finance Bill we wd. do it. Am losing elsewhere on P. Tax. Must get it thro' before Xmas. Essential part of D. scheme. Much furniture will be below D. W^d be operative from date of Order, not of debate.

Yield of p. tax = £300 m. p.a. equivalent of 2/= on income tax.

May I discuss with H.C. means of getting it thro' before Xmas.

M^owhile I will give P.M. description of tax & how it doesn't fall on cottagers.

[Exit B-H.

[Enter Att.G.

4. Judges Salaries.

Sim. Cab. method of relieving part of salary from tax wd. have brought greater benefit to Judges with private incomes. Hence alternative of £1.000 allowance in addⁿ to salary. Simpler method.

Specific exclusion of Ld. Chancellor. If this is done, at present tax levels his net will be £3.538 wh. is less than what Judges, L.C.J. and M/Rolls will get. Cab. may not think this right. A man may prefer to go for L.C.J. vice Ld. Chanc.

P.M. Include Ld. Chancellor. Any individual cd. renounce it if he pleased.

R.A.B. A future Ld. Ch. shd. be included. Only present ques. is tht. his Cab. colleagues have accepted salary reduction.

P.M. [or I] shd. discuss with Opposⁿ before introduction of Bill.

Agreed.

Sim. Delete ref^{ce} to Ld. Ch. & allow me to discuss with P.M. my own personal posⁿ.

R.A.B. Warning that this Bill will provoke request for increase in M.P.'s salaries.

Approved Bill for early introduction.

5. Justices' Clerks: Compensation.

M-F. Scheme won't be put into operation unless compensⁿ is paid. Tories in H/L. are comm^d deeply to this reform, incldg. the compensⁿ. The Bill passed H/L. on understandg. tht. compensation wd. be paid.

R.A.B. Danger of repercussions. No explicit pledge.

Sim. But clearly understood assumptⁿ betwn. the Parties.

Sim. 7 of the Acts affected specifically say no compensation.

H.M. There will be pressure: but we cd. resist it. This is different.

R.A.B. Rising cost of whole scheme.

M-F. Separate point. And we shan't get effective return for money spent unless we do this compensⁿ & get reform moving.

P.M. P'pone decision. Sim. may tell Mertheyr tht. decⁿ hasn't bn. taken against.

6. Married Quarters for U.S. Forces. [Exit Att.G.
[Enter D.E., Att.G. & de L.

R.A.B. Accept in principle and let Ty. & Air Min^y consult on siting.
It's a good dollar bet. But I admit need for further thought on siting.

H.M. Not an easy problem. Several Dpts. are concerned. Coogan's ineptitude has stirred up much ill-feeling. Must avoid suggⁿ tht. this will impede our housing programme. And, where poss., tht. we shall get a lasting benefit out of it.

de L. Concerned about grumbling of Br. people at U.S. Air Force, with

their higher standards. We shd. not appear to be cossetting them.
Examine all other alternatives before we make new bldgs.
for them.

R.A.B. As much ill-feeling v. their bagging existg. accommⁿ.

H.M. Each site must be considered on merits.

de L. 1.000-1.500 cd. go w'in perimeter of airfields occupied by U.S.
Thereafter, go for derelict sites wh. already have services laid on.

P.M. * Active agency shd. be created to breed good relations with U.S.
Forces.

de L. Being done already.

P.M. Let's have a report on it.

Ctt^{ee} of officials of Dpts. concerned (Air Min^y in lead)
to go into details. [Exit D.E.
[Enter P.M.G.
[Exit H.C.

7. Television Development.

R.A.B. Television is takg. resources needed for export etc. Want to hold back
develop^{mt}. I of W., Aberdeen & Plymouth shd. be delayed.

J.S. If we did those, we cd. hold further development.
Aberdeen is v. awkward because private co. say they have equipmt.
to do it.

P.M.G. B.B.C. cd. do it cheaper & better. Ques. is one of use of resources.
It's for Cab. to decide that.
Temp^y scheme wd. cost £55.000: Aberdeen & 7 mile radius. The
other scheme wd. cost less e.g. £40.000. Awkward therefore to
serve smaller popⁿ in Aberdeen at higher cost. The 3 areas wd.
cost £200.000 by time we finished.

Ch. Purchase of sets wd. involve larger use of resources.

P.M.G. You cd. limit total supply.
We shall have succession of agitations from area after area.
84% E. 80% Sc. & Wales 40% N.I. can now receive television.

P.M. Look at this again in 6 months. [Exit R.A.B.

P.M.G. I agree: but I warn you there will be a row. We must
stand up v. it.

P'pone announcemt. until end of this week.

8. Post Office: Employment of Coloured Workers.

P.M. Let us have a report on this. Is there an increase? [Exit P.M.G.]

9. Z. Reservists.

A.H. Agreed with M/D. to do no Z. training in '53. We have trained a lot. T.A. is filling up. We wd. need only 18.000. Not justified in prolonging it for another year. Won't prevent us fr. doing it, if we wish, in 1954 – or, of course, in event of war or threat of war.

Al. Saves £600.000. R.A.F. aren't doing it. No need for it this year.

10. Korea: Accreditation of War Correspondent of Daily Mirror.

A.H. D. Mirror corresp. for Korea has bn. turned down by M.I.5. Editor wants to know reason. He is person of Comm^t associations. Will be trouble with Press if I don't give the reason. No corresp. has previously bn. turned down. M.I.5. sources wd. not be compromised by this disclosure.

Agreed: reasons may be given to Editor.

[Exit A.H., de L.]

11. Nunn May.

P.M. Will cause outcry in U.S.

M-F. Entitled to the remission. Breach of faith. Hasn't bn. done for 40 yrs. We cd. face that if safety of State required it. Effect on him must therefore be considered. M.I.5. think tht. at present he is repentant; & if helped to earn his living is unlikely to go sour & behave badly.

P.M. W^d any decent person employ him?

M-F. We shd. try to find him a job.

P.M. He won't get a job. Govt. shd. certainly not employ him. Will you let him go abroad? He will be invited to Russia.

M-F. M.I.5. don't think so. We shd. be said to have done this at U.S. bidding or to placate them & that wd. damage Anglo-U.S. relations.

Ch. He hasn't much value. He is out of date. Wdn't be much use to anyone. But wd. make Anglo-U.S. co-opⁿ more diff. if he went to Russia.

- M-F. Only over-riding security consid^{ns} cd. justify what is a mean and discreditable act to the man.
- Ch. Only point is tht. he shdn't go abroad.
- M-F. C^d be made condition of his licence tht. he doesn't go abroad. That wd. cover it until end of sentence. Tho' I cdn't be certain of enforcing it.
- W.M. Judge intended sentence with remission. He shd. come out, unless he is potentially v. dangerous. Apparently he is not. U.S. re-actions: cd. be met by special conditions of licence.

Agreed: M-F. to examine special conditions of licence.