

CAB 195/5

C A B I N E T

M I N U T E S

C.M.(47)1st Meeting (Cont'd) – C.M.(47)

96th Meeting

Foreign Affairs

E.B. Difficulties – nothing to bargain with – no credits, coal or goods. Also negotiations pending re sterling balances. Everyone waiting on them.

a) Peace Treaties.

Potsdam – unprecedented approach. Decision to appoint CFM taken before this Govt. elected. Decision to take satellites first was also reached. Clear then that R. wd. try to establish glaxis. R. had also secured promises e.g. of Königsberg : + Chinese territory includg. Kuriks before she came into war v Japan. R. had therefore secured most of her territorial claims before the Treaty bargaining began.

We were mistaken in asserting no territorial claims. Med. problem wd. have bn. easier today if we had claimed Cyrenaica (conquest) and let Egypt and Palestine go.

We prepared draft Treaties before 1st mtg. of CFM. In final form they don't vary much fr. our drafts.

4:3:2 principle produced gt. diff^{ies} Then Moscow : when U.S. sugg^d Peace Conf^{ce} Supported by Evatt. Proved fertile cause of delay. Procedural diff^{ies}. Public discⁿ made negotiations difficult. An understandg. reached tht. 2/3 recomm^{ns} shd. be taken seriously by CFM. But at N.Yk. Russians began by ignoring all recomm^{ns} of Paris Conference and pressing own original views. Often thought it wd. be better to break off and try bi-lateral Treaties. Climax when U.S. Delegⁿ abstained from all comment and sat silent for a day. Then M. came off it and collaborated.

Started with Italian Treaty. Our principle was tht. while Italy must pay for her crimes and we must reverse some of consequences of Versailles, we shd. re-assert a democratic Italy and re-adjust frontiers in acc. with strategic ethnic and commercial cons^{ns} French territorial claims : small adjustment agreed : joint control over waters on Alps shd. remove friction and make for economic development. Tyrol: agreement reached between Italy and Austria. Have put idea to them tht. Alpine countries shd. work for internat^l electricity Bd. wh. will ensure hydro-electric power is used for economic development to all countries in area.

Colonies: U.S. proposal for 4 power trust delayed settlement for months. Led to suggⁿ of returning colonies to Italy. Found this wd. mean our using force v. Senussi. Agreed in end to p'pone for 12 months on basis tht. if no settlement then reached ques. shall go to U.N. Much feeling tht. Eritria shd. go to Abyssinia.

Italian Somaliland. Had to w'draw my plan for greater Somaliland.
Wd. have preferred to sink all that wasn't left to Italy.
In the end we had to share the ships all round.
Admy. now propose to use battleship as target. Hope not. Wd. rather
give it to Italy on condⁿ. she breaks it up for scrap. P.M. to enquire.

Balkan and Finnish Treaties. Protection of J. property in Rumania and
Hungary.

Provision made shd. help Palestine problem.
Rightly handled, we can now get behind the iron curtain. These
countries had struggles with M. because can't see how they can survive
if wholly dependent on R. economy.
Diffy. over oil. Gt. opposⁿ to our view. Told R. they shd. nationalise
outright or leave alone. In the end got 2nd choice enforced.
Size of Armed Forces. Limitat^{ns}. imposed leave reasonable strengths.
But understand Bulgaria are establishg. organised militia as well!
Reparations. Tried to keep them low. Will be spread over term of
years. R. is getting same : but finding now she can't have it both ways.
Having got these 5 Treaties settled, we can open up S.E. Europe.

b) Trieste.

Stood out for months for cession to Italy. But recognised in end that
cession to either wd. create irredentist movement.

Compared with Danzig. But i) that served one country alone, whereas
Trieste serves many countries besides Italy. A favourable situation for
a "Itanseaic" port.

We agreed the French line; proceeded on basis of internationalisation.
May be that even now Italy and Yugosl. will come to some agreement.
Form of regime. R. trying to make it communist : U.S. trying to stop
that. I thought that must depend on inhabitants and cdn't be regulated
by Treaty. My aim therefore was to make sure that it wd. work.
Good plans for economic reconsⁿ in this area: and standard of life in
Danubian Basin is bound to improve – and we shall benefit. I've made
it clear we shan't obstruct close Ital. Yugosl. collaboration if they can
make an accommodⁿ. Believe Y. are coming round to that view.
Encouraged by experience over Tyrol. Commercial mtg. ground in
Trieste for Danubian countries. And if we can also create Danubian
Commⁿ. and rights of free navigation – that will help too. Tho' I'm
sure we must concede cabotage to riparian States, extending from one
territory to another.

c) Germany.

i) Fusion of B. and U.S. Zones.

U.S. showed keenness to have our Zone: claimed they cd. quickly develop ruler for benefit of all. Terminated export agreemt. and wiped off 35 m. dollars. Fusion will mean less expense for us and more prosperity for Germany.

(ii) Economic Future of Germany.

Decided to proceed by Agenda.

R. asked for repts. on action under Potsdam.

I asked what capital goods, current prodⁿ taken from all G. and what is total value of assets removed since occupⁿ.

Evidence : R. Zone becoming deficit area. Guts of it removed. But M. constantly askg. for 10 billion dollars fr. current prodⁿ. They can't get that save fr. Western Zones. U.S. are toying with idea of paying this price for a centralised G. I had to warn U.S. tht. we can't spend another dollar on G. I may be isolated for France won't be asked to pay.

When most of plan has bn. taken by R. we can't be expected to provide foreign exchange for rehabilitation. So we may appear to oppose Russia when what we are doing is to protect U.K.

(iii) Political Future of Germany.

Four views: France – a weak and powerless G.

Russia – a strong central Govt. wh. they wd. convert to Commun^m.

U.K. – major power in Provinces with surrender of some of their powers to a central Govt.

U.S. – as yet uncertain.

French action in Saar. To protect Fr. economic interests. But have gone rather far. But Blum has now invited us to discuss Monnet Plan.

And I want to revive France.

(iv) Forces of Occupation.

With effective 4. Power co-opⁿ. we cd. reduce this strain on man-power.

Must avoid confrontⁿ. of national armies. Consequence of Zonal plan.

Anxieties of French and Belgium because of nearness of R. troops.

Must therefore evolve a system of adminⁿ which will enable the Armies to be moved further away fr. one another. Also danger of Zonal arrangement crystallisg. into equivalent of new frontiers.

(v) Procedure of Moscow Meeting.

Trying to hear views of other countries early to avoid Paris Conf^{ce} troubles.

Get territorial claims etc. put in before draft Treaty is attempted.
Then a Peace Conf^{ce} on basis of a draft.

d) Austria.

R. stubborn and inscrutable. Looked at one time as tho' she meant to split it. At this mtg. tension was less. They promised to settle at Moscow. If so, no ground for troops (on l/c argument) outside occupied Germany. With this in view I agreed that our l/c to Austria wd. be via U.S. Zone of Germany and not via Italy – as from 90 days fr. signature of Italian Treaty.

Agreed troops must w'draw from Italy w'in 90 days of Treaty being signed.

This leaves us with only 5.000 in Trieste for prob. only 4 months.

Agreed with U.S. we would each provide 5.000.

Will prob. be imposs. to retain troops in Greece if after the 90 days. R. w'draw troops from Bulgaria.

e) United Nations Assembly.

Gratitude to B. team : the junior Ministers as well as N.B. and H.S.
Meeting part serious, part propaganda.

Resolution on Troops – aimed mainly at us. Fifty R. attempts to show we are danger to peace. This time under Act 43. My view already stated – wd. support study of disarmament but ques. of troops shd. be part of that - I moved tht. the 2 resol^{ns}. be taken together. Discussion then embraced Atomic Energy verification and armaments. Diff. to see where U.S. stood. But seemed their anxiety was to avoid prejudicing Atomic Energy Commⁿ. I therefore made it clear tht. this Commⁿ. must continue to make its report. On disarmament I insisted on verification – M. extended that to armaments and I agreed – but we must arrive at a basis of mutual trust. We hadn't felt any confidence in basing our plans on Security Council. If atmosphere there changed we wd. be ready to entrust larger measure of our security to U.N. Believe this is now beginning to bear some fruit.

What has emerged – wh. explains R. attitude – is that R. haven't the men with whom to work on the Cttees. etc. They can't compete. We had a good team. But M and V had to be at all mtgs. Lesson : we must use more patience. They will take drafts from us rather than from U.S. They have confidence in F.O. qua mechanics (!).

Have directed F.O. to work out constructive proposals as basis for disc^{ns}. when time comes. Can't be put off with shipshod resolution. M'while Atomic Commⁿ. continues separately.

Spain.

Must be careful re sanctions. Load wd. fall on B. Navy - navicerts etc.
U.S. aren't keen : and wdn't support sanction on oil.
Mustn't be landed with this baby re our present phase of reconstⁿ of world trade.

Veto.

Don't want to give it up. We may want to use it for our vital interests.
Ques. is when and how shd it be used.
Foolishly used in the first year.
Had 2 mtgs. with 5 Powers who can use it and suggested to them a code of conduct. Power with vital interest shd. disclose it at outset.
Power shdn't use abstention as a veto. This shd. be most solemn in U.N. for veto on a big issue is almost war.
M. said in the end – "we shan't have so much trouble in future. Let's see how we go on". Something to be said for this. U.S. speech on Jap. islands was after all equivalent to use of veto. Didn't like that either.

Trusteeship.

Reportg. on non-self governing Colonies not subject to mandate.
U.N. will never receive report on Psycho. Russia.
Why one rule for a contained land. Empire and another for ours?
We shd. resist this.

S. West Africa.

Discussion hasn't done S.A. any harm. Brought home to them state of world opinion about their native policy. Urged Smuts to wait for the vote – bad thing that he didn't.

Relief.

Allegⁿ tht. we are indulging in power politics in food. Given £168m. to UNRRA. Many of these countries will be better off in foreign exchange than we are in 12 months. Not going to borrow more dollars for this – whatever pressure brought to bear on us.

Budget for U. Nations.

U.S. have agreed to 39:89. Only small addⁿ for U.K. and that justifiable.

Indonesia.

News of settlement and our part in it had good effect on Delegates.

Indians in S. Africa.

Triumph for India.

f) Food Supplies.

Cdn't settle before I left.

When Gardner comes to U.K. greater use shd. be made of U.S. Embassy in London.

Signs that their Ldn. Embassy is to be developed not only for U.K. but as a focus for European ques. They are tired of Missions to W'ton.

Conclusion: Get away from the grip of U.S. and be a little more independent. Loan : food : They think we are begging from them. Don't realise we are paying for the food etc.

- H.S. Gratitude to team at U.N. includg. officials.
We raised our prestige during the mtg.
Disarmament. R. seeking intern. prestige by pressing vague disarmament proposals. In Assembly we regained initiation by being more practical.
R. trying now to recapture it in Security Council. Vital therefore tht. we shd. at once write Doms. get constructive plan to put fwd. Doms were helpful and shd. be used. Much will turn on sanctions for breach of use of veto. If U.S. insist on Baruch Plan (includg. abolition of veto) tht. will depart from enforcemt. procedure of Charter. If we support U.S. on this, we shd. consider includg. provⁿ. obliging all states to assist a State attacked by an aggressor.
- P.M. Thanked E.B. for his review.
Discⁿ. to come on M/East generally – includg. Egypt and Palestine.
Want this – then opportunity to discuss before Parlt. reassembles.
Bound up too with economic Survey.
- A. Procedure for Moscow. Rep^{ns}. from Doms. Deputies mtg. on 14/1.
Want to discuss this soon.
- E.B. Let F.O. and D.O. discuss.
- E.W. Did E.B. say he wanted to build up S. Germany at expense of North?
What of R.C. influence?
- E.B. After Bismarck excessive tendency to drive everything to Baltic. I want to redress that by use of Trieste.
- H.M. Cd. the fact re R. spoliation of their Zone be exploited.

A.B. Cd. we have appreciation of effects of sanctions v. Spain?

Foreign Affairs.

a) Trieste.

H.D. Will this work – stable over years?

E.B. Depends on goodwill. And chance tht. Italy and Yugosl. may come to terms – after Treaty signed.

b) Italian Navy.

H. No final decision taken re use of battleship. Must first examine it when handed over. Won't be used for target w'out reference.

c) Finland and Balkan Treaties.

T.W. Hope of trade and timber?

E.B. Trade depends our supply of coal, goods and money.

R.S.C. With stability – rep^{ns}. and Treaty signed – more chance of seeing what trade comm^{ns}. can be pursued.

E.B. Chance to get behind the curtain.
Recent mtg. showed S.E. satellites know they can't survive independence solely on Soviet economy.
Timber : Yugosl. timber not going to Russia. Chance of trade with them if we jump in quickly.
Revival of Med. trade shd. be worth 750.000 manpower to us. My estimate at M/L. on assumptⁿ of full emplt. and revival of Genoa trade cycle.
Wd. afford emplt. for 750.000 here. U.S. don't want this trade. Wd. favour surveys of trade possibilities in this area.

H.D. Yugosl. timber easier for us (currency) than Swedish.

R.S.C. Bn. trying for 12 months.

E.B. Signature of Treaty will give us new opportunity.

J.S. Sendg. a man to Yugoslavia next week for food purchase.

E.Sh. They will want electrical plant – diff. for us to provide.
Pre-war our trade in Balkans was only 6% and we wanted to increase it.

But we can't afford to spare electrical equipment.

R.S.C. Direction : not increase in total for export.

- E.B. Need to raise standards in European countries.
Phased programme – even if we can't do much at once. Promises for future can be given.
- P.M. Consider all this in connⁿ with economic survey.
- d) Germany.
- J.B.H. Need for caution over rep^{ns} fr. current prodⁿ Wd. delay G's industrial recovery. Wd. be mistake even in return for concessions from R.
- R.S.C. O.E.P. Cttee shd. review our reparations policy in light of fusion agreement and other changes in circs.
- E.B. Will all come up in Moscow.
- R.S.C. Therefore we shd. consider it in advance.
- x/ Agreed : O.E.P. Cttee to consider.
- E.W. Any independent check on w'drawals of plan etc. from Soviet Zone.
- E.B. No informⁿ – no-one knows.
R. prob. haven't any record – even if willing to give the information.
10 billions figure came from Yalta.
We have taken v. little out of Germany.
- J.B.H. I'm preparing apprecⁿ of reparations, includg. man power cost.
- J. Suppose we've had labour. Hope we can top patents, skill etc. for benefit of our industry.
- R.S.C. That we have got. And am passing it on to B. industry.
- E.B. Hope you'll tell H.D. what value you've got out of that.
- J.B.H. 200.000 men for 2 years to dismantle plants already allocated.
This is measure of cost of reparations policy.
Will concert prepⁿ of this memo with B/Trade.
- E.B. F.O. shd. take the lead in prepⁿ of this material.
Ministerial Cttee to consider.
But not piecemeal.
- Agreed : as at x/ : all together : officials first.
- A. E.B. has agreed to meet High Commrs. tomorrow to discuss machinery for keeping Dom. Govts. in touch with progress of preparatory work.

- E.B. Chance of getting all views heard by Deputies. Further consultⁿ. will be required. after Moscow mtg.
Diff. to embark on genl. disc^{ns}. before clarity on Potsdam. rep^{ns}. etc.
Little risk of definitive decisions at Moscow.
- E.Sh. Wd. Moscow mtg. exclude bi-lateral deals between U.K. and Soviet Union.
Thinking of oil.
- E.B. Doesn't arise in Moscow. mtg. Will discuss separately with E.Sh.
- e) Austria.
- C.E. Are we to create economically viable Austria? The 1919 Austria never was.
No prospect of it at present. Country too small to support Vienna.
- N.B. Last time due to ring of high tariff countries.
No central Eur. country can live in future w'out freer internat^l trade.
- E.B. Trying to avoid tariffs. Said on Thurs. we must concede cabotage on Danube. Our policy therefore to free trade in this area.
Genl. idea of Danubian Economic Fedⁿ.
Hoped, for both Italy and Austria, shape was for co-opⁿ vice competⁿ.
Removal of Trieste and S. Tyrol from Italy shd. help to free econ. situation as cpd. with 1919.
Rlway. Conf^{ce}. fr. S. Poland to Adriatic in commⁿ with Trieste. With Danubian Conf^{ce}. workg. twds. Black Sea, we shd. get freer econ. movement.
R. seems to be coming round to this view.
Can't promise success : but will press this policy.
- N.B. Confirmed that Soviet Union have shown signs of coming away from earlier support of economic nationalisation – eg by accepting Eur. Econ. Commⁿ.
I.T.D. was successful and encouraging.
- R.S.C. But progress in March depends on attitude of (new) U.S.A. Unless they offer real tariff reductions, the rest of the agreement will flop.
- E.B. Can't add territory to Austria. Will do what else I can to make Austria economically viable.
- f) Spain.
- A.B. Does M/F. accept these statements?
- J.S. Facts are correct. But not to be understood tht. we cdn't do w'out these foods. They are not essentials. Temp^y. loss wd. be inconvenient.

- R.S.C. Long term: much industrial equipment etc to be provided in Spain and we might lose a v. valuable market. Much development to be undertaken – and a tendency to look to U.K. for it.
- T.W. Bull point = fertiliser. Potash essential eg in Wilts. Agriculture wd. suffer v. much.
- H.D. This is overwhelming case v. economic sanctions.
The case on econ. on financial grds. is v. strong.
Spain fr. currency angle is v. promising as escape from the dollar.
- P.M. Iron ore is vital.
- E.Sh. Most effective econ. sanctions wd. be oil. They have only 6 wks. stock. But cdn't do this w'out U.S. co-opⁿ and no sign of that.
1.2 m. tons p.a. goes to Spain from us. Possibilities of increasing this valuable export.
We send 8/10.000 t. p.m. of coal – but v. inferior quality. Spain produces 11 m. tons p.a. We cd. sell them more if we cd. spare it.
- A.B. Must remember the hot politics and Party feeling.
Don't use many arguments v. sanctions when one or two wd. suffice.
Don't accept long-term argument because assume effect wd. be to overthrow regime.
Consolidate Sp. opinion – think that is invalid. Franco was put there by outside influences. Sp. pride didn't revolt at outside influences which put him there.
In internat^l disc^{ns}. we shdn't argue v. sanctions : but say only tht. they wd. be effective only if universally applied. Explain consequences to U.K. of protracted partial sanctions. Base whole case on economic grounds. Say we wd. like to bring down regime by universal applⁿ of economic sanctions : but explain why we can't tolerate partial sanctions.
- E.B. So far, external action has only strengthened Franco.
If we agreed on basis of universality, all wd. assent but wdn't act effectively.
Oil – always arouses heat and diffy. Unlikely wd. get a decision in favour of oil sanctions.
U.N. have never considered practical ques. of imposing sanctions.
, All wd. cheer me : but brunt wd. fall on us and on R.N.
Care to avoid being made an outpost for use by others : not limited to this.
Long term arguments – we don't know what other regime wd. be substituted.
No solid alternative in sight.
- A.B. We are agreed a) if we cd. terminate regime by universal sanctions we would; b) we can't be left to hold the sanctions baby alone but we c)

don't want to appear in internat^l conference to be supporting Franco or afraid to alienate Salazar.

- A.V.A. Hope U.N. sanctions will be considered in practical aspects.
L/N. never contemplated sanctions save against aggressor.
This proposal is to use sanctions v. internal regime – estab^d no doubt with aid of external influences but 10 years ago.
Shd. be clear what is to be scope of use of sanctions by U.N.
- E.Sh. Who favours sanctions v. Spain? Russia and U.S. are against it.
We shdn't take initiative in this.
- H.M. This memo proves that economically this wd. be a luxury we cdn't afford.
It is surely conclusive.
The economic argument alone shd. satisfy B. opinion.
As AVA says, can't be argued that Spain is danger to world peace.
Dangerous use of sanctions – and not clear what alternative Govt. wd. arise. Wd we like it better if Spain had a Govt. like Poland.
If we say we'll come in to universal sanctions a) consequences for us the same b) other countries can't be relied on to come in c) we wd. have to enforce d) needn't be a quick job e) no guarantee of a satisf. alternative Govt.
- E.B. I refused last summer a U.S. request to apply similar pressure to Argentine.
They weren't keen to do it for Spain.
They cdn't guarantee to replace Argentine meat to U.K.
Effect of U.S. unilateral policy had bn. to put Peron in.
Russia est^d dipl. relations with graceful message after cursing us publicly for our continued assocⁿ with Argentine.
- H. Patrolling 1800 mile coastline : wd. involve 26 vessels plus R.A.F. reconnais^{ce}.
- H.S. In U.N. strong feeling France, S.E. Europe. Latin America. Likely to come up again : complete severance of dipl. rel^{ns} or sanctions.
Ques. on 2nd = is Spain a threat to peace. If it were, we shd. have to agree under Charter to apply sanctions. But it isn't. That is the best point to rely on. If it were, we cdn't evade our oblig^{ns}.
- N.B. Doubt if it will come up soon.
- E.B. Will bring memo to Cabinet if it comes up again.
- g) France : Economic Planning.
- R.S.C. P.M. & I saw Moche. He suggests Blum and Monnet shd. visit soon to discuss integrⁿ of our econ. plans. Hope E.B. will play for delay

(i) because we haven't discussed our plan (ii) shd. begin at low level not Ministerial. Start it thro' Anglo-French Cttee.

- P.M. He wanted to come for coal. Said we hadn't any to spare.
- E.B. Didn't oppose Blum coming because in diff. posⁿ politically and wd. embarrass him to be refused. Prefer to tell him, if he comes, he can't get anything. He also wants assurance tht. we aren't going to integrate G. with U.K. at expense of France. We can't afford to lose France, qua foreign policy. Security v. G. revival is essential. Risk too tht. 4 Powers may try to restore G. as a balance between them. France = our traditional friend and important to our survival. Even sympathy is worth something. Blum needs encouragement and with it, soon, he may have 12 months' run.
, V. important for future of Social Democracy in Europe. Talks might show there is something we might be able to do. France is at the cross-roads. Let us at least listen : and see if there is anything we can do. Cd. also find out what their attitude wd. be at Moscow. No interruption of work of Anglo. Fr. Econ. Cttee. If Customs Unions spring up in S.E. Europe, no reason why we shdn't work them in W. Europe. Wd. prefer that to military Alliances. Don't know tht. this mightn't be the beginning of something v. big.
- H.M. Yes : but mistake to start talking economics on this level w'out adequate prepⁿ by officials. Monnet is v. clever. We might get into v. deep water. What can France give us that we want – balance of paymts. might be made worse. We must discriminate a bit. Support R.S.C. Better to do this via Anglo. Fr. Econ. Cttee. Genl. sympathy talk with Blum is as far as we dare go.
- A.B. Mustn't give any impⁿ of resisting Blum's visit – esp. after Schumacher's visit. His posⁿ in France might well be consolidated if we made a fuss of him.
- H.D. Encourage his coming here. Social, personal and political. But detail is v. tricky. The Anglo. Fr. Cttee shd. deal with that. }Not inconsistent.
- J. Approach to France also on cultural level. They were impressed with us at Nuremburg.
- R.S.C. No objⁿ if made clear tht. he isn't coming with Monnet to discuss Plan.
- E.Sh. France cd. produce exports for us if she had coal. We must first decide own economic policy.
- H.M. Can do it this month – and good luck to you!

Agreed : send further letter of invitⁿ to Blum.

C.J. Fruitful conf^{ces}. with France over colonial affairs – initiated by Hall.

H.D. Tho' Mer. France can't send us exports, their Colonies are.

N.B. Blum adminⁿ has a v. high prestige at present. Important to consolidate that.

A.B. Vital that it shd. succeed.

h) Use of Veto at U. Nations.

E.B. Considering at U.N. tht. abstention shd. not = veto.
May agree to tht. State intending to veto shd. announce it at outset.
R. coming round.

A.V.A. Surrender of veto. if R. used veto and w'drew from collabⁿ she cd. return w'in her own territory self sufficient. We cdn't do that.
We are in diff. posⁿ from R. in any modifⁿ of absolute sovereignty.

E.B. That will come on particular items.
E.g. some machinery for atomic energy – will reduce sovereign power.
Disarmament agreement – verificⁿ & inspⁿ will involve surrender of sovereignty.
Will come thro' acceptance of internat^l. oblig^{ns}. Will grow, by evolution, as did R. constitution. May come in economic field as in defence field.
Australia and other Doms. were mistaken in going bald-headed at Veto.

R.S.C. Abstention w'out veto is the beginning of sense in this matter.

E.B. If that becomes usage, we may in the end be able to get Charter amended accordingly.

N.B. Agreed : and some useful progress made at this Assembly.
And Security Council is working better.

i) Germany : Socialisation of Ruhr Industries.

E.B. Stands where it did. Told Byrnes : he noted it.

J.B.H. New leakage. List of prospective candidates for custodians. But sugg^d. tht. as U.S. opposⁿ unless initiation comes fr. G. might be better to move Länder Govts to make some recomm^{ns}. before custodians appt. This is being rep^d. as a hold-up on our policy.

A.B. Throughout we had agreed not to be deflected at all by U.S. attitude.

- J.B.H. No ques. of formal consultⁿ with Länder Govts. Merely informal soundings to see wthr. those Govts. wd. pass a resolution.
- J. "Observer" gets to know too much.
- P.M. J.B.H. must find out how this leaked.
- E.B. Believe Kuinche (Czech) gets everything from Control Commⁿ.
- A.B. Swiss – Editor of Tribune.
- J.B.H. Have asked C. in .C to check re leakages in Germany.
- H.D. The sooner this policy can be nailed down publicly the better.

Agreed : E.B. to look into action taken and report to Cabinet.

j) Publication of Cabinet Agenda.

- H.M. B.B.C. saying what business considered by Cab. P.L. asked me whtr. it cd. be stopped because thought to be Govt. organ.
Can't stop them if not Press. Can't tell them not to take it from Press Assocⁿ.
- P.M. They shdn't be given any informⁿ.
- A.B. We shd. discuss sometime whtr. B.B.C. is approp^t organ for news.

k) Albania.

- E.B. Have notified other 4 Powers and now propose to refer to Security Council.
- J. Shd. get Greeks to help us in this.
Not enough keenness to collect the facts.
In Corfu might find eye-witnesses. Haven't looked to see.
Not enough energy in preparing our case.
- H. Everything possible has bn. done. Will be sending copy to J.

l) Egypt Treaty.

- E.B. Diff. issue has arisen over Sudan. Must stand firm on their havg. right to determine their future. Oblig^{ns} under Charter – can't give way on that, even if it leads to a break over Treaty.

1. Coal and Electricity.

E.Sh.

Reason for this new review. Consumption estimates falsified by events.

We estimated in summer tht. electricity wd. use 415.000 p. wk. in summer period.

They used 446.000. For winter : estimate (CEB) 557.000. In 1945, actual was 514.000. 1946 actual was 607.000.

Christmas week 1946. 573.000 t. = 33% in excess of 1945 Xmas week.

Industry : winter '45 837.000 actual. 901.000 in '46.

Other factors. Production : apart fr. seasonal trends steady increase since October. From 3.6 m. to 3.9 in wk. before Xmas and wd. have bn. over 4 m. had it not bn. for wagon shortage. In Xmas and N. Year weeks we produced 500.000 + and 400.000 t more than in corresp. weeks of '45. Good resumption after holidays. Man power 6 or 7.000 down on '45.

Consumption is therefore cause of crisis – we are using more than we can produce.

Transport. Many wks. ago called attentⁿ to coal on ground – up to 400.000 t.

And cessation at pits because of transport diff^{ies}. That was cause of shortfall before Xmas. Lorries, slow in coming, arriving now when weather prevents use.

Reliance on 10 m. of open-cast. Frustrated by flooding. Dropped fr. 230.000 t. a week to round 100.000.

Electricity now says tht. w'out another 50.000 t. a week (rising poss. to 70.000) they can't carry on.

Plant will be a diffy. for electricity even if they get the coal.

Nature of revision. Worked out with B/T. details can be settled by officials.

Want decision on principles.

Prodⁿ over next 6 wks. 3.6 m. a week (deep). May exceed that. Can't risk it.

120.000 a week (open cast).

Allows for weather, sickness etc.

Deliveries over 6 wks. (P.U.U. and steel rlways. domestic etc. up to full allocations) 3.27 m. [inclgd. 600.000 house coal]

Leaving for general industry 450.000 t

Consumptⁿ of industry : High priority (bricks etc). 250.000}

Others. 510.000} 760.000

Normal estimate over 800.000 t. p. wk.

If iron and steel is to be exempt. g.i. will have only 50% of requirements.

If iron and steel is to be cut to 80%, g.i. will have only 58% of requirements.

Papers by R.S.C and H.M. First is in line with ideas.
Comment on 2nd. Importing coal. We have E.C.O. to allocate for Europe. If we imported they wd. complain – for Europe is worse off than we are. Also doubtful if we cd. get it fr. U.S. who are already short on deliveries to Europe.

Foreign labour. Been trying for months. N.U.M. haven't agreed. In genl. have brght. N.U.M. round from hostility and if I'd forced the pace over Poles I wd. have undone this. Finally they rejected my Pole plan by 11 votes to 10.

Electrical Plant. We are short, suffering fr. war-time diversion of effort to munitions. Much done for exports – might have used the capacity for ourselves.

May have to review this policy because increasg. electrical consumptⁿ. here.

Control of Appliances. Pity we didn't prohibit manuf. or divert to export. Higher purchase tax now wd. differentiate v. the poor – as wd. increase in electricity charges.

L.P. discussions on greyhound racing, football etc. I have always entered a caveat – as on school-leaving age. Need to match production – e.g. houses w'out grates etc. Need for more "planning".

H.D. Coal Cttee met last night to consider a) M.F. & P. memo. b) M/T. memo.

We recommend –

Para. 8 of memo. Not true alternatives. Both must be adopted. The Power Stations must be kept going. But somethg. also required of electricity on cuts to industry. Officials shd. consider.

R.S.C. Can't make selective cuts between firms because no switches.

H.D. M/L. proposed 5 day wk. as a relief.

Transport: Para 12. Over-riding priority. Cttee favoured principle : but cdn't recommend clean-cut priority which might do more harm than good. We shd. however delay iron ore, wh. competes for wagons, when firms have reasonable stocks to cover next month.

We shd. also stop movemt. of surplus Govt. stores (road and rail) for a month.

Clearing coal on ground. V. special effort needed to move open-cast and other and all road haulage requ^d. to be supplied for this – from general reserve of transport.

We shd. also shorten hauls. Nearby consumers shd. be requ^d. to take it. Sea-Transport. To use vessels from frozen Baltic. I will try to meet any diffy. of extra cost.

Austerity locos. 28 now in France. Can M/S. bring them at once to the ports?

Switch of loco. capacity fr. export to home use – to be considered.
 No special trains for sporting events until further notice.
 Coal in transit – increase of $\frac{3}{4}$ m. This shd. be reduced. Try to get
 rlway workers to do more, esp. at week-ends to get this moved.
 Electricity Appliances. Para 13. No good fiddling with purchase tax –
 which I took off in first Budget. We recommend stopping supply to
 home market and diverting it all to export – possibly with a saving for
 new houses.

- P.M. Hardship v. great – what wd. it save.
- E.Sh. Increase in domestic consumption is almost 60%.
- H.D. Industrial electrical equipment : stop temporarily all conversion to
 electricity in an existing factory.
 Rationing electrical consumption. V. diff. E.Sh. to study it.
- P.M. What is domestic stock position?
- E.Sh. Increased in summer in London. satisfy. there. We deprived areas
 nearer to coalfields to bring Ldn. up. Total in Ldn. 2 m. tons in yards.
- P.M. Statistics on electrical consumptⁿ – break-down for lighting, heating
 etc.
- E.Sh. Street-lighting – forced to accept 50% cut, tho' I wanted to revert to
 war.
 Window lighting – all requests refused.
 Hotels – are cutting down.
 Street-lighting at 100% means only 900.000 t. p. annum.
- A. What is total domestic consumption of electricity.
- E.Sh. About 50%.
- A.B. Ques of peak load. Thing is to let people know at what hours they
 shdn't use electricity. That's the way to avoid shedding.
- E.Sh. Much propaganda being used already.
- E.B. Is the real shortage coal or plant. If the former it wd. be madness to
 stop factories converting to direct electrical drive. That is the way to
 save coal.
 What do you say to public. Save coal or electricity? And if the latter
 because of coal or plant? Must put this on plant, and say reason is
 failure to create generating plant during the war.
 We must decide what priority requ^d to get more plant built for next
 year.
- R.S.C. Electricity a) Generating power + increased consumption. Agree with

E.B.

b) Short term. Need to avoid area cuts.

c) Short term. Need to avoid more than extra 50.000 + coal.

With this degree of shortage – 300.000 t. a week – must have flexible means of ensuring to essential industries and firms more than average. At present inequality is indefensible, from one area to another.

All trouble now in Lancs and Midlands.

Propose therefore drastic cut for all to yield pool in Regions for urgent cases.

Can't do it by industries. Northwich Chem. e.g. wd. be in low category but only producer of caustic soda wh. is essential to e.g. glass. Can't give high priority to all chemical industry.

A 37½% cut on all but coke ovens and steel (17½% cut) wd. give pool of 210.000 t. p. wk. Cd. be allocated to Regions acc. to need.

This wd. enable maximum no. of firms going. Those not given more cd. make a plan on basis of 40% reduction over next 6 wks.

This on basis of alloc^{ns}. and deliveries over last 4 months have not averaged more than 60%.

G.A.I. Wd. it be useful to encourage industry to adopt 5 day wk. w'out reducing weekly hours. Wd. it mean non consumptⁿ on balance because working late on 5 days.

R.S.C. Electricity. Firms told to reduce by 2½%. We suggest now a cut similar to that of coal. And sanctions : cut them off for corresponding period in following months.
You shd. cut steel if these cuts are to go on industry because their steel consumptⁿ will fall.
Conversion to electricity in factories. Can't do that because all machinery (modern) is electricity dependent.

J.W. Sc. Hydro. Electric. Its "export" will be 9 months late unless priorities given.
U.S. tunnelling machinery : bldg. materials for camps : steel and timber

A.B. Believe this is all based on pessimistic estimate of production.
B/T. plan takes the rap at cost of 1 m. unemployed.

R.S.C. No. Believe output will be much larger. Prodⁿ is elastic because dependent on manual exertion.
Problem then becomes transport. Concentrate on that.
Must be no shortage of wagons – or extra exertion will mean idleness.
Generating plant. Is most being made of what we have.
Propaganda to avoid domestic use at peak load.
B.B.C. shd. be used for this – daily.
Any idle generating plant in Germany we cd. pinch?

- H.M. Not only unemployment. But grave effects on production drive.
Manufacturers can't plan ahead.
Vital therefore to look at long-term as well as short.
Best to work w'in scheme app^d by N.P.A.C.I.
- R.S.C. They wd. like a diff. scheme – they didn't like the last.
- H.M. Must maintain iron and steel because of repercussions.
- Domestic consumptⁿ of electricity. 2-part tariff is designed to encourage use. Consider revising it so as to provide for higher rate for consumption above a basic date and period.
Long-term. Must try and get straight over this, certainly before 1950 (because that is year of next election).
Need also to get back to exporting coal.
Wage-structure shd. be overhauled to provide more incentive.
- E.B. Spoke in favour of avoiding cuts. Preferred fresh allocations.
- E.Sh. But I need 50.000 t a week more for Power stations.
Someone must give it up.
- A.V.A. We supplied towns in France from submarines. Cdn't we make some use of them. We supplied Naples for weeks.
- P.M. This shd. be considered.
- J.S. Shd. we not revert to daylight saving?
- P.M. At this time of year you lose as much in mornings.
- J.W. Supported B/Trade plan because more selective : effect on emplt. – amount of coal p. man employed : enables industry to plan.
- P.M. Coal: shd. we adopt B/Trade plan, even tho' exp^d in terms of fresh allocations via percentage cuts?
- Agreed : in terms of fresh allocations and a pool.
- Will be reviewed as we go along. No equivalent cut in industrial user of gas and electricity.
- G.T. Will essential firms be kept going.
- R.S.C. That is the purpose : para 5.
- Electricity: Para 8(1) of E.Sh. memo. approved.
- Transport: Coal Cttee proposals app^d in principle.

Official Coal Cttee to work out details as above : consider points raised in discussion.

General feeling is against restⁿ on appliances.

Ministerial Coal Cttee to consider : report on long-term fuel problem as a whole.

1. India.

P.M. Introduced revised draft.

[Enter Listowel]

P.S. W. sees this in opposite order – puts first his intention of phased w'drawal.

If that is suppressed, his main object in asking for statement disappears.

Left only with idea of stringing 2 Parties together.

P.M. Latter was always in my view main ground for statement
Also running down of adminⁿ warning tht. all oblig^{ns} of 1935 Act
cdn't be carried out.
Explained differences of view between Viceroy and H.M.G. – not a
military evacuation : still aiming at peaceful transfer and w'drawal.
This wd. discourage Congress from playing politics in interval.
Because you transfer power you don't scuttle hastily from India.
Transfer of power is one thing : physical w'drawal is another. Re-
disposition of forces and adminⁿ can be made w'out w'drawing
Province by Province.

E.B. Believe W. wants to run. Don't think there need be disorder. W. must
accept this and carry it out with good heart.
Army. Assume 2 Parties come together in C.A. what consult^{ns}.
contemplated betwn. C. in C. and future controller of I.A. Essential to
F.O. that I.A. shd. stand as organised force. We can't afford chaos
from any cause.

R.S.C. Believe they wd. ask Auchinleck to stay on.

A.V.A. Indian Def. Minister has asked tht. A. shd. stay on for at least 2 years.
And wants other key pos^{ns} in I.A. to be held by existg. B. officers.

P.M. Fear of W. and I.C.S. tht. I.A. may break up. No decision yet on how
the defence of India wd. be retained. No discussions. But if W's policy
adopted that and other ques. wd. never be discussed with an Indian
Govt.

A.B. This document meets Cab's 1st objective – shows we go out as act of
policy.
2nd objective : discuss with Indians processes of transfer. This is likely
to result in series of continuing engagements at request of India.

A. Later documents of I. and B. Cttee seek to go behind Cab's general
line – which rejected W.'s plan of phased w'drawal.

We were asked to make this statement if Muslims decided not to come in to C.A. Needn't therefore make it now.

P.M. I still believe it shdn't be made (in this form) unless a break-down.

P.L. Statement in Times today – Jinnah will convene League to consider wthr. they will come in, because of Congress attitude.

P.M. Believe W. shd. be asked to return.

R.S.C. Agreed.

E.B. What of attitude of I.C.S. generally? They seem depressed. Can we not put heart into them?

R.S.C. Only W. cd. do that.

A. Commⁿ. with Dom. P.M.'s . Have drafted a message with I.O. Arranged also to discuss with High Commrs. on Thurs. Still think some informⁿ. shd. go to Doms.

P.M. Give them some background. A. Will consult P.M.

E.B. Delete words in [] in para. 14. }
} Agreed

H.M. Mutual advantage vice. B. interest in para 14}

Other verbal points to be sent to P.M.

[Exit L : Enter H.]

2. Arab States in Persian Gulf : Administration.

P.L. Must be a change here whatever happens in India.
We don't want it.
F.O. shd. in the end, but aren't ready now. C.O. are ready but wd. give wrong idea.
Propose therefore that we shd. carry on until F.O. can take on.

E.B. Agree.
This was a dodge for getting G/India to pay for B. responsibility!
Will expedite plans to take over.

H.D. This is sensible plan.
Wd. have to be carried on I.O. Vote. Try to delay to avoid Supplementary.
Reserve Ty. right to examine Estimate in detail.

A.V.A. Going on satisfactorily on the ground.

C.J. Agree wiser for F.O. to do this.

[Exit H. Enter Barnes.

3. Turkish Wheat.

- P.L. Summarised memo.
It is wheat tht. India wants. They assumed they wd. get all of this. Has bn. so stated by Reuter. If we take it all for U.K. we shall be charged with breach of faith.
- J.S. Can't agree there was any pledge. Expectⁿ they wd. get substantial part of our buy. If we take whole of this, they will have had over half of our total purchases.
India's cereal needs – shd. she not cope herself to greater extent. This year crops good : and on paper in 1st half year she shd. be self-sufficient overall.
Diff^{ies}. betwn. Provinces are for them to handle. Total: better off than many countries. Can't have her on our backs when no crop failure.
Can't give her priority over U.K. and Colonial needs. We do much for Colonies : can't carry India too.
- P.L. Wheat harvest not till Apl/May. This is period of need. Plenty of rice doesn't help wheat-eating areas.
- P.M. What is meaning of ½ total purchases fr. Turkey.
All these complaints and understandings are subsequent to first purchases.
- R.S.C. Letter from M/F. to India Office was a pledge to give “substantial part” of later purchases. What is difference between that and a public pledge.
- J.S. U.K. wheat diff. Stocks will be 100.000 wheat : 50.000 flour down than point which caused us to ration. Can we give it all to India?
Posⁿ improving because Monday made big buy in Argentine.
We can therefore split this ½ and ½ with India. But we must have 1st cut at it because our needs will be v. great until we receive some from Argentine in Feb/Mar.
- P.L. It is Jan/Feb. that India wants it.
- P.M. Wash out arguments re pledges. Discuss this on relative merits of 2 countries.
Is India well enough off? Plenty of rice. Decision shd. turn on stock/shipments position of the 2 countries.
- J.S. Much more than 1 week's supply - stocks are there, but not in Govt. hands.
- A.B. This narrows down to ques. who shall get first shipment in Feb.
- H.M. Does India do all it shd. in self help?

P.L. Rationed 135 m. people.

E.B. Arrange 2 simultaneous ships – one for India and another for U.K.

B. No shipping diffy.
Can't be sure Australian 17.000 t. will reach India before early March.

H.M. Can we give some Turkish in return for some U.S. wheat to U.K. via
India.

J.S. Cd. consider this.

H.D. Let India have Turkish wh. costs double. Let us have some Australian
in lieu, which is cheaper.

Agreed(1) 50 : 50 and consider movement and financial reasons.
 (2) Consider disengaging some Australian wheat.
 Consider diversions to reduce price of U.K. supplies.
 (3) If no diversion, must ship 2 ways simultaneously.
 At least one ship to go to India in Feb.

[Barnes : Pakenham: Strachey

1. Transport Workers Strike.

- G.A.I. Read from brief.
Present posⁿ. Bd. mtg. today : diff. for them to announce changes before period of notice has expired : if they do, we can't enforce. Hope they will announce they're considg. legal posⁿ.
Alterations : establ^{mt.} of Joint Ind. Council : cd. get cond^{ns}. and submit them to Bd. later.
Unreasonable delay. Good case on merits.
Gave informⁿ. v. chances of extension of strike : from brief. Strikers in Provinces mainly local branches of London firms.
London : 13-14.000 cut.
- J.S. Emerg. arrangements – 9.30 am today: 600 lorries – 800 Tues. 1.000 Wed. 1.300 Thurs.
Seem to be working smoothly.
Loaders have struck and troops taken over.
Situation in Ldn. in hand – so long as doesn't spread. Ranks Ldn. Mills out.
Milk delivery then returned
Now in balance – may go either way.
Offl. cttee of 7 Dpts. concerned wd. be useful : to meet daily.
- Barnes. Emergency supplies other than food. Need for machinery to decide.
- A.V.A. Interdep^l machinery : initiation shd. be with M/T.
- Barnes. Done at official level.
- A.V.A. M/T. to convene Ministerial Cttee when required.
- G.A.I. Only hope = convince men that if they go back quick settlement – and none and until they do. Diff. for a Minister to say so.
- E.W. Do employers lose thro' empl't. of military.
- H.D. Do they pay equivalent of wages they wd. have paid.
- E.B. Pity the machinery has drawn this out so long.
Legal branch of M/L. v. slow.
Emerg. Rgs. shd. be made permanent law.
First strike for 30 yrs. by men who did v. well during war.
This 1938 Act is not substitute for negotiated cond^{ns}.
Real grievance = guaranteed day. This shd. be remedied. Was cause of rlway strike of 1919.
- P.M. Cab. shd. have known this was pending.

G.A.I. Considerg. Reg. requiring Bd. to consider w'in 14 days of applⁿ. Wd. also like to add time limit for considⁿ. Reviewing speeding up all round.

P.M. Joint Ind. Council to short circuit Board.
Maintain supplies m'while.
Against any pronouncement by M/L. on b'cast.
L.P.S. to investigate attitude of B.B.C. towards news of strike.
Ministerial Cttee to take decisions – P.M. to consider composition.

[Exit Barnes and Pakenham.

2. Ground Nuts.

J.S. Limited scheme – going fairly well. Will be able to make a start this year.
Special section – getting this on foot and considering larger project.
Risk of not doing this exceeds risk of doing it.
Margarine ration in 1950 will depend on success or failure of this scheme.
Supplies for margarine now about 50% above dollar sources.
Allocations (internat^l) likely to end 1947 : even if not, we get 1m. tons allocated and we cd. take our supplies from E. Africa.
Need for big effort to develop e. & central Africa.
Propose to report annually.
U.A.C. want to get out of this soon : legⁿ next autumn to est. Corpⁿ to take over in Aug 1948.

H.D. Discussed with M/F.
On balance this shd. go on.
Shd. be able to reconsider at annual intervals.
Wanted assurance tht. produce won't go into internat^l pool. Assured by what M/F says viz., either in addⁿ or in substitⁿ for dollar nuts.
x/ Col. Govts. shd. make a betterment payment twds. cost.
This shd. secure (i) better supply of fats and (ii) developmt. of Empire's food resources.
Legⁿ not until end '47. Shd. be done thro' Corpⁿ not U.A.C.

C.J. Ready to discuss x/ with H.D. But this scheme will put extra charge on them.
Risks. Labour shortages in this area because of tsetse. Criticism fr. Sisal v. drawing their labour away from this scheme. Trying to control distribⁿ of labour.
Much machinery requ^d. Shall want fertilisers : irrigation etc.
Plans made cover this for a few years.

Taken best advice we can and encourage us to go on.

T.W. Risks: a) Machinery. Relying on Massey Harris of Canada up to '49. No chance of getting it here w'out special steel allocatⁿ.

b) Fertiliser : 400.000 t. p.a. = 1/6 our use in U.K. Hope this won't be at expense of U.K. needs.

c) Technicians at attractive salaries. Few soil chemists in U.K. don't want to lose them.

C.J. On c) – there are good men in Colonies : v. good nucleus.
On b) – large new deposits in Uganda may be exploited. This therefore foreseen.

E.W. May we in 1950 be faced with situation in wh. we discourage butter eating to get rid of margarine?

J.S. No: we shall want all the fats we can get.

On a) – recognise can't get much B. machinery for some years. The budget provides dollars for machinery : on basis of saving larger dollar expenditure in future.

A. Support project. But all depends on management. Want reports at early y/ date on management and thereafter more often than annually.
Can't guarantee this will be limit of expenditure. Transport eg. will be expensive.

[Exit R.S.C.

Agreed : subject to y/.

A.G. Legⁿ. not this session. Shd. be ready v. early in next.

A.B. Cd. legⁿ. be framed wide enough to cover other such development schemes.

[Exit E.Sh.

3. Japanese Reparations.

E.B. Deadlock in disc^{ns}. U.S. want to go ahead.
D.O. ask for one more shot in F.E.C.
Can't think why Austr. and N.Z. want to delay it further.
It hangs up decⁿ. on J. level of industry.
Think we shd. support U.S.

A. R. claims tht. what she has taken in Manchuria = booty.
This particular issue hasn't been before F.E.C. Doms. say let them express their view. F.O. say R. might use veto and we wd. be even worse off.

Suggest therefore we explain to Australia this fear about Veto – danger to auth^y of F.E.C. wd. be greater. Wd. like to put that to Australia before E.B. acts.

- E.B. V. well : but don't be long about it.
- H.D. B/T. (RSC) favours Australian view : thinks a high level approach fr. U.S. to R. shd. be tried.
- E.B. Done already. A. Agree that wdn't help.
- A.B. Mayn't this be another example of R. shortage of diplomats? Danger of upsetting R. Govt because of incompetence of their rep^{ve} on F.E.C. Austr. and Canada counsel caution. U.S. unilateral decl^{ns} – v. high handed action in Pacific. Dangerous to support her in another. Don't offend R. at moment when they are becoming more friendly.
- A.V.A. Russia doing v. well out of their 10 day war!
- J. Keep in line with Doms. on foreign policy.
- E.B. Para 6 of Annex B. This is my line. Agreed : as proposed by Addison.

4. Malta : Constitution.

- A.G. As in memo. Recited history. Complimented Sir H. Macmichael. Malta Reconstⁿ Bill next week. Future constitⁿ will be raised in debate. Docs. shd. be publ^d before that debate. Col. Affairs Cttee endorse this.
- C.J. This restores posⁿ as betwn. 1921-1933. Col. Affairs Cttee amended W. Paper to make it clear tht. in emergency full powers cd. be taken by H.M.G.
- A.V.A. All will turn on wthr. emergency prov^{ns} will be worked. If no recrudescence of Ital. imperialism, not so much risk as there was.
- E.W. Influence of Vatican : must always be borne in mind. It's more than Italian political influence.
- A.G. C.O.S. are satisfied.
- A.V.A. Assented on basis tht. emergency provⁿ is reliable.

5. Subversive Activities.

P.M. Mentioned appoint^{mt.} of Cttee. of Ministers and official Working Party.

1. Road Transport Strike.

- G.A.I. Strike Cttee mtg. Prospects good.
Extension in docks : but not v. serious.
- P.M. Threat of no newsp. if it continues. If one stops, all will.
- G.A.I. Min. Cttee to meet, not before this p.m.
- P.M. Let us consider newsprint first – they are mtg. at 3 p.m.
They can run until Saturday.
Home Secretary to preside over Cttee.

Palestine : Long Term Problems.

- E.B. Preliminary discussions – exchanges of views – sorry c'dn't consult C.J.
- P.M. Take Army memo first.

2. Palestine : Use of Troops.

- C.J. Terrorist outrages continue.
Felt tht. military not properly used. Co-opⁿ of popⁿ not obtained.
High Commr. thought essentially Police job – c'dn't be done w'out co-opⁿ of popⁿ.
Military have felt inhibited to some extent.
Police organⁿ in Pal. has bn. inadequate. Has bn. improved lately. But pro tem. mil. assistance is essential.
Lawlessness (includg. Hagana) diff^{es}. from terrorism (denounced by Hagana).

Mil. shd. not be so used as to alienate popⁿ – e.g. not for reprisals.
I have impressed on J. leaders gravity of situation if no more co-opⁿ in handling terrorism.
- C.I.G.S. My views completely at variance with H.C.
Proper use of Pol. & mil. cd. bring situation under control.
Robust and effective measures requ^d.
Co-opⁿ by popⁿ cd. be secured by restoring confidence.
Continuous search will produce increasg. results.
Army shd. keep initiatives - then can control.
Agency statement has not produced results : since 4 killed. 64 wounded.
Policy of appeasement twds. condemned terrorists. None such has yet bn. put to death. They say – “you don't dare”.

New directive is based on my draft. Will be effective info interpreted by H.C. in right way.

E.Sh. Meaning of “robust”?

C.I.G.S. Freedom to search at will : retain initiative.
Search needn't involve hardship.
Restore confidence among law-abiding people.

A.B. That means universal search for persons, documents and arms.

P.M. Universal right to search. Directions to military.

J. Necessary if troops are not to take law into own hands.

H.D. Support Annex as interpreted by C.I.G.S.
But intolerable situation to allow to continue.

A.B. Attitude of Agency.

C.J. Trying : effective with some sections of popⁿ but not with terrorism.
Directive - agreed with C.O. But wd. be worked in consultⁿ with H.C.
He knows more rigorous mil. action requ^d ad interim. But hastening organⁿ of Police because he believes you can't root out terrorism finally w'out co-opⁿ of popⁿ.

P.M. Intention of terrorists is to wreck. Leniency twds. terrorists won't therefore strengthen Agency. Law abiding popⁿ is itself being terrorised now.

E.Sh. x/ Wd. you search similarly for Arabs, if Mufti copied these methods?

N.B. Will this policy clear up the arms?

A.V.A. No : because big caches are held by Hagana not terrorists.

C.J. Unlikely we shall clear up all the arms.

P.M. Keep to catching the terrorists.

H.D. Re x/ directive doesn't distinguish between Arab & Jews.

A.B. More robust action but under directive of H.C.

Directive approved.

3. Palestine : Long-term Policy.

P.M. Preserving order – from mil. angle.

- C.I.G.S. We cd. handle opposⁿ from either side alone.
If from both, we shd. have to reinforce. Cd be done from Germany
w'out slowing up release scheme.
- P.M. Importance of Pal. to our defence.
- C.A.S. 3 factors in defence : U.K. sea comm^{ns}. M/East.
These 3 are inter-dependent, in peace and war : if one goes all are
affected.
Not ques. of keeping large forces : but facilities on wh. to expand at a
threat.
In peace, presence of troops useful to prevent aggression.
Despatch of force to Basra was v. effective. Can't in future draw such
from India.
- Egypt is key posⁿ in war : Pal. essential to its defence. We go out of E.
now : must have posⁿ in Pal.
- These are fundamental principles – unaffected by changes in weapons
and constant whatever enemy we have in mind.
- H.D. You think it important to retain existg. rights in Transjordan?
- C.A.S. T. alone won't be adequate. But we wd. want to keep it even if we had
P.
- J. Wd. it be enough if we held mandate (under Part^{ns}) for Holy Places?
- C.A.S. No.
- H.D. But with Treaty arrangemts. with 2 States.
- C.A.S. Yes : if airfield and ports available to us. Not unless.
- H.D. Leave out enclave. Nec. that either State shd. ques. Treaty rights.
C.A.S. Both.
- C.A.S. So long as we cd. the facilities, wdn't matter wthr. it was 2 States or
more.
- H.D. And end of tension wd. be advantage.
- A.B. What use wd. base be against continuing hostility of Jews?
- C.A.S. That cd. be handled. Worse if solution adopted wh. antagonised Arab
world – for our trouble wdn't then be confined to Pal.
From mil. angle, hostility of Arab wd. be worse than that of Jews.
- E.Sh. Doesn't it depend on the enemy?

C.A.S. No : wd. be the same if it were Germany.
We have considered problem of security v. any enemy. Our principles are constant. We are thinking long-term, not short.

A. Cd. you develop yr. facilities in Arab Zone alone?

C.A.S. No : neither airfield, comm^{ns}. or ports.

C.E. What import^{ce}. has Med. got for comm^{ns}. if countries bordering it are hostile.
To make Pal. effective, you must have friendly Spain, Italy and Greece.

C.A.S. Not essential if countries on S. Med. are friendly.

[Exit C.A.S.]

E.B. Repeated apologies for no consultⁿ. Need to get issues focused. Need for discⁿ. w'out heat.

My memo. looks at problem as it affects F.O. – outside.
First, legal issues on U.N. And practical issues too. U.N. is diff. from L/N.

If Arabs and Jews agreed on Partitⁿ. and U.N. faced with it, we cd. get 2/3. tho' Slavs. wd. prob. vote v. it. But in default of agreement then a) if we favoured Partⁿ. At end war intentⁿ. of Coalⁿ Govt. was to apply partⁿ, before U.N. establ^d. cd. Have bn. done twds. End of war. But went by default. At outset of this Govt. we tried to get away from 1939 W. Paper. Asked Arabs to allow continuance of 1.500 a month : and then get issue raised as contⁿ to new problem of European Jewry. Jews wd. then have bn. glad to take 4.000 a month. Held conference on M/E. Told my rep^{ves}. to work on Arab States, w'out raising constit^l. issue. Making progress when Truman made his demand for 100.000. Sitⁿ. then became acute. To reduce pressure and involve U.S. we appt^d. Anglo. U.S. Commⁿ. Never tried to influence them. Promised to do my best to implement their recomm^{ns}. But U.S. Govt. did keep in touch with their rep^{ves}. on Commⁿ – caused trouble. Was ready when they reported to carry out Rpt. as a whole. Cdn't accept one in isolation esp. as known tht. money for terrorism is found from U.S.

Further complicⁿ. B. Declⁿ. for Nat. Home never envisaged Jewish State. But B'pool Conf^{ce}. of Labour Party endorsed J. State.

If we decide for Partⁿ. must get assent of Assembly. If we don't go to U.N. one or more Arab State will take us there. My impⁿ of temper of Assembly indicates we shdn't get a majority for it. We wd. be worse off than in our support of Smuts. U.S. and we wd. be alone. Whole temper is v. creatg. religious states : and feeling that Jewry is a

religion. U.S. individuals Jews assert J. nationals of U.S. Apart from Hitler persecutⁿ no kinship betwn. Polish and Fr. Jew.

Against Partⁿ Arabs wd. put fwd. their plan. Wdn't be accepted in that form. But Pal. State with equal rights for A. and J. – save tht. J. shdn't have uncontrolled right of immigration. But they agree to use of Hebrew schools municipal autonomy. But insist they shall preserve majority because it is natural Arab State – Balfour declⁿ was unilateral.

Can't trace tht. B. declⁿ was ever adopted by L/N. All L/N. adopted was mandate, with its cond^{ns}.

Arabs. wd. also claim early independence – as Syria etc.

That claim in U.N. wd. in my view,

Prov. Autonomy turned down w'out much thought.

Arabs rejected it because wd. lead to Partⁿ.

Believe this Plan cd. get $\frac{2}{3}$ majority in U.N. if adapted to meet some of strong views on either side.

We haven't had Jews Plan in full.

Partⁿ wd. put many Arabs permanently under Jews.

Tried another line – by mtg. Syria : Saudi Arabia etc. So tht. everyone cd. get somethg. But thing has become too rigid.

On horns of dilemma. W'out U.N. cd. go ahead.

Finally, if we impose a solution as mandatory – suppose we have to do it by force. Incident endangering peace : wd. come to Security Council.

Pressed U.S. to admit Jews. T. has put this in his message to Congress.

Have now asked how soon Congress may pass the legⁿ.

For if only some countries (includg. Doms.) wd. do something, it wd. remove the pressure on Palestine.

Had thought a solⁿ might be found on “transitions arrangement” with a right of secession (to Partitions) in x years. M'while a unitary State (bi national) with a central Govt. Believe then they might never want to separate. For cross-voting shd. develop.

But am told that this approach wdn't do because of continuing uncertainty wd. produce continued disorder. Wd. still like to try this out in Conf^{ce}. Wd. avoid ref^{ce} to U.N.

Had the idea that U.K. shd. confess incompetence to handle a communal problem.

Ask for colleagues' views.

C.J.

No time to consider this memo. in C.O.

Disturbed by result of Basle Conference.

At end of it asked Ben Gurion what was meaning of that decision.

They are confused : but clearly want to negotiate with H.M.G. They

sought accept^{ce}. of cond^{ns}. – e.g. change of policy on immigration. I refused. Pressed him to say if Executives met in Ldn. they wd. be available to discuss with H.M.G. He assented. Consult^{ns}. must not be in public. They have promised these talks w'out cond^{ns}. They will be here on that basis.

Tried similarly to get Pal. Arabs in. They have agreed to attend Conference.

H.C. has been here. Deep sense of urgency for solution. Strain on Forces and adminⁿ. almost intolerable. Threat of break-down. Need for finality.

He himself feels that Partition is the solution.

Diff^{ies}. with U.N. These exist whatever solution goes to U.N. The U.N. must come in to this – can't dodge it. Diff^{ies}. there will be similar, whatever solution advanced w'out agreement.

H.L.'s obj^{ns}. to P.A. Plan. Memo. – wd. like to circulate.

Unitary State with right to recede. Attractive to Jews : but awkward for adminⁿ. Shd. try to get Unitary State if we cd : but wdn't be accepted by J. unless time-limit v. short.

My own mind moving twds. Partition. Discussed with H.L. and C.I.G.S. who seemed to like it. So do Press and Party.

Agree with E.B. it wd. be difficult because essential to go to U.N. Is the situation there as dangerous as E.B. suggests. If we fail, it wd. be responsibility of U.N.

Ask for opportunity to examine this memo. in C.O.

P.M. What wd. be your next move if U.N. rejected Partⁿ. You wd. have estranged Arab world. What wd. you do?

C.J. U.N. shd. take it on. Alternatively we shd. impose solution ourselves.

N.B. a) Our legal obligⁿ. : Mandate not B. Declaration.
That is all the League adopted – tho' it includes substance of Declⁿ.

b) Believe P.A. Plan is best. Sitⁿ. in Pal. no worse than was in Canada, S. Africa etc.

But if certain tht. its impracticable and we put Partⁿ. to U.N. there is a chance it might go thro! Can persuade people in U.N.

P.M. Who will be for and against.
Arabs, India against. Probably Slavs too.

E.B. My analysis is : Slavs will oppose Partⁿ. (not because of A. or J.) but because they want to support Arabs (oil) : can't be any doubt of that. Doubt if U.S. cd. control Philippines or China.
W'out these States you can't get 2/3 majority. Someone wd. claim need for 2/3 qua important issue.

N.B. But that decision is taken by majority decision.

- E.B. But if demanded, cdn't be refused.
If you are rejected, C.J. says we go on and impose it. But we can't do that against a $\frac{2}{3}$ vote of U.N.
- P.M. Is Slav Vote good enough to prevent $\frac{2}{3}$ vote v. P.A. Plan?
- E.B. Cd. get a combination there, in favour of principle of unitary State with independ^{ce}.

Arabs might : but cd. get Slavs in favour of principle.
- P.M. But if their motions are different, they will find a way of turning you down.
- H.D. Discuss a) best solution on merits b) ques. wthr. we can get that solution thro'.
- Stress urgency of early decision.
- On merits, my view now = Partition is best solution. A. and J. won't and can't co-operate. Test : right of J. to immigrate at discretion of J. auth^y into some J. area, however small. On that rock all other solutions founder.
- On a) I believe there are ways and means, if U.K. and U.S. both back it.
- A.B. Support H.D. re early conclusion : and mixing strategy and tactics. Friendly J. State in Pal. is preferable to Arab base. Permanent and friendly because J. under continuing influence of our friends. If we impose anti J. solution we shall have continuing J. hostility. Initial A. resistance, but once over diff^{ies}. at an end.
If India and other Muslim countries are under R. influence, how long wd. they tolerate B. base in A. Palestine.
Alternatives to early solution – disorder, anti Semitism etc. – they can't be contemplated by Labour Govt.
Our informⁿ is that there is Arab support for Partition. No unity in Arab world.
Suppose Partⁿ is rejected by U.N. – authoritative decision and wd. induce change of heart in A. and J.
But will it be rejected if supported by U.S. all Commonwealth and some W. Countries.
Partition for Jews is compromise solution. J. leadership passing to more extreme groups because of delay. W. has given place to Ben Gurion and if he gets no concessⁿ someone worse. As in S. Ireland.
- A.V.A. If you cd. get Partⁿ by agreement, I favour it.
But differ from A.B. on ques. which is most dangerous side to antagonise.

Arabs will be solid : and R. will support them – in order to get behind the U.S. and U.K. position in Persian Gulf etc.

If it is to strategic advantage of R. to win over Arabs : then, after doing our best to settle and failing, we shd. look after B. interests. And as it is vital to retain Arab goodwill, then go for unitary State.

E.Sh. Can't separate merits from applⁿ. But tht. applies to other alternatives too.

Find it difficult to follow A.V.A. He says R. wd. support A : but on strategic grds. antagonistic to us. If so, we can get no help from R. support of A.

A.V.A. Ques. of substituting our influence for R. in M/E.

E.Sh. What is fair : And will seem to be fair?
Arabs and Slavs. wd. oppose Partⁿ. But full support of U.S. – important because of getting them interested in M/E.

Haven't accepted Zionism – hoped for assimilation. But no co-opⁿ achieved.

What is clear, however, is tht. J. want statehood, however small the State.

How are they to get it? Not fr. unitary State.

That will produce only disorder – for years.

Go for Partition. May get thro' U.N. Must try it.

I can understand terrorists. Remember M. Collins was once "scum" of Ireland.

1. Road Transport Strike.

G.A.I. Mtg. again today. Told Deakin to say I had undertaken a) secure early mtg. of J.I.C.
y/ b) Keep them at it. c) Intervene if they break down. He is pleased at that.
Serious extension y'day.
Tho' 6 Unions involved only T.G.W. failing to hold their men.

P.M. What do you mean by c)?

G.A.I. Might appoint Ct. of Enquiry – fact finding. Evershed wd. provide.
Ques. shd. that be done before men go back.
Cdn't have done so while R.N. Wages Bd. held field. Can in theory when J.I.C. appt^d.
Also propose to summon this pm. Executive of T.G.C.
Saw T.U.C. last night. They fear if we intervene while men out, auth^y. of T.U.'s will be undermined.

A.G. Doubtful about Ct. of Enquiry. Diff. to go back on policy of no negotⁿ. while on strike.

R.S.C. Wd. be done at request of J.I.C.

A.V.A. Cd. say will be held, at request, if men go back.

A.B. Reason for not acting until men go back = that men haven't used negotiating machinery. Here they have. Machinery dilatory.
Ct. wd. be fatal – after 7 days of strike Govt. intervene to find facts!
Wd. be said we shd. have known facts long since.
Appt^{mt}. of J.I.C. itself wd. be sufficient “gesture”.

G.A.I. Extension : none in Ldn. save Tilbury.
1.300 in Bristol. N. Reg. no change. Scotl. 250 more.

A.B. Alum. house factory in B'tol will close in 48 hrs.

C.E. Ministerial Cttee y'day.
4.480 lorries will be provided by Services + drivers for another 520 = 5000.
Their use will depend on accommⁿ. etc. and no more than 2.000 can be used in Ldn. Ordered plan to proceed.

Situation if v. substantial cessⁿ of motor transport throughout U.K.
Ques. then of obtaining volunteer drivers. First response wd. be from “Fascists”. May be ugly scenes. a) How to recruit? M/L. machinery shdn't be used because damage to its conciliatory functions. Diff. however, to find alternative.

- R.S.C. What about Food Offices.
- C.E. We invite Cab to decide. b) Power stations. c) Docks : cold stores. d) Roads in Kent. e) Strikers telling troops tht. employers aren't paying for mil. transport. In fact they pay at least as much. Statement to that effect shd. be made on Cab. auth^y.
- J.S. From Friday am. ques. will be different. H'to moved 20.000 t. p. wk. of meat and groceries. Future lift needed : 65.000 t. needing 5.000 lorries.
Because will have to move flour, potatoes. Services cd. nearly meet that but wd. have no margin for Provinces or for non food.
9 days supply of flour if all mills stopped.
From Frid. am we shd. have to begin moving groceries fr. Ldn. to Provinces : to re-route foods to rlways : to clear rail- heads (esp. pots and vegetables) : get mil. labour to work docks. All these avoided h'to as provocation.
Cdn't therefore expect to carry on even with maximum mil. mobilisation of 5.000 lorries and shd. have to invite civilian volunteers.
- Barnes. Organⁿ and powers available : want now decisions re manning.
- P.M. Any b'cast appeals by Unions.
- T.W. Have T.U.C. rep^{ves}. tried to get settlement.
- G.A.I. No : no contact until I saw them last pm. Asked them then to make some approach to Unions.

Cdn't we use l.a. resources in vans and drivers. Isn't this best method of getting volunteers, if we have to.
- E.Sh. Vital point : must employ volunteer labour if it goes on. That is black-leg labour. Wd. be disastrous. Can't face it in existing circs. Men have good case : negot^{ns}. delayed. Shd. put to T.U.C. tht. if we are forced to use vol. labour may affect fabric of T.U. movement. Shd. therefore adopt abnormal procedure. J.I.C. are to consider facts and make a decision : let us secure that they make it quickly. Point of diff^{ce}. is only wthr. J.I.C. shd. consider before or after men go back to work. In my experience this argument rarely gets them back unless they get a hint.

P.M. shd. meet T.U.C. tell them implications : get 2 sides together : tell them J.K. will meet and decide and announce it to men.

Alternative : black-leg labour causing extension of strike.
- G.A.I. If Cab. feel we shd. so press J.K. I can do so w'out seeing T.U.C. They are mtg. at 5 pm today. If T.U. can't control members. Govt. can't allow people to starve. We have given T.G.W. their chance.

Shall I tell J.K. to negotiate? If they won't Govt can refer to arbitration.

Of if employers on J.K. won't agree, workers can come to Govt. and we can refer to arbitration.

Risk of such action is encouraging other industries to ignore Union leaders.

x/ May I tell Strikers Cttee this pm. that J.K. will start to negotiate at 5 pm.

T.W. Shdn't T.U.C. be represented at 2 pm. mtg? They have responsibility.

P.M. Depends on psychology of Unions.

C.J. This Union wd. re-act v. badly against bringing in T.U.C.

A.B. Support x/. This wd. stop an extension : might get the men back.
What is legal posⁿ?

J. Under Act of 1920 you can make a Proclamation : summon Parlt. w'in 5 days : then powers to regulations. Merit wd. show strikers they are striking v. State, not employers.

Alternatively D.R. 58A.

P.M. M/L. to send message thro' Deakin to mtg. at 2 pm. tht. J.I.C. will begin to negotiate at 5 pm. today.

A.V.A. Need to restore auth^y of T.U. leaders. Wd. they favour J.I.C. going on?

G.A.I. z/ Was argued last night : they were against J.I.C. going on, in unofficial strike.

P.M. We have given T.U. its chance. Can't wait any longer.

A.V.A. I wd. prefer to stick to y/. On principle of not intervening while men are out.

A.B. Then they will stay out until they know what decision is.

G.A.I. Then let me proceed as at y/ - saying it's on auth^y of Govt.
Basis : J.I.C. to commence their negot^{ns}. tho' men have not gone back, but not promise decision tonight. You don't then decide before they go back : only begin discussing it.

E.W. Fear they will stand out for a decision – another day.

E.Sh. Is it clear that Deakin will say : J.I.C. will begin negot^{ns} at 5pm. you go back to work and disc^{ns} will go back. (Discuss issues in dispute).

This is a change if Deakin is going to do it – for h'to the Union has bn. unwilling to agree to that.

G.A.I. He is willing.

A.V.A. Have employers agreed?

G.A.I. Thro' their Secretary.

H. This is complete reversal of Govt. policy. Trouble with Unions, esp. if men don't go back. Can't believe T.U.C. wd. agree to this policy. They shd. be consulted, not merely informed.

E.Sh. But Deakin has admitted change in policy.

H.McN We shall be in a mess if employers refuse to discuss on J.I.C. until men go back.

P.M. In view of z/ you must carry T.U.C. with you first.

Barnes. Before you decide to take over this industry, reflect. Over 12 mos. growing policy in T.G.W. Union to go in for unofficial strikes : they realise they are getting more by this method than thro' Union. If we take over sections of this industry because limited dispute : then do we do it again if dockers come out in a months' time. When do we get to write our Bill.

Surely T.U.C. shd. take this up with T.G.W. Union, whose action will bring down organised labour.

C.E. Suggest that if this strike goes on today, we use 1920 Act tomorrow.

H.D. Greatest calamity wd. be voluntary labour w'out having taken industry over.

G.A.I. Message from Gould : employers have not agreed to begin negotiating.

A.B. Then let Deakin try y/ without any Govt. - authority on his own.

P.M. See what happens today.

If strike goes on, Proclⁿ under Act of 1920 [and take industry over.]

A.V.A. Be careful over []. Proviso v. industrial conscription. How wd. you work the industry if you "took it over".

A.B. Depends what Regⁿ you make.

A. Don't act w'out consultⁿ with T.U.C.

P.M. Yes : but not too early.

G.A.I. Told y'day Govt. must m'tain essential services.
If you take over industry, will you tell them to go back and await settlement on assurance of arbitration.

H.McN Consider posⁿ. if we take over and they don't go back.

J.S. What are we prepared to offer them?

E.Sh. Only a tribunal of arbitration.

Concl^{ns}. This pm – no message from Govt. Deakin to act on own authority.

I.E. Cttee to meet this pm – with J. – to consider actions on 1920 Act and services ques.

*Deakin also to say this. T.U.C. to be inf^d by G.A.I. if we are to use 1920 Act

*M/F. to issue quietly statement about paymt. for mil. transport.

2. Economic Survey for 1947. Exit A.

R.S.C. Situation serious. Trying to do too much. Labour shortage getting worse. Must act to avoid gap closing in random shortages.

Balance/payments : para 5. We may have to export*goods even if heavy demand for them in U.K. 117% of pre-war volume : diff. to increase that.

* both consumer and capital goods.

Six main recomm^{ns}.

a) Size of Armed Forces and supply. 1.4 m. by end 1947, as cpd. with 1.568 m. by 31.3.48. as recommended to Def. Cttee. This is only one contribⁿ. twds. the gap.

b) Employment of Women. It is among women's ind^{ies} tht. "man power" shortage is so acute – beginning to train men for women's jobs! Plan : single women to be directed to work of nat^l importance, tho' volunteering for Armed Forces will be allowed in lieu.

This wd mean i) more in total ii) chance of getting them into places where most requ^d. eg. get them out of engineering into textiles.

c) School-leaving age. Main argument = economic. Legⁿ. requ^d. Sept. wd. be final date. 160.000 wd. be added thereby to labour force. Labour force must include propⁿ. of juveniles if they weren't there, adults wd. have to do their work.

d) Coal : Reservation from call-up. Potent factor in recruiting for mines if reserved exclusively for underground mining.

- e) Engineering : (para. 36). Overmanned, esp. in female labour.
Scheme requ^d for slimming it. b) would largely meet it.
- f) Target for bldg. labour to be reduced. Target rather than real adjustment. But wd. relieve gap by 70.000.
Depl. estimates based on man power shortage. Even if we fill gap therefore we shall still feel drafts.

A no. of ancillary proposals. Prs. most important –

- g) Reduction in National Govt. Staffs. and Local Govt. Staffs.
- h) Paras 14 and 29. Polish labour. 100.000 in 1947 as a target.
Don't think we shd. try for other foreign labour until we have absorbed Poles. If we can, then d.p.'s
- i) Equipment for coal. Special priority. In hand?
- j) Housing for coal and agriculture.
- k) Para 34. Generating plan for electricity.) in
- l) Allocation of steel.) hand
- m) Para. 40 Labour saving appliances in bldg.
- n) Factories in development areas.

Paras. 54/5. White Paper. Repⁿ. must start at once if debate in 2nd half of Feby. Scheme of draft outlined (as in memo).

Need auth^y. soon to proceed with drafting.

This is concerted plan – interdependent – depends largely on doing all we recommend. If so, fair chance of getting thro' 1947.

P.M. Short general discⁿ. Then main points. At 9 pm tonight.

1. Road Transport Strike

G.A.I. Reported end of strike.

C.E. Shd. troops be used on Friday? Agreed : yes
Will Cab. express appreciation of work done by Troops? “ “
Will Service Dpts. reward the men?

N.B. 48 hrs extra leave.

A.V.A. Double 48 hrs. w'in a period. Agreed. No publicity for this.

G.A.I. Shall I meet T.U.C. on general ques. of unofficial strikes.

2. Economic Survey for 1947.

E.Sh. Two fundamental points – a) balance of payments and contingently b) man-power.

For internal situation we can adjust by taxation, subsidies, interest rates etc.

External posⁿ. can't be to import. Then we shd. analyse imports to see i) wthr. we can dispense with ii) curtail or iii) select them. Foreign investments help – but we have much less than formerly. Thus, problem : how to meet cost of imports (esp. from non sterling countries).

a) Defect in this memo : method of approach. Adverse b/payments posⁿ. necessitates consⁿ. of ques. wthr. we can afford to go on importing from hard currency countries. V. little reference here to agriculture. Only paras 47-48. But agric. is basic problem : because more you can produce here, less you import from abroad.

May be said you can't produce more food here. But shd. think of this. No matter how drastic the means may be. Unless we do – faced with default on this loan and need for another.

P.M. What cd. you do on this in 1947?

E.Sh. You cd. start. 2-3 yrs. before loan expires : we cd. do somethg. in that time.

b) Man-power for Forces. Does this provide solution? And no way out in view of our commitments?

- c) Women : won't get them w'out compulsion.
- H.D. That is what is proposed.
- H.D. B/payments. On rocks in 1949. Hence para. 5. We recognise gravity of it.
- Don't agree internal sitⁿ can be adjusted so easily. Even if we had no external trade, we have ques. of too many people in certain occupations and not enough in others. Re-adjustment by fiscal means wdn't be enough for that.
- P.M. This is all estimating. Always short in labour force.
Productivity. Assumptⁿ here tht. all industries want specified numbers.
We can't leave employers to say what labour they want.
No alloc^{ns}. "no controls : gets employers free.
Problems involved in conscripting women.
Not merely external. Sterling balances will have to be settled.
None of these measures can be adopted w'out full explan^{ns}.
- R.S.C. All Dpl. estimates include the assumpt^{ns} of increased productivity.
- A.V.A. Some v. loose figures in Survey.
- A.B. Much of this v. academic.
- If you plan man-power, must do it year ahead. Distⁿ in '47 determined by dec^{ns} in '46. eg Housing. All houses to be built in '47 are already under contract and can't be changed.
We ought rather to be considering '48.
Trying to cut now, when Dpts. have made p'mmes, is v. difficult.
Insufficient allowance for increased productivity.
Attitude re Forces wd. be unduly timid.
Women : can't be implemented at once. Detailed scheme requ^d.
Recruitment at 20 results in increased marriage rate.
636.000 gap : paper gap. Won't close it by shifting figures because economy is not to this extent under control.
- E.W. Pegged £1 : \$ relationship : by agreement : then U.S. removes price control : £1 because undervalued, if no pegged exchange. Can one party thus affect others' debt.
- H.D. Loan agreemt. included no agreemt. by either of us about our internal economy.
- Nor would we have cared to see such included.
May be a drop in U.S. prices. Immediate advantage to us. But not if associated with depression.
- A. Not alarmed at gap.

Possibilities - a) increased productivity. Machinery : incentives etc.
With 20½ m. in empl't. increased efficiency cd. close gap.

b) distribution and use of labour. Multitudes employed in non production occup^{ns}. More use of funds labour.

T.W. Whatever margin of error, clear there is a big gap.
We must take every step we can to re-shuffle our man-power.
Not quite enough attentⁿ paid to agriculture. True its long-term.
Reference to wasting p.o.w. force, but no sugg^{ns} for replacing them.
We shall be 60.000 short in 1948. What do we pay for dried eggs?
Want to restore own livestock. When foodstuffs available, and if we get man-power, we can do so.

Houses in rural districts. What we want is more for farm workers.
Reserv^d for miners. Agric. is as important as mining.

C.E. Then you will get claims fr. other industries, seriatim.

A.G. On b/payments I support R.S.C. not E.Sh.
Manpower. Ques. not of nos. but productivity. These figures must have bn. produced on basis of a direct relation betwn. nos. and output. But o.p.m. is real issue. cf. experience in coal mining. Problem new motives and incentives : can't be expt^d in figures. 630.000 means nothing.

2.3% of populⁿ only. Small percentage increase in output wd. make all the difference.

R.S.C. Manpower budgeting – as in war – based on experience and forecast of output and related to practical, not optimum programmes.
Say no estimates are good : give up planning.
Gap will be filled – but, w'out our influence by random shortages.
What better estimates than by Dpts. responsible.

A.V.A. No objⁿ to system so long as estimates not made basis for rigid alloc^{ns}.
Figures in report are out of date. Other economies already made.
Anyway even 630.000 = 2.3%.

Beware of feeding inefficiency and known antipathy of employers.
Inefficiency of motor industry – too many types etc. cpd. with U.S.A.
What response from cotton?

R.S.C. From employers but not T.U.'s. May defeat economy and own p'mme by feeding man-power to inefficient industry.
1946 : gap smaller.
Footnote on p.4. of Survey applies to many industries.

- P.M. Mustn't assume labour is being used properly. War experience.
- J. 46 m. popⁿ to be sustained. Under emphasis on agric. shows w've lost sight of this. Wd. bring us down to 15 m. Our only chance : processing raw materials and exporting finished goods. The more we rely on U.S. the worse off we are because they have prodⁿ as good as ours. Shd. look to other sources for raw materials.
- Vital need : put this over so tht. need for greater productivity is understood.
- G.T. Don't lose sight of inter-relations of these ques. When eg. cotton wants to increase productivity can't because of shortages elsewhere. This vital point is faced in this memo. Must sink Dpt. interests and pick out the things which are basic. All dependent on coal.
- G.A.I. N.J. Ind. Council addressed by 3 Ministers on productivity. Memo produced & about to issue. Council will put it over.
- J.S. Estimate fallible. But obvious to the eye tht. economy is overburdened. Shdn't avoid issues, however drastic, on grd. tht. estimates not exact. Need for economies in manpower is obvious to the naked eye.
- P.M. Keep balanced mind. Manpower is short. But don't lets have May Rpt. or Geddes Axe.
- P. Over 1 m. more available than before war. Tho' 700.000 more regu^d. for export. then is still a plus.
- a) School leaving Age.
- E.W. Are we to fill a 2.3% gap from school children.
No educational argument wh. we cd. sustain in H/C. Means depriving of one year's educⁿ. 156.000 children who suffered most from lack of educⁿ during war.
And working class children.
- Psychol. point. We are ready now. Because of determination, co-opⁿ of M/W. and fact of a date line. Date has bn. all important for l.a.'s. They at first were sceptical (Fisher Act) : but I pledged honour of this Govt. I said date will stand. That is why we are ready now. If we now p'pose any future attempt to get anything done by a date will break down. We shd. have courage to tell our supporters they can't have social reforms they ask for and also a 40 hour week.
- P.M. Horrified at this. We gave v. definite pledges. Plenty of time to think. Can't now defer ¼ date on 20/1.
- Remember May Rpt. this is typical May Rpt. proposal. Hits suffering group for little benefit.

We must rely on education for increased output.

- A.B. And those parents who are willing to keep children at school will be able to do so.
This will hit those worst off.
Many of these uneducated children useless to industry.
- J.W. Para. 21. My memo. was not askg. for p'ponemt. but for special priorities to enable me to make the date. I will carry on and face my diff^{ies}.
- C.E. Argument of M/D v. cogent. Various disc^{ns}. of use of children in industry : our way of compelling efficiency in industry is to w'draw this reservoir of cheap labour.
- N.B. Must think beyond current year. Loss from this in last 2 yrs. wd. more than outweigh gain in first.
- A.G. Shocked by this recommⁿ.
- H.McN. E.B. hopes Cab. won't accept this recommⁿ.
- H.D. Clear that Cab. don't like this. Nor did we. Liked it least of all.
Don't press this recommⁿ against Cab. view. But if this is w'drawn Cab. must be kinder to other recomm^{ns}. (Applause).
- A.W. Year lost after leavg. school before apprenticeship. M/L. was to consider bringing appr. age down. That wd. help this shortfall.
- G.A.I. Many industries considering this – many have acted. Mainly, however, alteration in lengths of apprenticeship.
Will submit report to Cabinet.
- A.W. Inclg. age of entry.
- G.T. Raising age to 15 will solve most of this.
- b) Employment of Women.
- R.S.C. Explained proposal.
- P.M. What cond^{ns}. are they to accept eg. cotton.
- G.A.I. Cdn't put them into industries where no guaranteed cond^{ns}. etc.
Unlikely that many will have to be directed away from home.
- A.B. Why 20. Marriage.
- G.A.I. Same age as for mil. service. Shd. be equivalent to that.

- G.T. In war didn't direct women until we directed men of 50.
This is v. drastic. Cd. be argued this = geographical conscriptⁿ of women.
Eg. cotton : wd. be regarded as penalty.
In war we tried part-time emplt. of women first. And direction of women gave no more trouble than anything else in way.
- G.A.I. New factor – adoption of 5 day wk. has made industrial emplt. more popular for m. women.
- H.McN. E.B. is against this – industrial dirⁿ of v. drastic kind, not comparable to mid service. Don't know what propⁿ wd. be directed away from home. Surplus wd. be found in areas of heavy industries. M/L. wd. have to make arrangements for housing allowances etc.
Direction into nursing wd. cause gt. trouble.
Further examⁿ and details requ^d before we decide.
- E.W. Women wd. accept equality of sacrifices – but only in climate of sacrifice.
If we accepted in principle and it leaked – rumpus.
Cd. be done only by revival of “national” feeling.
- P.M. Are large nos. not working who might be?
- R.S.C. Yes.
- P.M. Or mainly to alter distribution?
- R.S.C. Yes, also.
- P.M. Why shd. these, not other women already in useful work be directed?
- R.S.C. Because boys of same age are being conscripted for mil. service.
- P.L. What value in service for 2 years in eg. nursing?
- R.S.C. Much, in cotton. And many wd. stay on.
- A. Cdn't this be used to reduce requirements of Forces for men?
Some occup^{ns} cd. be made more attractive eg W.L.A. – w'out compulsion.
- R.S.C. Conscriptⁿ to Forces wd. be a minus because a) wd. take women out of industry and b) wd give no power to distribute acc. to need.
- P.M. If it's direction why limit it to women of certain age.
- E.Sh. Why not conscript to Forces and then give right of option to go elsewhere.

- P.M. Too many will opt for Forces.
- C.J. Other expedients – economy in women power : other sources.
- Foreign labour, for example.
- Climate of opinion. Can't do in peace what you did in war. Wd. be an outcry from mothers – who are sick enough about the boys. They were reluctant even in war. Unpopular especially in Labour areas.
- R.S.C. M/L have considered all other possibilities.
- N.B. Foreign labour (women) doing well in cotton. Cd. we bring in foreign women?
- G.A.I. We are concentratg. on hospital dom. service.
- C.E. Gt. social difficulties.

Agreed : Consider and bring up report. (M.E.P. Cttee).

1. Leakages of Information.

- P.M. School-leaving age.
New development – not in war.
- R.S.C. D. Telegraph always has a lot of informⁿ.
- J. Too wide a circulⁿ of documents in some Dpts. E.g. telegrams to P.R.O.'s
Perhaps P.M. shd. look into this.
- P.M. I will.

2. Economic Survey for 1947.

a) Defence Requirements.

- A.V.A. Won't anticipate discⁿ of Def. Estimates.
Army : will lose trained men in '47 : can't do more.
App^d aim : 300.000 in Jan. '49.
Commit^{mts} : cover India : replace Indian Brigade in Persian Gulf : hold Palestine.
Basis of estimates : takes a/c all gains in f. policy : Mar. 48 no forces in V. Giuli. Greece, Austria.
Figures : Survey took 1.2 m. at 31.12.47. We actually extract 1.167 m. at that date.
Prodⁿ : Survey took 530.000. We now budget for 474.000.
Saving 33.000 + 56.000.
In later conference with Ty. latest prodⁿ figure + 460.000. Total saving = 113.000.

These figures are for Dec. '47.
Diff. for us because we have to take 31.3.48 for Def. Estimates.
For Dec. '47 82.000 short fall in Army requirements will be accepted.

Thro' cuts shall save 7.000 in Navy – by 31.3.48.

Total savings : 193.000. Personnel and production.
Thus 31.12.47 1.167.000 Forces) 1.617.000
450.000 Production)

31.3.48 1.087.000 Forces) 1.537.000
450.000)

- P.M. Def. Cttee satisf. this requ^d to meet our oblig^{ns}.

- H.D. Grateful for this contⁿ. But as we rejected a) and (in part) b), more important to consider this. These men, earlier released, wd. be of real (not speculation) value to industry. Increased productivity : best way to secure it is prodⁿ of machinery – and it's here tht. these men wd. greatly help.
Choice of evils and risks. This is a period when v. unlikely we shall have war, in next year or so. Plans assume w'drawal from tender areas. Army to be down to just over 320.000 by 31.12.48. All I am askg. is that this be quickened up. Get down to it by quicker release. This at least wdn't be an unpopular decision. Pop. and econ. value coincide. E.B. has bn. helpful and on earlier occasion sugg^d 1 m. on understandg. of going up or down acc. to international scene. We cd. undertake to slow down again on that a/c if needs be.
Accept risk of inefficiency in 1947 – rather than risk of economic collapse.
Urge target of 1.4 by end/47 vice 1.617 m.
- A.V.A. In reply to G.A.I. my figures include men under training.
- R.S.C. What R.A.F. and R.N. figures correspond to army at 320.000.
- A.V.A. R.A.F. peace-time was 355.000. Accept^{ce} of 315.000 now is due to fact they can't get higher.
R.N. 182.000 now. 175.000 trained is prob. requirement.
Don't wrench Forces to meet ad hoc situat^{ns} in '47. Don't base long-term strengths on sitⁿ in '47.
Any overall cut wd. be v. unfortunate – First time we have handled this collectively : I have harried them and got 193.000 off their requirements. I have acted with responsibility and made a contribution. Cab. can't do detailed scrutiny which I have made. More – and you will destroy efficiency of Forces for 10 years. Because quicker release must be of trained men because must go out acc. to groups. no one left to train intake.
Stated extent of reductions to be made – in Germany : Palestine : Sudan : India (5 inf. brigades : 3 armoured rgts : Burma (3 Batts) etc.
- A.B. Ratio of popⁿ to Forces in U.S. and U.K.
- P.M. Quite irrelevant. Land empire and sea etc.
- A.B. Relevant : because strength of Forces dependent on economic strengths.
We are already out of scale because already run down supply organⁿ to a point at which we depend on old weapons.
Forces: contribⁿ they shd. do for they are coming down.
Can't have strong Forces if economy strained and Army unpopular.
Don't accept need for strength to support diplomacy. It is presence, not numbers of troops that count to support foreign policy.
The 10 year rule. On what assumption do we proceed today?

- P.M. Can't have corporate guard in V.G. Large Y. forces and diff. internal situation for that seasoned and experienced troops required. Same in Palestine. Germany too, for Nazi movement might reappear. Quicker release removes trained men : and no unit is fit to move.
After last war, f. policy was undermined because hadn't a Brigade to go anywhere.
Too quick a run down (in groups) destroys efficiency because no one to train intake.
No suggⁿ of readiness for major war. But limit below wh. can't run down to cadres. Today most squadrons cdn't fight. Must have larger forces than ultimate figure because of training and replacement.
- E.Sh. If we reject a) b) and c), there's not much left.
But : v. vulnerable in M/E – oil : if anything lost then serious economic results.
Palestine difficult too. May ease off in a year.
Germany : fusion might facilitate some w'drawal.
Popular view wd. be run down Forces. But can't reconcile that with commitments.
- A.B. U.S. Forces have bn. run down. Are they inefficient? Yet they are as interested as us in M/E.
- E.Sh. Yes : but they assume we will deal with any trouble in M/E.
They have some oil, also : we haven't any.
Remember we have had to send troops to Basra, to protect oil interests.
Wd. it be poss. to defer consⁿ of this until we know how things clear in Pal. and Germany.
- P.M. Army in being – reducing. But it was vastly expanded, on small cadre, with temp^{ies} You then lose your key people (sergeants) who weren't career men and have to build it up afresh. Our demob. scheme involved losing best men and replacing with green ones.
- C.E. The 7 year colour men has run out in 7 years of war.
- R.S.C. Come back to para. 3. Ques of alternatives. It isn't poss. to en'tain standards of home consumption and exports in U.K. and have these Forces. Leaving it to chance means sacrificing all.
Forces get alloc^{ns} : other sectors uncertain.
Must have exports because Loan. If we must have Forces too, we must decide how we cut consumption at home?
- P.M. Agree must cut Def. cost acc. to cloth. But a slash like this in a transitional year will ruin the cloth.
- A. This is a gross figure – in terms of men. Large no. shd. be women.
- G.A.I. Wd. come out of industry, where female labour is shorter than male.
Effect on demobilⁿ 1.385 at Jan 47. to 1.167 in Dec. Drop of 218.000

take in 225.000. So demob. total in '47 is 443.000. That is a tidy figure.

But back R.S.C. and H.D. because labour shortage.

- J.S. What will happen if we don't? Is it just a bit worse all round. Or, from unplanned closing of gap, dislocation of economy – factory built, but no machines ready. Discrimination in net product wd. be much greater than 2.3% shortfall in manpower.
Forces already at point where cdn't fight major war. Police. Isn't that an Army function? Then cdn't R.A.F. and R.N. be deliberately left inefficient in this period. Only function of Forces in '47 must be carried by Army.
- P.M. Releases fr. Forces to man factories – no good if haven't coal or electric power.
- H. Run down in R.N. sharper than in other Forces. From 900 to 200.000. Minimum = 189.000 Mar '48. Reduced it to 182.000 (160 trained). Not many ships in commⁿ. But F.A.A. much larger than '38. Almost 1/3 of R.N. Also Commandoes and C.O.
Import^{ce} of trained men. Can't compare warship of today with '38. Box of tricks, introduced in war : means high propⁿ of skilled men. 4/5.000 additional.
Maintenance of reserve fleet – nos. requ^d to prevent deterioration. Already cut to bone by M/D.
Not only Army who do Police work. R.N. ships went to Basra.
- N.B. R.A.F. helping in Police work – in support. T.A.F. in Germany – all of it.
Transport work for other Forces and for Air Corp^{ns}. Doing all the met. work for Corp^{ns}.
Training as important for us as for any. Can't train airmen quicker than we do. Have to lose 200.000 trained men out of 270.000 in next 2 years. Nearly 40% will still be engaged in training work on 31.3.48. Defence Forces have contributed 2/3 of what we were asked for.
- E.Sh. Coal. Excess consumption is the real trouble. Problem is how to reduce it.

Are there luxury indust^{ies} we don't want. Find them and cut them out. That's planning.
- P.M. Yes : but you haven't so planned prodⁿ. And until you have, releases from Forces wd. be free to go into unproductive work.
- A.W. Expansion of prodⁿ – by working longer hours at “time and a half”. This cd. be done in M/S. ind^{ies} tho' not eg. in cotton.
- A.V.A. I have bn. trying in my sphere to help twds. planned reduction of gap. Bearing it in mind that ineff. Forces wd. be sheer waste of Ty. money.

Contribⁿ of 113.000 on a planned basis.
Who else has made a planned contⁿ of this kind?

E.Sh. Can't you cut the 450.000 prodⁿ

A.V.A. Original was 530.000. Passed down by me, and then at H.D.'s request again, to 450.

This follows plan made at P.M.'s earlier request for use of old stocks.

P.M. It wd. be unwise to cut on research and development.

A.V.A. Also civil use of Defence expenditure.

N.B. Believe in man-power budget. But is picture so black. Table C. 2.70 m. in June 46. 1830 m. Dec. 1.500 in June '47. That represents a v. large turnover. In the end a much larger prodⁿ than today if standards are to be m'tained or raised.

A. H.D. asked for 300.000. A.V. by Mar. '48 will have given 193.000. A large way on.

H.D. We ask 1.4 at end '47. M/D. 1.570.000 at Mar. '48. Cd. we have 1.5 at end '47.

A.V.A. I've scraped the bottom of the tin. Going further wd. be unsafe + I wd. have to tell Parlt. so. W'drawal from India means, for defence there, we must have air lift for a Brigade : and one assault Brigade lift. Those wd. both have to go if we came down to H.D.'s figures.
Cdn't come off Army. who will be 12.000 short of requirements : and run down by 700.000 in 2 years.
E.B.'s 1 m. was long term. Hope to reach it by end '48. But m'while must get settlements in G. and Austria.
Can't take heavier risks.
My main ground however is steady run-down preserving efficiency.

E.W. Isn't financial : social stability as important in support of diplomacy.
We can't take any more cuts on home consumption.
Training. They will leave long time before they have to fight.

A.V.A. This is basis on which I have cut as far as I have.

F.W.B. Effect – going to cut primary training altogether.

Labour in unproductive work.

G.A.I. Football pools, touts at football and racing etc.

Poles.

N.U.M. have agreed. That won't be many. But big effect on other industries.

Will make a report on this.

C.E. Other foreign labour.

Appl^{ns.} to H.O. are discussed with M/L. Too many from artists. Shdn't we be rather easier on adm^{n.} of people with skill willing to go into empl't. and not change w'out permission of M/Labour. H.O. believe M/L. cd. be easier on this.

G.A.I. Wd. have to be done quietly because Poles have bn. a sickener. Don't publicise this.

C.E. P.O.W. wishing to return to farms when employed.) Agreed.
German p.o.w. wanting to remain.)

National Govt. Staffs.

A.B. Have made a cont^{n.} by refusing compens^{n.} on loss of office. And will use some of those displaced in Health Service.
Askg. for techn. work in comm^{n.} with Emplt. Policy.

H.D. Hope C.E.'s Cttee will produce results.

C.E. Trend of empl't. is upwards. acc. to estimates.
M/N.I. are to have separate local offices by Min. decision. Believe use cd. be made eg. of Emplt. Exchanges.

H.D. Have agreed with M/L. – and hope to get M/N.I. to agree – that M/L. offices be used at least for some years and in most places.

G.T. May I be kept informed qua accommod^{n.}

[Exit E.Sh.

c) Defence Requirements (resumed).

P.M. Can't go beyond A.V.A.'s figures w'out wrecking Forces.

C.E. Re-examine later in year if circs. change.

P.M. Foreign Legion.

H.McN. Discussed in F.O. Pretty strong arguments in favour.
Political diff^{ies.} are great. But economic cons^{ns.} outweigh perhaps.
Suggest consid^{ns.} by Ministers immediately after Moscow.

A.B. Mixed force – wd. be easier than purely Polish. Gurkhas, for example.

- N.B. Our experience : foreign members of R.A.F. were gt. success. Mixed units were v. successful. Wd. oppose a Polish Force or unit. But as individuals they have done well and we wd. use them if legal diff^{ies.} cd. be overcome – might get 5.000. Important to promise them natⁿ.
- H.McN. On our pay roll already.
- N.B. And trained, too.
- H.D. Disappointing to us who made the plan. Sorry we can't ever take large decisions.
If we go on thus, we shall end in critical situation in a year or so.
Will consider our posⁿ if Cab. make a habit of rejecting my advice.
- P.M. Must tackle this ques. in another way. Attack Forces because can get men off them.
Other unproductive activities you don't attack. You can't control them.
Must get this across more clearly to U.K. public opinion. [Exit T.W.
- J. Can't we have bigger drive for import of Balts.
- G.A.I. Not until we have filled demand for domestic staff of hospitals.
Will, however, enquire.

Coal. Recomm^{ns.} approved.

Steel. [Exit F.W.B.
- A.B. Here is result of lack of a wages policy.
- G.A.I. Have urged unattractive indust^{ies.} to improve conditions. Now asking other industries in W. Paper to be publ^d next week, not to make correspondg. improvements.
- A.B. We must put ceilings on wages.
- E.W. Then on profits also.
- R.S.C. Para. 37. Economy Cttee will handle this.

Building. Recommen^{ns.} app^d.

Agriculture. Houses. Mining : Houses
- A.B. Can't build for ag. workers – must be acc. to need in area. Same in mining.
- J.W. Disgrace. I'm going to earmark. Sc. Housing Assoc^{ns.} will build, for N.C. Bd. who will let only to miners – in new Fife coal field.

- A.B. Won't work. Won't get alum. houses – all allocated for '47.
- E.W. L.a. will allocate to local deserving cases : won't take a/c of economic cond^{ns}.
- A.V.A. Recommⁿ in memo. is general. J.W.'s plan might lead to tied houses.
- J.W. Cd. tie houses to industry, not individuals.
- P.M. That issue must be considered more fully.
- A.B. Even on genl. issue I can't adjust app^d p'mme, to transfer houses fr. one area to another
Can do this in 1948 p'mme.
- A.W. The Ministers can allocate priorities in aluminium houses. They cd. meet this to some extent.
- A.B. But Airey houses aren't in '47 p'mme. Will go into rural areas in '48. Approve principle : let Ministers find means of doing as much as they can.
- A. Drive to improve W.L.A. To increase labour force in agriculture.
May M/Ag. be ordered to review conditions?

Agreed.

White Paper.

- R.S.C. Can't present picture of deficiencies with no remedies.
Best to p'pone until autumn.
- A.G. L.P. intended debate at end/Feb.
- H.D. Budget immediately after Easter Recess. 15/4.
- A.G. Cd. have this debate end March.
- R.S.C. What can we say?
- A.B. Increased effort.
- R.S.C. Not planning : bound to be criticised.
- P.M. Can see it as factual statement, but not as planning because we don't control.
- Will be criticised a) you don't plan or b) you mean to plan and that = servile State.

Wdn't W.P. provoke discⁿ. of wages policy etc. Shown tht. if you want to plan this is what you will have to do.

H.D. Can't produce a defensible W. Paper on this – in view of Cab. decision.

P'pone : try to make a plan for '48 : produce it to Cab. later in the year.

P.M. Much to be said for that.

A.B. Why can't you show a deficit? You sometimes do in a Budget. We shd. be saying – here is a man-power gap : unless filled by greater effort, effect will be inflationary. Ask existg. man-power to make good lack of the 500.000 of so gap.

H.McN. Pol. advantages of publishg. Diff^{ies}. with Unions etc. Consider this.

R.S.C. M/L. on publishing a W. Paper.

A. Need we talk about "planning". We haven't taken powers.

R.S.C. Power to control all save workers.

A.W. Figures are impressive. Shows diff^{ies}. of Govt. Wd. help to get more work out of people.

P.M. Time to consider this issue.

3. Road Transport Strike.

Thanks to Services to be conveyed in letter from P.M.

4. Burma Conversations.

P.M. Burma under emergency sectⁿ. by wh. Gov. rules with nomina^d. Council.
Planned to have in Apl. elections – weightg. for Europeans. Alleged Europeans swung Govts. They don't want to go back to 1935 Parlt. Want a constituent Assembly. Cd. be elected under machinery of 1935 Act.
Think we shd. concede this.
C.A. wd. sit : 2 members for each constituency.
Interim Govt. We can't enact full powers under '35 Act. Proposed as India, to treat them as if they were Dom. Govt.
Legislation: 50 nominated at present. Now proposed : enlarged body, say 100 (Order in Parlt). But as emergency cond^{ns}. Still, Govr. to appoint fr. C.A. a legislat. body. Ministers wdn't be respons. to it. But it wd. tk. some form of popular Govt.

May get agreement with them on these lines.

Main point for them is a C.A. Don't want to be pedantic about this.

Agreed : Delegation to follow this line.

1. Deserters.

- A.V.A. Raised in H/C. P.M.'s corr^{ce} with Wyatt. M.P.
2 P.Q.s for tomorrow. Serv. Ministers and Home Secy. have discussed with me. H.M. also concerned.
H.O. estimate : no. deserters indicted in Met P.D. = about 8% of all convictions.
18.000 deserters then : so that conⁿ to crime by deserters must be large.
- C.E. 1/12th conv^{ns}. of indict. crime in Ldn. is covered by whatever propⁿ. of deserters is in Ldn. And even 18.000, still more Ldn's share of it, is small fraction of 45m.
- A.V.A. Feeling in H/C divided. Some = amnesty : some = inducements to come fwd. by promising leniency. Diffy. repercussions on men serving loyally : and effect on future reliance on comp. service. Our feeling therefore is against amnesty.
Statement : paras c. and d. represents max. safe inducement.
May be said this isn't much – gratuity.
If we went further others might think it wd. pay to go on the run.
Current desertion = 700 a month Army. Mustn't encourage that.
- R.S.C. Para c) limiting date, surrender by specified time. Wd. expedite surrender.
Wd. also be embarrassing to have to close it later.
- F.J.B. Agreed.
- R.S.C. Say 31st March – Agreed.
- C.I.G.S. 700 a month : recovering 800 a month.
1% of intake : quite illiterate.
30% “ “ semi illiterate.
Army takes 70% of total intake.
Believe it will slow down in peace years.
- C.E. Para d) “full civil rights” has some meaning abroad tho' not here.
“resumption of his full status as a member civil community”. Agreed:
Unless even simpler language be found. M/D. and H.O.
- P.M. Does a deserter ever lose his gratuity?
- A.V.A. Can restore his position by subs. service.
- C.N.S. Unless convicted of desertion.
- P.M. This shd. be considered.

R.S.C. Para c) what do you want employers to do? Say exactly what you want, or omit.

A.B. Omit final sentence of para e). Agreed:

Agreed : subject to points noted.

2. Defence Estimates.

[Enter Wilmot

A.V.A. Def. Cttee have vetted : Cab. considered man-power on Econ. Survey. Wd. have liked a long-term policy. But 47/48 is still a transitional year. Takg. a/c of savings fr. redⁿ in commit^{mt} on signing of P. Treaties, there is still much terminal cost. Broad picture : 46/47 £1.667.000 (576.) £1.091.000 net.

£1.063.00 (£150 m terminal) as subm^d to me in first instance. Felt we shd. make much effort to reduce. Series of mtgs. with C.S. and then Ministers. Second reductⁿ of £122.5m. Of this £30 m. redⁿ in terminals. Now £118 m. Now £822 m. as cpd. with £1.091 m. in 46/47 – excludg. terminals.

A.B. What wd. be cost if these Services had to be supplied fr. current prodⁿ.

A.V.A. Meetg. 50% of requiremts. from stocks.

A.B. Then critics will say we are retaining impossibly high Forces.

A.V.A. Estimate includes £21 m. under Supply wh. = civil expenditure (atomic energy and civil aviation research). Also Col. Defence. Polish Forces and Ital. Colonies are all on W.O. Votes. That amounts to £42 m. Same propⁿ of Ital. Re-settlement Corps may help W. Even so, £785 m.

P.M. But Forces are not yet down to peace-time level. Can't yet see permanent relations betwn. Forces and supply.

A.V.A. Wd. keep in mind a) saving fr. f. policy : but b) run-down before 1.1.49. and problem of retaing. some efficient units m'while. Heavy financial cut cdn't be secured w'out heavy man-power cut, which wd. prejudice efficiency, particularly in training. Service Ministers to answer detailed criticism.

N.B. RA.F. services to civil aviation – may be worth about £10 m.

A.B. Any estimate to prev. Govt. of post-war expenditure made by Services.

P.M. No : a guess, when Service pay and value of money was different.

H.D. £500 m. was K.W.'s guess.

- Then added by U.S.C. and O.L. tht. this was more than country can afford.
- J. J.A. asserted tht. we cdn't carry £500 m.
- A.B. What is the extra provision for?
- A.V.A. This is a transitional year.
- E.Sh. Asked for informⁿ re. bldg. H. gave it.
- N.B. Gave particulars of current prodⁿ of aircraft. Mainly jets : a) will give no better defence with small nos. b) may need smaller force for engine maintenance. Other big item : Hastings : capable of commercial use as Hermes.
- C.A.S. Switching off Yorks because no use for troop lift.
- N.B. Hastings is more economical for York range.
- E.Sh. Tanks : enough to keep 2 factories going. Cdn't this be cut.
- A.V.A. 240 to keep it going. this year selling 180 to India.
- C.I.G.S. At this rate wd. take 15/20 yrs. to equip Reg. Army with 50% reserve and to give handful to Territorials.
- E.Sh. Nos. empl^d?
- J.W. About 300. Doesn't include engine manufacture.
- E.Sh. This is only for hull and assembly.
Wdn't it be better to produce smaller no. p.a. because of changing design etc.
- R.S.C. Must m'tain continuity of tank prodⁿ Must have at least 2 factories to get play of ideas.
- J.W. And 10 a month is minimum to keep factories going.
- C.I.G.S. Improved Centurion (60th) is almost as good as Stalin.
- R.S.C. Sorry r & dev. is so small propⁿ of total. This is v. small, when scope is so great for improved technique in R.A.F. etc.
- A.V.A. Here is a field for exploration this year. We must have long term policy on balance of expenditure. Prest. p'mme of r. & d. may be too much a continⁿ of existg. work. H. Tizard only just arrived : must have time to look into posⁿ. If we find we can do all we need with this absolute expend^{re} in future yrs. total cost drops, then propⁿ will be higher.

- A. Relation is primarily with supply expenditure, not total Defence expenditure. So related, it's not so small a figure.
- A.V.A. R and d. in Defence doesn't, as in civil industry, reduced costs. It merely increases the Forces' tail, and adds to cost.
- N.B. £60m for r. & d. is v. high in relation to nos of skilled scientific workers.
- A.V.A. Involve 46.000 man power.
- R.S.C. What propⁿ. will be spent on research in Universities?
- P.M. Large items for works and lands. What for?
- F.J.B. Modernisation. Burma, Malay and Singapore : £7.4 m.
- H.D. How much for Burma? Must be able to set it off in Burma settlement.
- P.M. At large, are they cond^{ns}. for troops or w/defence which might be p'poned.
- F.J.B. £10.75 m. at home for m'tenance and improvements.
New bldg. is mainly for housing.
- A.V.A. Improvmt. of cond^{ns}. is v. import. for recruiting.
Cut already from £29 to 20 m.
- Barracks (R.N. and Army) are in shocking state. Men must see some pract. promise of improvement. R.A.F. much temp^y. accomⁿ.
- A.B. V. large expend^{re}. in single year. £99 m total. Can you spend it?
- F.J.B. We have got larger allocⁿ. of bldg. labour. And much is overseas.
In Malaya cond^{ns}. wh. produced mutiny are common .
- A.V.A. Results of Govt. Policy – eg. Canal Zone.
- A.B. And in U.K. much of this wd. otherwise have to be spent in civil housing.
- N.B. £3½ m. for techn. work : hangars, control bldgs. repair of runways etc.
- A. Propⁿ. of exp^{re}. at home. Cd. we have some figures : might help to meet criticism from amenity men – if, as I gather, propⁿ. is small.
- F.J.B. £1.8 m. for land. No provⁿ. for new bldgs in training areas.
- A.V.A. My informⁿ. (9.37 m. at home : 1.25 may not be spent.
(1.825 m. for land.

Total of Army expend. at home is under £10 m.

- H. R.N. £6 m. Because of blitz at Portsmouth and Plymouth. 2 m. on repairs.
2m. on m. quarters. Only ½ m. on land.
- E.Sh. Has M/D. considered wthr. these items, or any, can be delayed?
- A.V.A. Yes : but a) improved cond^{ns}. includg. m. quarters.
b) repair of shockg. barracks. eg Plymouth because of blitz.
c) land : buying it to preserve bldgs. erected already.
- P.M. £55 m movements. What for?
- F.J.B. 300.000 to be released : moved home. Some in and others out.
Overseas leave. Reorganisation involves moving about.
This is abnormal year.
- A.V.A. True of Army. R.N. at £4 m. is near normal. R.A.F. approachg. normality.
- F.J.B. Because R.N. and R.A.F. are much nearer peace time size.
- P.M. Can we have figures in more comparable form in future years – for 3 Services.
- H.D. Concerned at total. Too big for Budget : for our economic posⁿ. Puts too much strain on our economy.
Told M/D. before Xmas we used to regard 500 m. as maximum, as 18 months since war ended it will be diff. to defend much more than 750 to taxpayer. Repeated that in Def. Cttee. Conclⁿ (2). I had a bargaining margin in mind. On conclⁿ (2) I had hoped for a deal between 750 and 963., perhaps 850. We have scraped off only 22.9 m – mainly by transferring it to this year.
Last year : Cab. said 10% cut on non-terminals. Serv. Ministers reserved need for Supplementaries. Believed in total they cd. take the 10%. I was right. Gross 1667. The plus and minus have come out level. R.A.F. saved £20 m. over the cut; and M/S. £50 m. R.N. have needed £25m more (out of £36 m : 10%). Army need £45 m. (out of 57 m).
Thus, we break even : and we secure the 10% cut in total.
Now, therefore, I propose overall cut of 10% includg. terminals. £82m. Ready, as last year, to consider Supplementaries in course of year.
But if we cd. achieve it, £82 m. less will make all the diff^{ce} in ???? and in tax reduction.
Distribution of the £82 m. I leave to M/Defence.
- I have a hunch there is scope for economies. This wd. force them out. Follows successful precedent – at a time when more than ever important.

- A.V.A. a) our private talk, with H.D. I had discussed 1.063 m. gross with Services and told them it was too high. Said I aimed at 750 net. They tried to get down to that. They cdn't. move disc^{ns}. and we reached in the end 822.
- b) "Follow precedent". Not at all. This is first time we have had any intermediate action betwn. Services and Ty. My experience as Service Minister – shows it all depends on his initial action. Last year at Admy. I cut £35 m. myself : I was shocked at 10% subsequent cut : and you have had to meet a Supplementary.
- P.M. And don't overlook Directive re living on stocks and my subsequent (Plant) enquiry.
- A.V.A. We play the game with Ty. We shall save every £1 we can. We have anticipated Ty. 10% by deducting an 8% shortfall.
- V. diff. posⁿ today re. run-down and planning of Forces. we then had many trained men and hoped for re-enlistment of volunteers. Now we face 700.000 men to go from Army by 1.1.49. Further cut cd. be met only by releasing more trained men still – and shall have no efficient units.
- We have anticipated, by new method, the Ty. 10%.
- If this is cut, I can't tell Parlt. this provision will meet my commitments.
- H.D. Cut was taken as 10% on each Estimate last year.
- This time, I don't say how it shd. be done. All I say is: we can't afford this total by 10%. And wd. sooner it came back in supplementaries.
- A.V.A. Service Ministers must impose the cut in detail, however.
- A.B. Some tolerance surely.
- A.V.A. I've cut it already. Where is the further cut to fall – accommⁿ. training etc.
- H.D. Net redⁿ. is only fr. £1091. to £822 from 1st to 2nd year of peace.
- Not v. much.
- E.Sh. Parlt. criticism : more likely to be that we are spending too much,.
- A.B. Comparison with 38/39?
- A.V.A. Not comparison of like with like.
- P.M. Where is the further cut to go?
- A.V.A. Not w'out interference with personnel side. And wd. reduce operational units to point below meetg. commitments.

- A. Some big items mentioned this a.m. Annex A.
- A.V.A. Still affect personnel – eg works and bldgs.
- E.Sh. Run-down.
- J.S. W. Paper today will create alarm over econ. posⁿ. Rightly. Against that b'ground then Estimates will be presented. Can we justify devotg. this propⁿ of our resources to Defence while we call, as we must, for greater civil effort in industry etc. £1.000 m. 18 mos. after end/war. is too much to ask, in climate of economic position.
- A.V.A. Cab. haven't seen W.P.
Task of Services is to do their duty to all with policy of Govt. It is that policy wh. requires us to meet the commitments: and to face consequence of their release plan.
Can you ask them to be efficient with 10% less
- A.B. Same as other Dpts. What of economies I have had to make in houses because of genl. economic situation. Reasonable to ask Services to apply their ingenuity to achievg. this economy.
Efficiency of Forces depends on state of feeling in the country.
Believe H.D.'s view shd. be accepted.
But remember Suppl^{ies} must be justified otherwise than on grds. of faulty estimating.
- R.S.C. Pace A.V.A. it is also poss. for Cab. to say that overall you can't afford more than x. Services must do their best with resources that can be spared for them. Resources must fit policy, to some extent.
- H.D. Some cuts are being applied elsewhere.
- E.W. Effect on income tax?
- H.D. About 9/= on standard rate, theoretically.
- A.V.A. I've made my cut already.
We must hold our position in the world. India won't be available.
- H.D. I only ask that something be left to hope, efficiency and experience during the year. Take off £80 m. If any Service makes a case for getting some (even all) of it back, I will agree to Supplementaries.
- P.M. We may be trying a f. policy wh. we can't carry out.
But given that f. policy we must enforce it.
- R.S.C. E.B. wants exports too. Can't have both. This p'pones his chance of getting other cards in his hand.

Agreed : Defer decision. A.V.A. to consider means and effect of taking 10% cut.

3. Maritime Consultation Organisation. Approved.
4. International Labour Organisation. Approved.

1. Parliament.

[Enter W.W.]

Business for next week.

C.E. Clear tht. Opposⁿ. is going to resist takg. Cttee Stage of F. Resolⁿ on same day.

Shall have to suspend 10 p.m. to take F.R.

[Exit W.W.]

2. Palestine.

E.B. Considered in light of disc^{ns}.

Not v. Partition on merits. Can't see this Govt. enforcing solution v. Opposⁿ. Must go to U.N. anyway.

Envisage 1st class diffy. whichever way it goes.

Tell Arabs can't find this plan acceptable.

Discuss P.A. with both sides.

On Partⁿ. can't make viable State for Arabs - unless we finance. Might explore fusion with other Arab States : but can't agree on that before U.N. because illegal.

Will U.K. public support policy wh. involves force v. Arabs, in light of recent events

Enforcemt. wd. create "situation" and we wd. be brought to Security Council.

H.D. How long do we talk?

Will they ever agree? Can't go on talking.

E.B. Arabs strong posⁿ. because they came to Conf^{ce}. and Jews refused. And we adjourned. They have bn. ready to decide. And we postponed from Dec. to Jan.

Cab. not ready to accept Arab Plan, I assume tho' nearest solution is B. Declⁿ.

At U.N. McMahon corr^{es}. will be pleaded : we can't persuade U.N. we didn't in that promise it to Arabs - in conflict with our promise.

E.Sh. Assumed fr. C.O. pp. tht. C.J. and H.C. favour Partition. Not prep^d. to say it wd. be app^d. by U.N. however.

Oil. Two vital ports : Haifa and Gaza. First wd. be Jewish (friendly) : we shd. be protected because ques. I.P.C. pipeline. New line wd. best come out at Gaza : presume we cd. get agreement with Arabs. Oil experts say Partition wd. be favourable to us.

Long-term. Better on whole not to alienate Jews. Even on military States doubt if we cd. rely on continuing Arab friendship. eg India, Egypt.

If we have to depend on Palestine. Arabs might too, if accompanied by financial guarantees – which in the end might pay us.
Desirable we shd. court favour and support of U.S.
U.K. public opinion : short memories : and Arabs not guiltless. Wd. accept any final solution.

E. B. Opinion wd. accept any settlement wd. they take firing on Arabs?
Gaza is claimed by Jews.

C.J. My memo. prep^d a personal view as against E.B.'s earlier statement.
Don't ask Cab. to settle now policy if Conf^{ce}. fails. Must first try to bring 2 sides nearer together. Then Cab. can take final decision.
Inevitable to go to U.N. Even settlement wd. have to go to T. Council.
If no settlement, we go to U.N. and Cab. can settle the line we take.
My memo. needn't be discussed now, on that basis.
But last para. is relevant.
Not in full agreement with E.B. on lines of a solution. Alternative to Partition? Will result in continuance of illegal immigrⁿ terrorism and conflict. Can we tolerate adminⁿ of P. by Mufti? Are we ready to absorb into Transjordan. No peace in M/E. w'out Partⁿ.
Objⁿ to Partⁿ: a) can't achieve viable Arab State. Believe neither A. not J. viable State wd. be easy. But ques. wthr. A. State viabl. wd. depend on type of Partⁿ. Cd. be a scheme giving fertile areas, port and industrial possib^{ies} to A. of econ. self sufficiency but near it.
Ques. wd. also be affected by absorption in Transjordan and Syria.

This therefore depends on disc^{ns}. in Conference and how it goes.
b) Enmity of Arab world. Have tried to appreciate risk. Don't despair – Reasons. i) Ec. interests of Arabs are with Britain. Don't want to be flung into R.'s arms – strategic or economic. They owe much to us already. ii) unity of Arab world isn't real : divisions betwn. them.
Transj. wdn't object to Partⁿ. Unlikely they would v. it. Not certain Saudi Arabia is v. Partⁿ. Saudi might acquiesce in it.
Agree to E.B.'s plan of discussing with a free hand and try to bring them twds. Partition.

[Exit R.S.C.]

Make it clear to Arabs tht. their plan won't bring peace and must be modified.
Make it clear to Jews tht. peace can't be secured by their present approach.
Myself wdn't go to U.N. with a definite proposal, if no agreement reached.
Willing to put any scheme in argument. But don't want Cab to say that, if that fails. I must put that solution to U.N.

N.B. Doubt wthr A. wd. unite in opposⁿ to any scheme wh. wd. seem likely to secure support in U.N.

Don't tie hands of negotiators.

Possible to go to U.N. w'out a specific plan.
Cd. get special Assembly if we asked for it. Better chance in Sept. Cd.
then put it to T. Council first. M'while askg. for truce and prs.
independent observers from U.N. to see who started it.

- P.M. Can't carry on adminⁿ until Sept.
Don't decide now on def. policy to be imposed failing settlement.
- E.B. Want to make it clear tht. if it goes to U.N. I'm not bound to any
solution it goes to it 'de novo'.
- A.B. We can't get a base if the settlement comes to U.N. w'out recommⁿ.
from us. N.B. dissented.
More important to us hold the oil than the base. Dollar income.
If Arab world turns sour, our posⁿ in world will be v. difficult.
- P.M. And don't rely on continuing friendship of Jews in Pal. Mainly
European, and may well turn to R.
- E.B. These U.S. Jews are hostile and disloyal.
- E.Sh. In 2 wars Jews were on our side. Cd. you rely as much on Arabs?

3. Economic Survey.

P.M. decided we must publish W. Paper. Will come to Cabinet.

1. Burma.

P.M. Agreement early this a.m. with majority of Burma Delegation.
2 members of B. Delegⁿ. dissented at point of announcement.
Clear tht. they were playing Burma politics – and evading responsibility.

Right course : go along with those who will take responsibility.
Statement follows v. closely line taken with India.
Outlined main points in statement. Constituent Assembly : interim Legislature nominated there from: de facto. powers of Govt – no more, no less than India (para. 4) : to mark B's external posⁿ as a nation.
High Commd. and diplom. relations and efforts to get repⁿ in international bodies : defence : Frontier Areas – free intercourse and Conference at Paulong (para. 8) – essential point is that they shd. decide how they be associated with C.A. in interim period : finance (Annex B.) agreed with H.D.
To be signed this p.m. by me and Anng San. To be reported to Parlt. tomorrow.
Wd. be useful if Bottomley went out to Paulong Conference. Wd. reassure tribes, also Burmans who fear we are separating them for “imperial” reasons.

P.L. Indian parallel : conventⁿ tht. Govt wdn't normally preside. Para. 4(a) included warning tht. this may have reactions in India – because it is not current practice there. Because India never had Govt. at centre. Burma did and claim we can't go back on what they had (and India never there to take).

C.J. Will Frontier status be forced in?

P.M. No: they will be free to choose own fate.

J. Legⁿ?

P.M. Not immediately.

P.M. Form of announcement in Parlt. Short oral statement and laying full text.

A.G. Print as W. Paper – to go into Vote Office as soon as short oral statement made.

P.M. Consult (or inform) other Parties today. Burma Off. to draft.
(5 p.m.)

R.S.C. One day Debate.

H.D. P'pone that until after they are back in Burma.

P.M. Agreed. Not for 2-3 weeks anyway : and adjust to situation in Burma.

H.D. Finance satisfactory. Tin T???? v. sensible no huge figures demanded.
Believe a further £4.5 m. this year will suffice.
Glad to have protected B. taxpayer.
Need for good financial official in Burma, to keep a hold on this.

2. Egypt.

E.B. Must make statement in H/C. today. Internal politics in E. made progress impossible. Broke on point that we wd. not bind ourselves to oppose Sudan's independence.
Must announce break down.

H.D. Expⁿ of request. Good point to break on, if break must come.

3. Palestine. Collins case.

P.M. We can't yield to blackmail.

1. Defence Estimates.

A.V.A. Have carried out examⁿ for wh. Cab. asked.
 Want £21 m. off, for M/Supply civil expenditure.
 Any 10% cut imposed now wd. be additional to cuts I have imposed – first time M/D. has examined in detail with co-opⁿ of 3 Services. Can't have Ty. putting arbitrary cut on top of that year by year.
 This is abnormal year. The last before we get Estimates based on long-term plan.
 My £92 m. reduction on original estimates is more than 10% on variable items because so much is unalterable. eg. account, maintenance, non-effective services. Another 10% general means another 25% off some of more vital services.
 Admy. 19½ m. W.O. 36 m. Air 20½ m. M/S. 4 m. This = 10% addl. cut. For Admy. this wd. mean heavy cut in no. 16.000 uniformed : 6.000 more.
 Paying off aircraft carriers e. of Suez : all subs. in Med. Dilute reduced complements : scrap C.O. provⁿ for Brigade lift : cut training by closing more establish^{mts}. stop naval bldg : reduce various bases abroad to care and maint^{ce} : 3½-4.000 redⁿ in dockyard staffs.
 For W.O. As in note of mtg. with Service Ministers. After drastic cuts, there wd. still have to be reduction in nos. – 100.000 at 31.3.48. Wd. add 7 m. to terminal cost. Planning already for shortfall of 87.000. Wd. have therefore to abandon certain commitments.

[Exit C.E.]

For R.A.F. cut m. quarters and improved amenities and new aircraft. This wd. give only a third : rest wd. have to come fr. reduction of nos. That wd. involve scrapping one Home Command.

A.B. Why 10% on each?

A.V.A. My cuts were on basis of discrimination. Can't do more that way. Anything further must be even all round. Further discrimination can be made only after formulation of long-term policy. Can't guess at that now.
 For M/Supply : wd. mean cut in v. rd. expenditure, by eliminating or delaying projects.
 Thus, any earlier pruning of Estimates means tht. further percentage cut cd. not be made w'out serious consequences to efficiency : welfare of Forces. Read more fr. conclusions of his mtg.

This cut cdn't be made consistently with Cab. decision of 17th Jan.

P.M. Why select for pay-off aircraft carriers e. of Suez.

C.N.S. 2 at home can't be paid off because training. 2 abroad must go. For nos. of men won't permit us to have ships so far away.

- A.B. Then all nations with Forces less than ours are wasting their expenditure viz all countries save U.S.A.
- A. 82 m. for bldg = largest Admy. item.
- A.V.A. Covers all bldg : repairs at home and overseas.
- H. 13 m. is on ships wh. it wd. be uneconomical to scrap.
- H.D. Cd. you hold it over for a year. Wd. that be wasteful?
- A.V.A. Same as in completⁿ of contracts in priv. yards and occupy berths. Wd. be wasteful of berths.
In own yards – little at Plymouth and Chatham. Have already slowed down to maximum.
Further action wd. mean discharging men.
- E.Sh. Some large ships cd. be spread over w'out wasteful use of berths.
In later years you will scale down expenditure why not keep some back for later.
- A.V.A. Done that already.
- C.N.S. Have already slowed down new bldg. Private firms saying already berths are wanted.
Have moored some out eg. to Ganloch. Can't slow those on ships.
We've done as much as we can in that way.
New aircraft coming in. If we slow carriers more, we shan't be able to operate new types.
- P.M. What is cost of keeping up repairing bases abroad?
- C.N.S. Have considered closing of 3 overseas yards. Long term : Gib. wd. save 258.000 only in first year.
- H. Can't give the figure.
- A.B. What man-power saving from the 10% cut.
- A.V.A. $22.000 + 100.000 + 85.000 = 207.000$.
- E.Sh. Will you be able to spend £12 m. on naval aircraft requirements.
- J.W. Cut already made on a/c of non-fulfilment.
- A.V.A. P'ponement until later : will often interfere with M/S. p'mme.
- J.W. Effect on war potential. Some types of cut wd. put out of all work some firms eg. Short's – or break up design teams.

P.M. W.O. Cut of 100.000 men : over and above savings on accomⁿ.

F.J.B. Wd. give largest saving – if commitments were abandoned.

A.V.A. Total savings in man-power.

Previous:	182.000	}	166.000	)	
	590.000	}	490.000	}	886.000
			230.000	)	

A.B. And add savings on civilian labour eg. bldg. labour.

A.V.A. Yes: but can't estimate that until you can gauge effect of cuts on p'mmes. My guess wd. be 350.000 on M/S. wd. fall to about 410.000.

R.S.C. You wdn't have to cut research. The drop wd. come automatically.
R.A.F. 7% of the cut must go on man-power. But why does that mean 28% cut in personnel? You can take credit for similar cuts in stores etc – must decrease costs all round.

A.V.A. Services must consider each item separately : can't assume 10% on each.

F.J.B. Cut in personnel doesn't affect all items equally.
We are aiming at peace-time Army. Works eg. needed wthr. Army is smaller or not next year.

P.M. Overheads : barracks etc. are related, not to present but to ultimate size of the Force.

R.S.C. But A.V. has said tht. kind of expenditure will go anyhow.

N.B. The figure of 85.000 is illustration only. Consequentials wd. depend on which personnel you cd. cut. If air-crew larger. Thus can't yet say what actual personnel cut wd. have to be.

[Exit A.B.]

P.M. Then you haven't taken credit for the consequentials?

F.J.B. Estimated on basis of £275 a head – total cost. Effects on works, weapons etc. have not bn. taken into a/c.

A. New weapons for ????? eg. aren't affected.

P.M. What proportⁿ is on demobilisation?

F.J.B. Can't say. But 300.000 have to be released during year.

E.B. Diffy = disentangle fag-end end of war and cost of new Forces.
Can you avoid that this year?

We face a v. serious situation in Germany. [Enter C.E.
 Just ask that Army shall not be cut.
 Admy. shipbldg – much of it is running out expenditure, end/war.
 Said R.A.F. wd. be more important than Army in future – but not for
 our immediate tasks in Germany and Palestine.
 Cd. the Estimates distinguish between end/war costs and new Forces
 costs?
 Before presentⁿ to Parlt.
 The figure of 500 m. wasn't to come in until after end/war period.
 Can't even tell fr. these figures.

P.M. Gave informⁿ about 500 m. figure – from my brief. Pay at 1942 rates.

E.B. And what is national income – as cpd. with estimate of 1943.

H.D. My duty is to say what this means for U.K. finances.
 940 m. (20 m. civilian) – to be found fr. taxation or deficit financing.
 Guess other needs + get total of 3.000 m. Defence asks for nearly one
 third. And this in a year which will at end be 3 years after V.E. Day.

P.M. Nearer a quarter. For you can't count terminals (118 m.) as for defence
 of U.K.

H.D. I have to find the money, anyhow.
 Asked M/D. to cut £80 off the net. This wd. leave 860 including
 terminals. Had originally thought 750. The 860 is less than ½ way
 down to my figure.
 Have asked for 80 m. off total – haven't specified items or even equal
 cuts on each Service : Supply. Have asked for it to give Budget benefit
 of doubt : and have promised tht. if some part of it is needed it can be
 restored in Supplementaries. Makes all difference to Budget, for I can
 run bigger risks elsewhere – balance out later in year.

E.B. Supplementaries must be justified by information circs.

H.D. Last year we did it : and gains offset losses. no diffy. in Parliament.
 My point is wholly – easement for Budget position Easter.
 Doctrine of virement. Services aren't held to stated expenditure on
 each item – Ty. consent to virement will not be withheld.
 Why do we need this easement? Posⁿ v. serious. Shan't be fighting
 major war in next few years. C.I.G.S. statement is hopeful (Moscow).
 But major economic war is at our doorstep.
 Am not re-opening man power issue.
 Can't M/D. come nearer to me? He appreciates economic difficulties.

A.V.A. Have bn. aware of diff^{ies} of U.K. Said in Defence Debate tht. recovery
 in economic stability wd. be first condⁿ of sound Defence.
 But request comes on top of cuts I have made in orderly way. And
 orderly red^{ns} are v. important because of training in period of run-
 downs.

Tried again, after Cab. to see when it wd. fall. Have tried to show what effect wd. be.

But we aren't trying to prevent C.E. fr. achieving economic recovery. Yet Supp^{lies}. we wd. have to defend wd. be difficult.

In these v. special circs. – and no precedent for future years – if Cab. will let us take p'mmes as basis, I will try to achieve a 5% cut (£40 m. overall). This wd. mean 15% altogether. With 2 guarantees
a) Supplementaries guarantees as for 10% b) no precedent for future years.

H.D. Wd. have liked 80 m. But don't want to continue argument.
Ready to cut 40 m. and leave it for now.
Gave assurance at a) if there is a case : hope we may avoid it.
Gave assurance re virement.
Gave assurance at b) on condⁿ. of more sorting out of figures in future years : out-of-date account methods.

E.Sh. Other members of Cabinet are involved in this.
As M.P.'s we cd. criticise detailed Estimates. We haven't got down here.
Have Ty. seen them?
Provisional disc^{ns}. on econ. situation. Man-power : exports : grave situatⁿ.
Not v. ready therefore to agree to present Def. Estimates of this magnitude at this stage. Will be diff. to justify to Party.
Wd. have liked further analysis on E.B.'s line.
Believe much prodⁿ. of weapons cd. be delayed. And get the other 40m.

E.B. Two diff. points.

- a) Break in design due to economy even after Munich.
Hurricane Cannon laid off even in 1938.
Design staff was my greatest headache at M/L.
- b) Don't divorce research fr. development.
Reflection on commercial aircraft.
Don't suppose all this counts as purely military expenditure.
- c) We (Coalition) never supposed we shd. get to proper
Estimating by this stage after war. Hope we may next year.
K.W. and J. A. never supported it.

Disposals aren't set off.
Hope next year we can get what is aligned to 5 yr. Plan
separated from rest of end/war costs.

- d) Form of Estimates. Cd. we have standing charges shown separately eg. in Admy Vote. All this needs overhaul.

(Compromise (H.D. and AV.A.) Agreed
(try for 899 vice 900 m.

A.V.A. Remember we are carrying Poles, Colonies, Italian adminⁿ.

[Exit C.A.S. and Service Ministers
Enter J.B.H.

2. Closer Economic Co-operation with Western Europe.

E.B. Recognise man-power diffy. But can we enlist assist^{ce} of outside experts?

R.S.C. On tariff side, no one outside with expertise.
If you want Commonw. in (E.B. I do) makes calcul^{ns} even more complex.

E.B. Want creeping barrage twds. E. Europe.
Want to avoid talking in generalities.
W.S.C. talk of U.S. of Europe : popular, but can't approach it that way.

P.M. This = ques of investingⁿ.

Now working on I.T.O. How can we try to make that a success and at same time find people to plan v. its breakdown.

R.S.C. Haven't enough people to do I.T.O. properly. Consult all industr^{ies}.
: examine repercussions of all countries' proposals. V. complex.
If we transferred them to this, we'd have to shut down on I.T.O.
Agree we must consider what to do if U.S. don't back up I.T.O. Wd.
like a broad (not detailed study of alternatives. That might be done by
outside economists.

H.D. Sceptical of I.T.O. Mustn't do anything to impede work on that.
But there will be other opp^{ns} and dangers eg. in period fr. July 47 :
1951 when anything might happen economically.

At this point no detailed enquiry.
Leave existing C. Servants. Let R.S.C., E.B. and I try to get outside
names to focus general issues.

R.S.C. Had bn. considering such a plan, with Ty. officials.
Anglo-Fr. talks are exploring this to some extent. But Monnet believes
we must go much slower than this contemplate.

A. Wd. profoundly affect Commonwealth.

Recently had good terms fr. Doms on I.T.O. ques. Have agreed to further prelim^y talks. Diff. to find men for further study of alternatives. Mustn't deflect any strengths from I.T.O. But must ask tht. D.O. be represented in any study.

P.M. Can't have Dplt. teams at present.
Let R.S.C., H.D. and E.B. make a plan for study w'out involving additional work for Dpts. Quite preliminary.

A. D.O. must be kept in touch with it.

R.S.C. Agreed.

R.S.C. Broad ques : if I.T.O. breaks down, what alternative multi-lateral arrangements can be tried or shd. we go to bi-lateral system?

3. Food Supplies.

J.S. Pressed by Mission to go to U.S. soon – I don't think at once, but w'in next 3 wks – to press our case on meat, sugar, wheat, fats.
U.S. rapidly tearing down controls : alloc^{ns}. Give us harm & good. Eg. willing now to sell us meat if we support end of internat^l allocⁿ.
Hutton thinks these bargains can now be made only at my level.
Suggested I went at once for mtg. of I.E.F.C. That was excuse only – can't be put off until next week. I now propose to go by next Q.E. to avoid “urgency” impⁿ of flying.
See all disadvantages of going. But on balance believe I shd. We are at point of end/internat^l alloc^{ns}. and beginning of U.S. realisation of surpluses eg. coarse grains.

E.B. Care over allocⁿ ques. Cab. shd. be consulted before you settle anything.
Care over publicity. Put out : going on purely business basis – to buy. Avoid impⁿ we are begging. Attitude of business independence.
More chat and fewer statistics.

H.D. Reservation re dollars. Cab. have app^d a p'mme for food imports from dollar sources. All negot^{ns} shd. be w'in. that, subject to virement.

J.S. Agreed.

T.W. Hope we'll go : get some coarse grains – eg. livestock p'mme app^d by L.P. Cttee.

A. Unwise for J.S. to go w'out telling Canada. Also he shd. go to Ottawa as well, on his way home (or perhaps out). Agreed.

4. Palestine.

- C.J. Kidnapping of Judge.
- E.B. Why was court left unprotected – by military or by Police.
eg. Monty's views.
- C.J. Informⁿ. re respite of sentence because of intentⁿ. to apply for leave to
appeal to Privy Council.
- H.D. Has the H.C. a power to make up his mind?
- A.V.A. No : eg. Alamein.
- P.M. Ask him why this court was left unguarded : public not searched for
arms.
- C.J. Have asked for it.
- P.M. Let me know.
- A.V.A. C.J. might have conference – double change in H.C. and G.O.C.
- C.J. Barker is expected home v. soon.

1. Parliament.

W.W. Business for next week.

2. Civic Restaurants Bill.

J.S. I wd. prefer to put back the local option clause. Scottish group wish Scotland to be excluded.

E.B. Try to get it in. Restaurant licence is preferable to vertical drinking.

H.D. Main weight of the Party favours putting this clause back.

Agreed : exempt Scotland.

3. International Trade Organisation.

R.S.C. C.P.44. Don't want debate until after Econ. Debate. If demand made for debate cd. it be promised at a later date.

P.M. No commitment.

[Exit W.W. Enter H. & F.J.B.
Exit E.Sh. Returned.

4. Greece and Turkey.

E.B. As in memo.
Want to be able to take this up with U.S. They will prob. be ready to take over direct respons. for no. of roads and rlways and do it by direct contract.
Essential, however, to remove our troops : make Greece stand on own feet.
Turkey diff. Has gold.

H.D. Troubled – anxious to help and cd. meet E.B.'s verbal statement.
Re Turkey – no diffy. Anything over outstanding credit they shd. pay for in gold and goods.

F.J.B. Mission costs £110.000.

H.D. Not concerned over that – only supplies.

E.B. Wd. rather pay for mission to train Turks vice using B. man-power in Turkey.

- A.V.A. Estimates : have bn. trying to shed cost of f. commitments. Cd. un-carry current cost of mission but ask Turks to pay for any expansion.
? Agreed.
- H.D. Greece. Gk. Army of 150.000 cd. never be paid for by Gk. economy. Will mean £24½ m. for us in 1947/48 – half our savings on Estimates. Want out subsidy to end with this financial year : originally thought end '46 wd. suffice. Wdn't mind having B. equipment there. But no more cash after 46/47. Why shdn't then get a loan thro' Fund – they are members – for development in their own country. We shd. use these organ^{ns}.
- A.V.A. What is extent of burden? The £2 m. cd. be met fr. blocked sterling. The additional cost of C.I.G.S. enlargemt. wd. I am told, be £14 m. Thought E.B. meant us to get U.S. help with this.
- H.D. Don't think we shd. pay any part of it.
- P.M. We shdn't encourage Greece to keep larger Forces thn. they can afford. What point in raising nos. now beyond what they can keep thereafter.
- N.B. Internal econ. posⁿ has improved. Non work and trade. Except in big cities. Internat^l loan for reconstⁿ wd. be right means to assist and v. valuable. Bank to make long-term scheme for improving roads, ports and supplying small ships – wd. have mil., pol., social effects as well as economic. Support para. 4. of memo. B. troops and arms have helped to hold situation. Cd. we approve subject to this – while Intern. Commⁿ is there, guerrillas and monarchists unlikely to fight : hope they leave observers behind : whole sitⁿ may therefore change.
- E.B. Cd. Cabinet approve in principle w'out committing H.D. And cd. there be official Cttee to scrutinise Gk. claims – to separate economic fr. mil. expenditure. Much cd. be justified as first which wd. help second. F.O., M/D. and Ty.
- H.D. So long as no commitment to any expenditure on Gk. Army after end of this financial year.
- E.B. Well : don't throw away money already spent.
- A.B. Must have mopping up op^{ns} in spring. But long-term Army is ques.

General agreement : long-term Greece can't afford more than 75.000 or so Army.

Agreed: short-term (no precise date : but over the “spring”)

approve E.B.'s proposals. But no commitment to spend any money on long-term size of Gk. Forces.

H. What about Gk. Navy.

E.B. It is a supplement to ours. Saves our man-power. Must remember that.

A.V.A. M/D. must look into costs and ways and means. Agreed.
Short-term problem is L.S.T.'s – which cd. be used here for trade. It's not the Italian cruiser wh. E.B. mentioned.

Agreed also: Gks. to be reminded to go to the Bank.

E.B. Yes: and see its voted for specific purposes.

5. Employment of Women.

G.A.I. Summarised memo.

R.S.C. Same obligⁿ as young men. Cd. limit range for directive away from home.

Cd. get some of the 25.000 empl^d on f^rball pools.

P.M. Wd. you reduce attraction of that empl^t.

R.S.C. Once they went into e.g. cotton they wd. stay. And if they knew they were going to be directed into cotton at 20 they wd. go in younger.

E.B. Must have a sanction. Must be ready to prosecute. In way, not too much opposⁿ because climate of opinion among the women was favourable.
Won't be now.
Also in way, was universal and comprehensive geographically. Not it's bound to be localised to some extent.
Politically imposs. now. Bad enough during war – razor edge.
What of the courts. our enforces : storm breaks : you have to let the court down. First serious case of disobedience you are done.

T.W. Hard cases – when do they end?

E.B. In war, also, Man Power Bds. and appeal Tribunals.
Assheton resigned over putting this in, even for war.

R.S.C. Total brkdown of economy if we shirk diff. courses.

E.Sh. If we shirk direction, we must make cond^{ns} more attractive.
e.g. C.S. typists who will leave because pay and cond^{ns} not good enough.

Why do they work in pools – because high wages, bonuses etc.
 Needn't mean increasg. wages all round.
 It's conditions as much as wages. Cond^{ns} in cotton are not good.
 Mining : have resisted suggⁿ tht. need is for another 50/100.000. There
 are too many men in the pits. Want better organisation to make fewer
 men produce more.
 This is clue: more attractive cond^{ns} and better organⁿ.
 Highest pay = millinery and dress-making. Because of diffy. of
 recruiting the labour.

- R.S.C. That means – spiralling up with bigger wages and shorter hours.
 Hours in cotton have bn. cut, with reduced prodⁿ.
 On seller's market, no inducement to industry to avoid it.
- A.B. That is exaggerated picture.
 E.Sh. and I have always said must have wages policy in full emplt.
 It is, however, status of industry that counts. Men are going into
 mining because its status is rising. Labour not so mobile as R.S.C.
 suggests.
 Support E.Sh. general thesis. It's long term working we must do.
 R.S.C. line wd. kill cotton by denigrating its status.
- P.M. Not to be supposed something is wrong because people won't go into
 cotton.
 Look at its history.
 Recognise danger of spiral. But why shd. other industries move to
 preserve relativity with cotton, if cotton's status is raised.
- H.D. I regretfully agree we can't conscript women.
 Was part of a bold scheme. Defended this as part of it. Might have
 carried this as part of a bold p'mme. But if we aren't to have that,
 agree we can't go on with this item.
- Warning re drifting to rapids.
- G.A.I. a) Foreign labour. Progress being made –
 1.000 in place : 1.000 on way : 5.000 waiting to come.
 b) Amenities in factories. Insprs. are not at work on this. And B/T
 Prodⁿ. Cttee on lay-out etc.
 c) Sanctions : war-time reluctance of courts to enforce.
 On balance, I don't recommend Cab. to take this course.
- C.E. Cause of present posⁿ = attitude of schools twds. manual labour.
 The attitude of teaching profession must be radically altered.
 Hope M/E. will insist on acquaintanceship with machines : processes
 of skilled industries.
- G.A.I. Being done for textiles, mining etc. Shd. be extended.

- C.E. Surprised at statistics. Wholly unoccupied only 16.000. Wd have thought from personal observⁿ. it was much larger.
- J.S. Cd. we explore thro' Cttees – i) Foreign labour.
- P.M. Is a Cttee on that.
y/ ii) restⁿ of less essential occup^{ns}. eg. by sumptuary measures.
- A.B. Disappointed at progress with f. labour. Only 1/2.000 in a year since we decided to recruit for dom. service in hospitals.
- G.A.I. Delay due to rest^g recruitment to that – on grd. tht. they wdn't come for that if other emplt. available. Over 7.000 have come for private dom. service.
- P.M. Beware of cutting off nose to spite face.
- N.B. Many sources of female labour abroad. Have a larger pool – the hosp. dom. service will benefit from it.
- UNRAA empowered to move, at their cost, people from d.p. camps. Accomⁿ (para. 11) may be difficult.
- G.A.I. Yes : even lodgings.
- A.V.A. Are they landed conditionally for a period only.
- G.A.I. D.p.'s. : understanding is that they will stay : but work where we send them.
- P.M. Reject scheme for compulsion.
- (F. Labour Cttee. to explore recruitment of foreign
(labour, esp. single women, the priority for hosp.
(dom. service being w'drawn.
- C.E. Warning. This will add to existing surplus of women. Must be ready to admit no. of skilled men. I'm glad to do so.
- P.M. We shd. absorb men too. It was our traditional policy: and it shd. be reinstated.
- E.Sh. Use industrial psychologists to devise means of employing labour more efficiently.
- A.B. Endorsed y/.
- T.W. Start thinking of pools.

- E.Sh. And week-day football. Stopped in Scotland. Cup re-plays lose more prodⁿ than any compulsion of women wd. add.
- E.B. Cd. link that with 5 day week. Trouble will be racing and cricket.
- P.M. Let us have a report on this general ques. includg. sports. M.E.P. Cttee. to make report to Cabinet.
- H.D. Redⁿ of distribution costs. Study shows tht. w'out destroying small shops altogether can't do much. If we limited distⁿ to big stores and co-ops it wd. force out labour and force down costs.
- J.S. Sport etc. = short-term. Distribⁿ etc. is long-term but more profitable in the end.
- A. Don't lose sight of value of well-constructed factual campaign. Surely many thousands of women doing nothing.
- E.B. We have highest no. of m. women working in world!

[Exit H : F.J.B. N.B.]

6. Economic Survey. White Paper.

- P.M. Draft to be considered by a few Ministers.

7. Women's Land Army.

- T.W. As in memo.
- A. Confession of failure. L.P. 21. envisages increased prodⁿ in 1948. Some of the sectors for expansion eg. poultry are obvious openings for emplt. of women. Can't do it if W.L.A. disintegrates. Must ask why it was unpopular. My view : because scheme of opⁿ was wrong. Ladies Cttees – whose cond^{ns} were resented by the girls. My personal experience. Can't run this on existg. basis. But want entirely new basis considered with uniforms etc. to make it attractive to girls. People i/c weren't alive to human reactions of young girls.
- G.A.I. Spoke in favour of T.W.'s memo.
- C.E. Discontent in the Service is main deterrent to recruitment now – e.g. over "terminal" treatment.
Women in control over wrong type.
Favour re-constructing Service.
- P.M. Was it a Service at all? Private employment for farmers.
- T.W. Was an alternative to Forces.

Tried to get some “terminal” recognⁿ but failed.
No compulsion now as opting v. another form of conscription.
8.000 W.L.A. But 59.000 other agric. workers. Can you give W.L.A.
v. much better cond^{ns} than the others?

Agreed : (T.W., J.W., A., and G.A.I. to examine report
on means of promoting women’s labour in
agriculture.

Foreign Affairs and Defence.

- E.B. General statement of relations with U.S. and U.S.S.R.
Propose to ascertain what Soviet wants re renewal of Treaty. This will involve us in discussg. mil. alliance. We are comm^d to 4 Power agreement to contain Germany. But a bi-lateral mil. Alliance with Soviet will raise awkward ques. vis-à-vis U.S. – with whom we haven't and can't have a bilateral Alliance.
Discⁿ with Zarubins. I discussed oil, standardisation, attitude to Germany – or rather answered ques. which we had evidently bn. instructed to raise.
How far shd. our talks with Soviet go?
Suggest keeping it on pol. basis. If we talk military ques. they may want to go beyond containg. Germany. Shd. keep U.S. and France currently informed.
V. delicate situation. We must have econ. and financial help fr. U.S. : but don't want to lose opport^{ies}. of friendship with R. Don't want a situation in wh. U.S. cd. disinterest themselves in Europe : containg. Germany.
Have told U.S. we are considering it. Have had no reply – prob. won't get it before we act.
In discⁿ with C.I.G.S. Stalin said no objⁿ to Anglo U.S. mil. alliance provided it isn't directed v. R. Don't know what this means. Believe G. is still greatest danger in Europe – risk of Powers courting G. because own disagreements. eg. 1919 : everyone looking to Bolshevik R. but in event it was G. which caused next war. Nazi doctrine is so deep in Germans, added to national characteristics tht. they are still v. dangerous.

If confined to containing G. it will be much easier.
Diffy. however to avoid antagonising one by drawing close to other.
Special vulnerability of U.K.
- J. Reaction of U.S. Govt?
- E.B. Don't know.
- E.Sh. U.S. attitude to U.S.S.R?
- E.B. Potsdam : they discounted us : thought 2 Power decisions cd. rule the World.

After C.F.M. Ldn. and visit to Moscow Xmas '45, R. put her price up : U.S. turned and from then to N. York mtg. there was gt. antagonism betwn. U.S. and R. Since Marshall, U.S. w'drawn fr. China (w'out telling us): may be due only to fact that he was out there and was bitter with Chiang K.S. May swing back to Potsdam atmosphere because Marshall was close to Roosevelt.

- A.B. What relations betwn. mil. alliance with R. and U.N.O?
- E.B. Wd. have to accord with regional basis.
Believe R. might wish to go beyond that.
- A.B. Possibility of trouble – not fr. G: that wd. be consequential of failure of understanding betwn. big Four. That wd. be primary cause.
If therefore R. wants alliance with us, it must be because they fear trouble in Far East with U.S. and want to see us neutralised in that event.
- E.B. Maybe. Some fear tht. U.S. will swing twds. Japan – as a satellite. That may be alarming Stalin.
- H.D. R. is still scared of another attack from G. Devastation wrought in R. by G.
They cd. be excused for concentratg. on preventg. repetition.
That may be enough to a/c for this move – w’out seeking cases in F. East. May be quite simple.
- A.B. But 4 Power proposal for that.
- E.B. But R. hasn’t favoured that. M. attacked it violently.
- R.S.C. Possibly because of fear of financial influence of U.S. in Europe.
Fear of central G. is 1.000 years old in Russia.
R. doesn’t want U.S. in Europe : we do.
- E.B. Read fr. Zarubin interview : we can’t be an outpost to save other countries. can’t repeat 1940 : collective security must be worked out to ensure simultaneous action.
- R.S.C. Stalin’s mentality is : R. can handle G. if someone will blockade her from the sea. Wants R.N. to do that.
- E.B. R.N. cdn’t do it w’out U.S. help.
- R.S.C. You will have to get that across to him.
- E.Sh. Idea of mil. Alliance is premature. Resurgence of G. is not an immediate reality. I wd. prefer an economic approach either mil. or political. E.g. M/East : why not invite R. to come in. Other opport^{ies}. for economic approach.
- J. Econ. opp^{ies}. will follow the friendship secured by mil. or pol. Pact.
- E.Sh. But a) you have 4 Power proposal. b) Believe friendliness will be secured better by economic approach.

- A.B. Best line : can't contemplate mil. alliance wh. reflects lack of confidence to U.N.
Don't accept analysis of R.'s fear of G. My belief is tht. R. thinks gulf betwn. them and U.S. is unbridgeable. Wants therefore a certain European frontier, while R. can fight U.S. in Far East.
Agree she doesn't want U.S. in Europe.
- P.M. A.B.'s is negative approach. Say we will have mil. Alliance if w'in U.N.O.
Dangerous to simplify these issues.
R. afraid of technological advantages of U.S. But they were behind W. Europe too and may be overtaken by them.
Right line is E.B.'s We wd. like Alliance – general : but willing to consider mil. Alliance if w'in U.N.O.
Econ. approach : E.Sh. cites oil : but that wd. be viewed by R. as primarily strategic. Believe even there the mil. agreemt. must come first.
- R.S.C. Advance on all fronts or none. Won't get anywhere with an econom. approach unless they are willing to have advance all round twds. greater friendships.
They say they will be more useful to us econom. in the end than U.S. But not until they are ready.
- N.B. Text of Treaty supports E.B. approach. Second part begins by declⁿ. of purpose : and m'while promises collabⁿ. in containg. G. We can start from there. Say we shd. like to bring in U.S. because 4 Power proposal. Try for that first. Anyway make the Treaty open to other members of U.N. to address it. If you can get it, that will open door to economic co-opⁿ. Best route to that is to get U.S. to support loans to R. by Fund and Bank – and get R. into Bank.
- E.B. V. dubious about bringing smaller Powers in. Let them rely on U.N.O. Otherwise intriguing for Balkan votes : no promise of security there. Treaty shd. be with Big Powers only.
General support for this view.
- J. Don't forget Doms.
- P.M. Diffy. will be interchange of informⁿ. – where all 'agreements' are with U.S.A.
- A.B. Re-stated his "Eastern" theory.
- N.B. That assumes tht. a major war cd. be confined to Far East.
- A.V.A. Anyway doesn't accord with convers^{ns}. with Byrnes. U.S. are not uninterested in Europe. Econ. rights in discⁿ. of satellite Treaties. Worried over them if our power shd. weaken. The more they develop

the more they need external trade. They want us to remain their outpost and hold on until they come in.

E.B. I've said we can't accept that. We can't hold the fort for them : and have told them so. Have said we must arrange our co-opⁿ so that if we go into war they come in at once. Taken similar line with R. in Zarubin talk:

E.Sh. But what will be U.S. re-action to this approach to R?
We are comm^d to U.S. econ. and financially : can't afford to offend them.
Wd. U.S. be informed in advance?

E.B. Yes. have done so.

E.Sh. Then if their re-action is unfavourable, do we think again?

E.B. No time to wait. Stalin havg. asked for revision of Treaty, I told U.S. didn't intend to ask at first re mil. Alliance but only to ascertain views on Treaty. But don't doubt it will lead to talk of mil. Alliance.

P.L. Suppose India leaves Commonwealth, little hope of our retaining airfields as part of route to Far East. U.S. wanted use of them too. What has happened vis-à-vis U.S.?

E.B. I stalled him off on a/c U.S. interference in pol. discⁿ of India. Warned him U.S. wd. prob. have to negotiate direct with an Indian Govt. Have heard no more.

C.E. Fellow travellers in Labour circles here. Pollit recently said most hopeful sign for Communists was tht. Labour M.P.'s constantly consulted them on line they shd. adopt.

C.A.S. U.S. have no idea tht. any trouble with R. wd. be confined to F/East. On contrary, all their talk assumes Europe wd. be core of the trouble – and particularly M/E.
Russia : they think in terms of land war. Don't think of sea: and a year ago they knew nothing about air war. If they are frightened, it is because of Germany, I shd. say – their western frontier.

Exchange of informⁿ. We shd. be v. concerned if that were raised from mil. Alliance with R. Because U.S. wd. close up at once if they thought their informⁿ was to go to R. In war we were on v. intimate basis with U.S. : at end/war that began to get less close. But we've tried to keep together : and U.S. have bn. open with us in all respects save atomic energy. Danger of divergence thro' new technical developments. If that contact broke, our one assurance wd. go against being left alone, to wait for U.S. support. Even if they wished to give us immediate support they cdn't do so if we had broken our peace-time contacts on "standards".

E.B. Will open disc^{ns}. as proposed. Will report developments to Cabinet.

H.D. Moscow Conf^{ce}. is v. opportune.

Agreed : E.B. to open negotiations as proposed.

1. Fuel Situation : Austin Motor Works.

- E.Sh. Not for me to decide allocations of coal.
Posⁿ worse because weather and transport. 400.000 + open-cast on ground which we can't move.
This is now producing trouble at the pits.
Lorries now available, but haven't made goods across more than 10.000 t.
- H.D. Had understood they were getting now all the lorries they need.
- E.Sh. Yes.
Backlog is being worked off at 10/12.000 t. a week. of v. large in relation to total output – 360.000 t. open-cast on ground.
Recent trouble : weather.
Allocations : worked out by officials. Provided for a pool, disposable by Reg. Cttee.
That shd. help Austins if there is worst case. But are they playing politics.
- E.Sh. London area : only one complaint. Shedding of electric load is not due to coal shortage – nor is low gas pressure.
Man-power : increased by 4.000 since beginning of year.
Arranged today to discuss with N.C. Bd. means of getting more coal this year even at expense of long-term reconstⁿ.
- P.M. Concentrate on getting men into most profitable pos^{ns}. this year.
- E.Sh. Trouble is with men, not employers (!)
- A. Public Opinion. Irritatⁿ at cutting electricity eg. at meal times. They believe it due to coal shortage. Let it be known that it isn't.
Announcement of 25% cut in coal for textile industries. If true, deplorable.
Mtg. y'day with Doms. to announce cut in exports to Doms. of textiles.
- E.Sh. The cut was on allocation, which they never received.
B/T. operate the scheme.
- P.M. They shd. have managed publicity better.
- E.Sh. Can't get this over : electricity eg. facts made plain time and again.
Am collecting the facts re factories out and nos out of work; and will submit memo. to Cabinet colleagues.
Generating plant wd. break down if there were not shedding of load.
Let A. go to control room of C.E.B.
Subs. arranged at P'mouth – v. useful. lookg. for mobile generating plant.

Considering means of easing domestic load – which is 70% up. Shall submit scheme to L.P. Cttee shortly.

- T.W. Absolute priority needed for mining machinery and generating plan. In order to avoid repetition of this next winter.
- E.B. Are we not crowding Lancs. too much with light industries? From Manchester. & N. Cheshire to Preston. Creates 2 troubles a) coal is short in Lancs. b) Can't get the labour in textiles. Suggest H.D. (DI. Cttee) and G.A.I. shd. consider. May be another Gt. West Road.
- H.D. Not a development area – save small area round St. Helen's. No special pressure therefore. Diffy. is Merseyside, where much unemplt. and a Council wh. is both Conservative and corrupt. Real trouble = in war too much munitions put into Lancs. Women like those cond^{ns}. better than cotton. But no attempt to push new ind. development in Lancs apart fr. Merseyside.

2. Socialisation of Ruhr Industries.

- E.B. Diff. problem. But I mustn't before Moscow do anything implying central control of these industries. Originally proposed bigger Land for Rhine/Westphalia on this a/c. Have now French plan. And R. criticising us for not socialising. If the Länder Govts. not in this at all, will cause gt. suspicion. Anxious tht. custodians be divided as all Länder Govts. This is ques. of high policy qua Moscow. Powers of custodians will be small : won't prejudice eventual ownership and control. Want it so arranged as to imply tht. policy of H.M.G. is to attach the industries to the Land Govts concerned. European neighbours of G. all opposed to any central G. control. Shan't concede internat^l. control of ind^{ies}. in this area unless I get it for all G. industries.
- J.B.H. Posⁿ. now (coal and steel). We have taken them into control of C.-in-C. and we have said we shall socialise. Agreed they shall be G., not international. Method : suggⁿ. was appoint^{mt}. of custodians. I have proceeded on assumptⁿ. this was all we intended – until we knew wthr. ownership wd. go eventually to Land or central Govt. Assumed custodians wd. be on Zone basis : nominees not drawn a single Land. I proposed 3 for each industry (S.PD., D.U., T.U.) for whole Zone. E.B.'s plan wd. give one Land Govt. control over industries throughout Zone. And this a reactionary Govt. Wd. antagonise all sections of G. opinion.

Purpose of proposal. To reduce efficiency of these industries – eg. Annex A. We have reduced G. industrial efficiency, artificially, by our reparations policy.

- P.M. This is misreading of the para. Not intended to reduce efficiency of the industry, but reduce strength of a central G. govt.
- E.B. We shd. consult B. coal and steel ind^{ies}. at an early stage.
- J.B.H. Also passage re avoiding competⁿ. with B. export trade. B/in copy. No.55. This surely is inconsistent with our main policy of putting G. on her feet. We shall antagonise G. opinion and drive left into hands of Communists. Wd. prefer to wait until we know into what Govt. we can safely entrust these industries. Thus propose custodian be on a Zonal basis – as the existing control by C-in-C. is. Proposed in memo. tht. Advisory Council be on Zonal basis. They will be more closely in touch than the 3 custodians. If that can be admitted, can't we do the same for custodians.
- E.B. Exports. U.K. Dpts., tho' willing G. shd. have some export trade, want to be careful lest by B. capital we create a G. export trade damaging to our own. Must avoid recreating a Germany which will fight another war. Still greatest potential danger is G. Not sure our adminⁿ. there is sufficiently alive to this risk. Appt^{mt}. of custodians won't prejudice eventual decision merely because they are drawn fr. area in wh. industries are mainly concentrated. Advisory Cttees provide for wider contact. But custodians imply ownership : don't want implication tht. this goes wider than Land Govt.
- E.Sh. J.B.H. assumes our policy to be to help reconstituⁿ. of G. industry for benefit of Germans. That wd. be unwise approach. Must have some restoration: but mustn't put in hands of central G. Govt. However to use Ruhr industry for aggression or for export policy on Shacht lines.
- T.W. Dilemma. H.D. wants to escape cost. Our mil. adminⁿ. needs improvement in social and economic cond^{ns}.
- E.B. This looked after by limits set under Fusion agreement.
- J.B.H. We have smashed much of G. industry by rep^{ns}. policy. Had assumed that what remained was to be allowed to be efficient and to export.
- E.B. Fusion agreement covers that. Custodians don't affect it.
- J. Ques. is : are we to adopt a course which antagonises G. or one which antagonises French and other Allies.

J.S. Don't try to restrict G. exports too much to protect interests of F.B.I. Some G. competⁿ is inevitable a) to escape financial burden of G. b) to ruin world economy.
One of greatest diff^{ies} is restoring world food supplies in loss of manufact^d goods fr. G. and central Europe. Our long-term interest is in expanding trade.

H.D. Ques of balance. But don't accept a F.B.I. view.
eg. pre-war Cartels. no healthy competⁿ there.
For near future, E.B.'s line is obviously right. Don't do anything now to imply we are committed to central control of G. industries.

E.B. Don't put me in a posⁿ to have it said at Moscow we are seeking to integrate G. economy with our own.
I haven't dropped intern. control. It broke down because Fr. wanted to detach Ruhr. Fr. plan now coming round to our original plan. R. may favour that too. If it came to intern. control, it wd. have to last for years.

P.M. Least prejudice to future decision is to keep to Land Govts – because these are only Govts. we now have : there is no Zone Govt.

Agreed.

J.B.H. Advisory Cttees. Iron and steel control already functioning – wh. operates the industry under our own guidance. Will we have to abolish this.
I intended the Cttees to have something more than advisory functions.

E.B. Willing on this to meet views of Control Office. Will discuss.

H.D. Custodians shd. be appointed at once.

E.B. I'm responsible for delay. needn't be longer delayed.

J.B.H. Names to be finally settled.

3. Russia : Anglo Soviet Treaty.

E.B. Read message from Marshall.

P.M. Not v. definite.

A.V.A. Means tht. U.S. wants to adhere to 4 Power basis. If we try for that, we shall have U.S. support.

P.M. Anyway, I can release my telegram.

1. Death of Miss Wilkinson.

P.M. Asked Cabinet to stand for a moment.

Tributes in H/C today.

2. Parliament.

Business for next week.

E.B. May have to debate on Palestine.

A.G. Don't want to commit myself in H/C. today.

[Exit R.J. Taylor.

[Enter Barnes Wilmot and G.T.

3. Coal Situation.

E.Sh. Expl^d. posⁿ. due to weather.

C.E.B. statement tht. 80% cut in electricity wd. be needed in Ldn.

Asked if R.N. cd. convoy ships out of Tyne. But during day 20 left : today hear another 34 have left. Due to arrive in Ldn. tomorrow. Also got 9 train loads fr. S. Wales. But only 4.000 t. Last wk. Ldn. power St^{ns}. used 128.000 t. unprecedented consumptⁿ

[Enter J.W.

Woodhead Tunnel (Pennines) blocked. Cleared last night by Polish troops.

W.O. have now instructed Commands to help in clearing obst^{ns}. Yorks. 50% absenteeism due to failure to hack pits.

Ships sailing north : many (9) unable to enter Blyth : others "missing".

Some improvement in Regions. Scotland : no trouble. Midlands : 9 pits closed. Lancs : fair (but produce only 20% of Lancs. requirements).

Open-cast completely suspended : stocks on ground can't be moved.

Drastic proposals –

a) Export for bunkers shd. be diverted to internal use. Cond^{ns}. (includg. compensⁿ. and energy powers) are being worked out, failing voluntary agreement.

b) Power stations. Have refused C.E.B. request for 80% cut.

By closing some, we might concentrate load on some of large stations. Stocks : last Friday over 1 wk. at each station.

Can we cut load selectively – maintaing. most essential services. May be unnecessary to put this cut in – load not heavy on Sat. Sun.

But want plan ready for immed. introdⁿ.

getting 50% of allocⁿ – will run short-time next week. Living hand to mouth.

- J.W. Endorsed R.S.C. No up-to-date figures.
Can't achieve 50% delivery now.
Minimum below wh. firm can't open. 2 or 3 stopping for that, when enough coal between them to let 1 or 2 work.
Better abandon egalitarian plan and give to priority firms enough to enable them to work.
- R.S.C. No time for a scientific plan. What about component in Gp. 2 essential to produce in Gp. 1
- A.B. Thought plan wd. do this – at Regional level.
- R.S.C. Yes : as rgds. allocⁿ of pool (reserve) – doesn't apply to general cut.
- E.Sh. Must improvise – switching etc. Can't have a rigid plan.
Have always said some ind^{ies}. shd. be cut : no new factory shd. start.
Still believe this : eg. trouble in Lancs.
- H.D. May be important, tho' new.
- R.S.C. In fact, new firms aren't now getting alloc^{ns}. save in development areas.
Shortfall = 200.000 t. p. wk. Falling wholly on industry's need of 800.000 t.
Reserve pool = 100.000 t.
- E.Sh. Stocks = 7 m. Some firms have 3-4 wks. stock.
- E.B. Do you cut on that?
- E.Sh. Yes by nil allocations.
- R.S.C. And the stocks have gone.
- J.W. Midlands : 50% to all has exhausted the pool.
- R.S.C. If so, remedy is to increase Midland pool.
- E.Sh. May Depts. look at the plan for industry again.
- H.D. Need is for more flexibility in Regions. Let Offl. Cttee reconsider plan and authorise Regions accordingly.
- R.S.C. How long is industry to take all the shortfall? Domestic consumer gets about 700.000 t. p. wk.
- E.Sh. Trouble is dom. consumptⁿ of electricity.

- R.S.C. Stick to solid fuel. Why shd. domestic have no cut on solid coal?
- E.Sh. Was wise to decide not to cut Ldn. households.
- P.M. This is not the moment anyway.
- R.S.C. Remember we shall be far below export target.
- H.D. Can cut domestic in warmer weather.
- P.M. Drastic review of luxury lighting and heating in warmer weather.
- E.Sh. We have stopped display lighting and cut street lighting by 50%.
Agreed : plan shd. be made for rest of the year.
- A.B. Economy campaign fr. April.
- A. For present, avoid scare notices as y'day from M/F and P.
Make factual statement in Parlt. to correct misrepⁿ of hostile Press.
For present, avoid addl. burden on householder. El. cuts at most inconvenient hours.
Need for sense of proportion.
- E.Sh. Said all was well during the war. Trying to put facts on that.
- A. Support for E.B. plan for improvisation.
Can't do all this by rigid plan.
- P.M. Much Press comment is political.
- A.B. Don't think it has much effect on opinion, esp. outside Ldn. Can't run 2 opposite campaigns at once. Say reason for shortage is consumptⁿ.
Stocks requ^d if economy next winter is to avoid trouble.
- Use of radio in publicity. Not using it. Too "liberal" in our approach.
- E.B. a) Issue word of thanks to rlways and shipping – from P.M. Agreed.
Statement from No. 10.
- b) Summer-time : double : single : shd. be restored.
Helps to increase production (overtime), as well as saving some fuel consumptⁿ.
- Cttee to consider : for one year double summer. Anyway don't go back to God's time next winter.
- T.W. Econ. agric. arguments against. If proved it's a coal saver, I will meet farmers and do my best.

G.T. Short term. Plead again for 3 basic bldg. ind^{ies}. bricks, glass, glazed pipes.

Must be some priority to ensure tht. economic units (eg Ldn. Brick Co) be kept going.

H.D. That was and is agreed.

P.M. Can Ldn. Power Stations be kept in this weekend.

E.Sh. Yes : if the ships arrive from Tyne. Even if they don't can manage till Monday.

P.M. Unloading?

E.Sh. I will attend to that.
Scheme, if needed, will be diff. fr. that in memo. Working on it today.
It is a technical matter.

R.S.C. Must give notice of any selective cuts.

E.Sh. Will report to P.M. at once if posⁿ. can't be held.
Mil. assistance if needed? Agreed.

1. Coal : Parliamentary Debate.

- A.G. 4 hour debate : Govt. Spokesman? Will be general debate.
- P.M. Weight of debate will be on allocations to industry. Cd. R.S.C. spk. early?
- E.Sh. Can't give appearance of divided responsibility. Shd. 2 Cab. Ministers intervene?

Agreed : E.Sh. to take debate. R.S.C. to be on the Bench.

Electricity.

- E.Sh. Many ships have arrived in South since y'day.
190.000 t. will arrive acc. to M/T. But not for electricity alone. wh. consumed 150.000 t. last week.
Read statement L. and S.E./N.W./Midl. : a no. of power stations must go out : rely on Grid : lower supply : drastic cuts. Thus, as fr. Sund. a.m. no electr. to industry and none for dom. consumers betwn. hrs stated y'day. (9-12 a.m. 2-4 p.m.).
Contin. process industr^{ies}. will have enough to avoid damage to plant. Might last 3 days : or maybe 1 wk.
Reason : coal prodⁿ in Yorks. fallen to 50%. This plus transport diffy. Now ½ m. tons on ground.

Asked my advisers

- a) cuts on 2 days a wk : not enough.
- b) how enforce "if factories won't cut. Answer : can cut selectively because exp^{ce} in shedding load, wh. has bn. done w'out interf. with essential services.
- c) cuts on dom. load alone? In Ldn. excess of industrial, but not elsewhere. Saving wd. not therefore be enough.

This is v. drastic. But smaller stations will stop anyhow. This will enable larger stations to m'tain essential services.

- R.S.C. May factories have light : some cd. carry on if so.

- E.Sh. Will consider that point.
Cd. avoid this if we knew coal wd. begin to come in next week. But can't be sure. If stations collapsed at end/next week, our posⁿ. wd. be even worse.
Because of this, I yesterday stopped export and foreign bunkers.
Allowed 3 ships to go on bunkering.
Propose we state this wd. operate from Sunday a.m.

- C.E. Worst time to bring in domestic cut. Sunday a.m. cooking.

And what saving – when industrial load is v. light.

General agreement begin Monday a.m.

Bunker Coal.

- B. Discussed officially : large measure of agreement reached.
But E.Sh. issued inst^{ns}. before it came to me.
Will expect shipping. Delicate negot^{ns} with U.S. re return of U.S.
chartered ships and purchase of ships. In midst of all that, E.Sh. makes
and announces arbitrary decision w'out consultg. me.
- 40.000 t. of coal involved – 30/40 ships immobilised.
Shan't get our food in, if we don't get ships away.
- R.S.C. If you stop industry, some of their coal can be used. Take 40.000 t.
from them.
- J.S. Delay in shipping beyond 2/3 days might be disastrous to food. Our
stocks are dangerously low.
- P.M. 40.000 t. wd. not be worth this price. Agreed : continue bunkering B.
ships.
- E.Sh. Exports? B. don't oppose those cuts.
- R.S.C. Cd. afford to cut those. Agreed.
- P.M. Bunkering abroad : and bunkering foreign ships here "to be discussed
between M/T. and M/F. & P. (with M/F. as observers).
Agreed.
- R.S.C. Tell industry its for a week.

2. Palestine.

- E.B. Jews wdn't accept any scheme of Palestine which we cd. support.
..... part not heard.
Conclude because in favour of intermediate plan.
Since W. Paper J. immigration 75.000 + 25.000 since we took office.
In last 10 yrs. 65.000 J. refugees admitted to U.K.
We have told Arabs we can't accept their demand for no more .
immigrⁿ.
If there is to be immigrⁿ both sides accept econ. absorption capacity
as criterion.
Diffy. because Jews won't employ Arabs. Jews admit and explain it.
They now say cd. be removed : rule of no discriminⁿ adopted [in J.].
State.

Pressed J. y'day to say wthr. they wd. discuss proposals if we put them fwd.

Rejection in principle won't get us anywhere.

Seemed to me that autonomous areas might be discussed with J.

With A.- if no Partition – might get some discⁿ on immigration.

Continuance of existing. Mandate is intolerable. Art. 6 : almost impossible to safeguard A. rights : facilitate J. immigration. Wd. be practicable if A. and J. collaboration secured. But don't accept J. estimate of absorption capacity. Tho' they import capital and skill. Pal. can't hold the nos. they propose.

Neither side will like applⁿ for Trusteeship.

Immigration – proposal as in paras. 9 and 10 of Appendix. Arbitration – follows Satellite Treaties : have had in mind R. acceptance of arbitration. Need to avoid putting T. Council in posⁿ to intervene in adminⁿ of mandated territ^{ies}.

Mandatory Govt. – not rooted in public opinion or pol. institutions. Need to build up local adminⁿ from the bottom. J. giving indications of readiness to consider. Propose sharing responsibility for Police : as in U.K. grant-aided from the centre. Develop sense of responsibility. If all fails, put it to U.N. w'out recommⁿ – but putting to them all the schemes that have bn. suggested. Let U.N. choose. Not, of course, H.M.G. Tho' Arabs do regard us as pledged. In particular, we can't accept Land Transfer rest^{ns} : no immigration : dominance of our community over another of the centre.

Belief that in the end A. & J. will come into political, not racial, alignment in voting at elections.

Additions to Appendix – as circulated.

These arose from disc^{ns} with Jews.

Stress co-operative effort in trade betwn. A. & J.

Also wagers diffy. because of low standards of Arab workers.

C.O.S. Concern at limit of 5 years. Our reason : to meet criticism at U.N. that we are mainly concerned with our strategic interests even at expense of country's pol : econ. development. We shd. know in 5 years wth. Reg. Def. under U.N. is to be a reality. If there is a risk to ourselves we must take it – on political grounds. After 5 years, we must rely on Treaty rights : can't safeguard that in any Trusteeship Agreement. Need to hold both sides here and keep them talking. No advantage in losing patience. If we cd. get them to talk we might get some interim easement on immigration.

C.J. Recommend this as discussable proposⁿ. [Exit E.Sh.

Formerly I believed only course was to impose Partitions. C.O. and H. Comms. agreed. But as I exam^d Partition, so I saw its diff^{ies}. If attempt made to apply it, then wd. be lasting trouble in Pal. V. diff. to get a viable J. State w'out harm to Arabs. Many. A. wd. be dominated by

Jews. Also diffy. with U.N. While we negotiated, posⁿ in Pal. wd. be deteriorating.

[Exit R.S.C.

So far, J. haven't advanced Partⁿ scheme. Haven't shown opposⁿ to unitary State. Div^{ns} among them. But they want removed the worst features of W. Paper. This wd. do that, particularly as regards immigrⁿ and Land Transfer (w'in J. areas.)

A.B. Econ. absorption capacity. A. wd. oppose anything wh. wd. give J. majority.
Will arbitⁿ decide?

E.B. Yes.

C.J. Believe J. will discuss.

P.M. Worth putting it fwd. If you were discussing with reasonable people, it might have a chance. But they aren't. Frankly, I'm sceptical over acceptance. Can't take much longer. Shd. go to U.N. soon.

H.D. Tell them, if they won't take this, we put it all to U.N.
This is their last chance.

E.B. Not in that tone of voice anyway!
Not inclined to put this as ultimatum.
Have still to find means of holding M/East – with least cost to Ty.
Hays report on Iraq : irrigⁿ can extend cultiv. area fr. 5 to 20 m. acres.
Must talk to U.S. on this. All these territories rely too much on one product.
Want to put this to them in a reasonable spirit.

T.W. Land Transfers. Proposed to devolve this on L. auth^{ies}. But only 20% of Jews are in rural areas.

E.B. J. area must be such as to include enough rural land.

P.L. a) Para. 9. Don't say "the J. National Home".
b) No diff. from Wanchope scheme in 1930. Little chance of its working.

A.V.A. First hope in para. 12. Begin to operate on our own. That wd. be good.
Why then offer at this stage only 5 years. Why not review after 5 years.

A.B. That wd. destroy all hope of establishg. good intent^{ns} of H.M.G.
Fatal to throw that away.

J. 10 years. Will take more than 5 to do it.

General view – leave it at 5 years.

- N.B. This wd. put us in strong posⁿ in U.N.
We shall be in stronger posⁿ there if we retain 5 years.
Believe we shall get a Treaty – as with Iraq & Transjordan.
- J.S. This wd. be good if we got acquiescence.
If we don't, can we have assurance tht. we don't let things drag on.
Unless it produced changes of heart in Pal. there wd. be no advantage to us.
We shd. go to U.N. in order to end an unsatisf. situation.
- E.B. We report to U.N. at once, if we fail in this fortnight.
- A.V.A. Disagree with N.B.
C.O.S. advised Pal. vital to our M/E. post. Staff Conf^{ce} endorsed this.
No need to say 5 years now. Keep C.O.S. with us on this. They fear consequences of going to U.N.
- P.M. Early independence is cardinal point in negotiating this. Otherwise both sides will play you off.
Base w'out goodwill is useless.
They may want us to stay – but more so if we set a definite term to Trusteeship.
- [Exit A.]
- E.B. Called attentⁿ to para. 15 of App.
We might then be advised to continue Trusteeship.
But knowledge tht. they have to face internat^l body may compel them to be more reasonable.
- C.E. They won't be faced up to that if it's 10 years.
General agreement : support this scheme.
- P.M. Reports of division of opinion on this subject in Cab.
Ministers shd. not discuss what happens in Cab. – especially with members of Party : not all of whom are reliable.
- E.B. Crossman demanding we shd. meet Party. We have refused.
Good thing for colleagues to differ in Cabinet.

Coal Situation.

- P.M. Priv. Notice Ques by W.S.C. Short statement. Will prob. ask for Adjournment : wd. get that. Might instead Table a Motion of Censure.
- E.Sh. Condⁿ. y'day : position in N. and Midlands deteriorating.
London Power Stations : few ships in y'day because weather : 6 this a.m.
Weather report for this a.m. Midlands (v.e.) posⁿ. worse : 14 pits blocked.
Forecast : further cold expected generally.
Ldn. 18.000 t. daily by 8 main stations, wh. we are aiming at.
29.600 t. extra hoped for to re-build stocks.
Can keep going if consumptⁿ. is as desired. But already – in S.E. consumptⁿ. 2.600.000 kwt. last Thurs : 2.600.000 kwt. before 9. a.m. then fell to 900.000. Similar red^{ns}. elsewhere. These aren't enough.
Good scheme working to handle queries – to close down here and there etc.
Then on residential areas when you cd. close : but can't because interference with essential services. Same in industry. Thus, must rely on voluntary co-opⁿ. Don't yet know which industry will co-operate.
Diffy : people say they are essential or they don't use much.
a) Diffy over newspp. Conclⁿ. daily and weekly shd. continue. But periodicals....
- P.M. Who were consulted
- E.Sh. I discussed with C.O.I. Presume they are in touch with industry.
- E.Sh. Decided in the end to cut periodicals, viz those wh. go to Press far ahead.
- H.D. Do they use much power? Small circulations.
- E.Sh. All are electrically operated : heavy presses.
- P.M. Is Press a matter for request or instⁿ.
- E.Sh. An un-enforceable instⁿ. Considering issuing a direction under D.R.
- G.A.I. Weekly Periodicals Assocⁿ. cover all these. Discuss with them. They cd. issue double no. later.
- F.W. No consultⁿ. yet. Decided : newspp. continue : periodicals stop : subject to P.M. approval.
- P.M. Discuss with those Assoc^{ns}.

- E.Sh. b) Greyhound Tracks. Intended to continue at night. P.M. think they shd. be stopped. We have power to direct them not to use electricity.
- P.M. Do so.
- c) Transport. Will be necessary to take off long distance expresses (esp. at night) in order to move the accumulated coal in wagons – wh. threatens to stop colliery working by Thursday. This is recommended by N.C.B. Put Sunday services in fr. Tues-Thurs.
- B. Steady curtailment for some time – move in last few days. Cdn't accept stopping express services. Not satisfy. they are holding up coal. The weather is real trouble : and goods other than coal are takg. the knock.
- P.M. Wd. the w'drawal of night expresses help over a few days.
- E.B. Give coal the same priority as D. Day. Why not use D. Day plan.
- P.M. (Any redⁿ. of rlway services wh. will enable more coal to be
x. (moved shd. be made. No argument from R.E.C. Mil^y. operation.
- E.Sh. Cdn't get in touch with M/T. over weekend.
- Agreed : (as at x : M/T. to instruct R.E.C. accordingly.
 (M/T. to be added to Cttee.
- d) Special publicity for today's announcement.
- A.B. Especially by B.B.C. Cdn't F.W^{ms}. see them.
- E.B. Isn't this a state of emergency. Cdn't Govt. declare it : and take powers to do all that is required.
- A.G. See tht. B.B.C. give full transcript of P.M.' speech. A.B. is first person – in all news bulletins.
- J.S. Or shd. P.M. b'cast?
- P.M. Yes. I should. As soon as Parly debate ques. is cleared.
- A.B. First point is transmⁿ. of Parly. statement. Can't decide yet when P.M. b'casts.
- P.M. Powers?
- E.Sh. D.R.55. as prolonged.
- P.M. What unemplt.?

G.A.I. 6-7 m.

P.M. Put them on to clearing snow etc.
Thro' local auth^{ies}.

C.E. Use of farm horses for snow ploughs.

B. We are clearing roads. But it's collieries which are blocked.

E.B. Shdn't W.O. use tractors – everyone they've got.

E.Sh. Getting help from Services.

E.Sh. In N.E. and Thames can Admy. help to escort colliers?

A.V.A. Yes I will arrange.

B. Also at Blyth.

A. Factual statement is what's requ^d.

R.S.C. Distinguish between long-term and short. This crisis is due to coal shortage not to shortage of plant.

P.M. Statement today shd. be limited to facts of immediate situation and need for co-opⁿ of public in mtg. it.

E.B. Must deal with stock posⁿ. Explain why it can't be done.
Say that in war we built stocks for winter only because non essential industries closed.
Daylight saving and black-out. (= 2½ weeks electricity supply).

F.W^{ms}. Can't P.M. b'cast tonight?

A.G. Not if debate unfinished.

P.M. Wd. wish to consult Opposⁿ.

A.B. O.K. if you say now (1 p.m.) tht. P.M. will spk at 9 p.m. invitg. co-opⁿ of public. Have said it, then, before Parlt. asks for debate. Agreed.

e) Government Factories and Offices.

J.W. M/F. & P. have allowed factories raising own power to continue.
That includes Woolwich. Prodⁿ includes 80 coal wagons a wk. Shall we keep it open, tho' other factories close.

C.E. Govt. offices.

P.M. See tht. notice is issued.

1. Mr. Tomlinson.

P.M. Welcome – an appoint^{mt.} as M/Education.

2. Egypt.

E.B. Office of Arab States to mediate (Levant States). Don't know what is behind it but thought inexpedient to discourage.

3. Coal.

E.Sh. Gave latest informⁿ re shipping.
Weather v. bad in north. S. Wales : more normal.

E.B. Midland (Yorks) coal via Humber? Divert in-bound empty ships.

E.Sh. Will enquire.

P.M. M/F & P.) to circulate daily report. Agreed.
M/Labour)

E.Sh. Savings : normal 70.000 t. p. d. Saved 22.100 y'day – not good enough.
Considering extending dom. scheme to other areas.

P.M. Small body of Ministers to oversee this all.

H.D. Have subm^d a Minute on this.

4. Defence White Paper.

A.V.A. Draw special attentⁿ to:-

Para 14. 1.427.000 is missing figure. P.M.'s statement was 1.087.000. This surplus in W.O. has enabled Sys. to promise (to-day) to reach Gp. 53 by 8.7.47 vice 51. May be similar advance in 2nd half year. V. little ref^{ce} to Commonwealth Defence. Discussed with A. in light of criticisms in Defence debate by Chatfield etc. He is anxious for us to omit. Sugg^d tht. in para. 10(x) we add words referring to preservation of links with Commonwealth.

H.D. Nothing to indicate disc^{ns} re sharing of burdens. Cdn't you give a hint w'out commitment.

- E.B. Take care because F.O. interests. They shd. be treated as sep. countries for disarmaments.
- A.V.A. Will consider wthr. we cd say anything in H/C.
Para. 9 (iii) omit inference to internal security in India. Agreed.
Para. 43. "British". Agreed.
- P.M. Para. 15. This is not a ceiling but a floor. Target. Agreed.
- H.D. Para. 14. Add ref^{ce} to substitution of civilian for Service personnel.
There are 120.000 civilians employed.
- A.V.A. Have never included H.Q. staff. Want to think over that.
- P.M. Shd. be included in total. Consider how. Agreed.
- A. Para. 19. Cork's point re Spec. Reserve. If they are being m'tained it shd. be mentioned. Agreed : clear this up.
Para. 19. Delete "likely".
- A.B. Para. 4. Add "co-ordination" after "appointment". Because of common services.
- P.M. No : "an essential" via "the primary" function.
- H.D. Paras. 14-15. Insert ref^{ce} to possibility of reducg. these figures if events take a favourable turn.
- A.G. Will A.V. consult me re date of publⁿ.
Had bn. intended to follow with Service Estimates. But they aren't ready.
In that event we must chair issue with Opposⁿ leaders.
- A.V.A. Intentⁿ was Def. debate on 24th. Ec. W. Paper being publ^d on 20th.
This wd. be publ^d on Friday.

5. National Service Bill.

- G.A.I. a) Duration. Inclⁿ of some date wd. overcome much opposition.
Amendmt. will be moved. If we are going to ques. way, better to take initiative. Suggest 5 years.
- A.V.A. Discussed with Service Ministers. Ready to make a gesture. But don't want legⁿ every time. Add : subject to power i) to reduce 18 months to lesser period. ii) to suspend call up, tho' not before 1.1.54 : subject to affirmation Resolution.
- G.A.I. Renew annually under Expiry Laws.

- E.B. Can't do that because can't make a contract with recruits.
- P.M. What about Army Act.
- E.B. Clause in Mil. Training Act 1939.
- Agreed : 5 years + renewal by resolution for period (not limited to one year).
- b) Release to Reserves.
- A.V.A. Breaks across principle of equality of sacrifice i.e. Air Min^y requirement does.
N.B. seeking a formula requiring an equivalent no. of hours. He can't do it.
Still wants to release pilots and navigators to Reserve after 12 mos.
- N.B. Initial and basic training will take 1 yr. In Reserve we cd. keep them up to that, but not to a higher standard. If we tried 10 mos of applied training we shd. get no dividend fr. addl. overheads.
Equality of sacrifice met because air crew requ^d to do more than Army in 6 years of Reserve via 5½ years.
- F.J.B. 60 days in 5½. Air crew will do 216 days over 6.
- N.B. Casualty risk has also to be taken into a/c.
- c) Evening Training.
- A.V.A. This is agreed. Might have to include a sanction.
- d) Conscientious Objectors. Unconditional Regⁿ.
G.A.I.'s recommendation was agreed.
- e) C.O.'s Period of Registration.
- A.V.A. 20 months.
- f) Further Education.
- J.W. Edⁿ. Ministers want to be relieved of their statutory responsibilities.
- A.V.A. Defence Group of Party will be influenced by inclⁿ in Bill of provⁿ re. educⁿ.
Service plans are not uniform. W.O. include citizenship etc. R.N. similar.
R.A.F. all voluntary, however. Clear need for co-ordⁿ. But on main ques. raised, Service Dpts. shd. accept some responsibility on lines of Educⁿ Acts.

- J.W. Provided financial provⁿ is clear.
- H.D. Don't want overlapping. Pity to cut it right out of l.a. responsibility. Wd. look at incidence of cost, where a camp puts big burden on l.a.
- A.V.A. My plan meets pol. diffy. subject to adjustment of finance.
- C.E. Put the duty on Services. Provide tht. where l.a. is used it shall be indemnified v. extra cost incurred.
- P.M. a) Educⁿ must be provided. b) Serv. Estimates must carry cost. c) L.a. use as agent needn't involve them in cost.
- F.J.B. Can't discharge this obligⁿ overseas.
- P.M. Everything is subject to what is practicable.
- Agreed : examine details, approve principle above.
- g) Theological Students.
- G.A.I. Diff. views held by C/E and on other hand R.C. and Jews. Cd. this be left to a free Vote?
- P.M. Watch out for the odds and sods. Jehovah's Witnesses.
- Agreed: no statutory exemption shd. be given.
- A.G. Publⁿ of Bill. Preferable not to publish before Debate on Def. W. Paper.
- F.J.B. But before Service Estimates.

6. Cyprus.

- C.J. Declⁿ may help us to go on with reforms. Can't get on w'out it. Recognise force of E.B.'s view. Don't ask immed. declⁿ (because of Sudan and Burma.) But Cab. shd. be aware of diff^{ies} of reform if none is made.
- Deputⁿ fr. Cyprus. Likely to start no co-opⁿ campaign. Lead by Gk. Church. Didn't include Turks.
- E.B. Bad history. Ty. bled Cyprus for years. Was a scandal. This is result. Raised many times – hints fr. Russia. Egypt, Pal, E. Med. all to be settled.
- May be right in the end to create Reg. Defence – in wh. Cyprus wd. settle itself.

Favour agreeing with Gk. Govt. tht. neither they nor we will raise this issue for a no. of years. Think I can get Gks. to agree.
Announcement will start a blaze. R. wd. be on our backs. For 12 mos. they wdn't yield on Dodecanese because wanted a base in Rhodes. If Cyprus is raised, there will be demand to return to Greece and demilitarise – as agreed for Dodecanese.

[Exit A.B.]

Must play for time – until we know where we are.
Try for agreem^t with Greece for status quo for 10 years, at end of which they wd. be free to determine own future.

- H.D. Plan now to spend £6 m. Can't afford that if they are leaving Empire. Want to know first if they will stay on.
- C.J. £2½ m. fr. Col. Fund. Gk. P.M. has encouraged the movement. Advance constit^l changes : go slow with economic development.
- A.V.A. Diff. to make publ. announcement. But let Cab. decide how to keep Cyprus. "Scuttle argument".
- C.A.S. Loss of mil. facilities in Cyprus wd. be v. serious even for U.K. defence.
- P.M. Agree you can't have unilateral public declⁿ.
But we must rally islanders – to wish to remain in Commonwealth.
- H.D. Put it across tht. they won't get any money unless they do.
- C.J. We try. But they are emotional over Greece.
- N.B. Cyprus not best base in Med.
Basis w'out good will not be v. valuable.
Can get bases with good will from Greece.
In 1919 we recognised Gk. claim subject to Ital. recognⁿ of Gk. claim to Dodecanese.
A firm declⁿ wd. provoke an explosion.
Relevant of Fr. sitⁿ = we forced them out of Levant States.
- J. Disagree with that. Agree with A.V.A. Between 15-30% are Turks.
Island be-devilled with politics. Concentrate on econom. development.
This looks like our last base for M/E.
Decide now not to contemplate leaving, even after 10 years.
- P.M. Agree : no public declⁿ. Otherwise, no decision.

1. Coal.

P.M. Full situation – statement today and at intervals at request of Opposition. T.N. Ques. today
New Fuel Cttee. – will ginger up offls. who don't all realise emergency action req^d.

A.V.A. Cd. theatre matinees be definitely stopped? Otherwise, they will open at 4 p.m. because of cinema competⁿ and will save no coal at all.

P.M. Current situation reports.

G.A.I. T.U.'s co-operative.

H.D. Now it's in order re consumption.

P.M. Govt. Dpts. to set good example.

2. Parliament.

Business for the week.

[Exit W.W.

[Enter F.J.B., J.W., N.B. Wilson

3. Economic Survey.

a) Coal.

P.M. Shd. we go on with publⁿ despite coal crisis? Perhaps a foreword?

R.S.C. Add paras. (read draft) to passage on coal.

P.M. What prospects of attaining coal target?

E.Sh. Read a new appreciation.

Effect of 5 day week.

Might induce them to adopt some device. But full 5 day wk. might give us more coal. Better for clearance and maintenance work at weekends.

Nos. on colliery books is greater than those effectively at work. Has never exceeded 640.000. If we cd. get all those to work full no. of shifts, it wd. mean much more prodⁿ.

This assumes 10 m. open-cast. We are aiming at 15 m. Depends on machinery not man-power.

P.M. Ques. is: what can we assume for coal prodⁿ ?) Effects on prodⁿ of what can we assume about electricity?) any short-fall there.

- E.Sh. Also must have mobility of coal.
- P.M. With adequate stocks that wdn't hurt you so much.
- A.B. Coal and electricity are fundamental and come before man power shortage.
Not so serious if you can make electricity. Need therefore to build up more electricity capacity. Focus on that. What consumptⁿ shd. be prevented in 1947 to enable us to get more electricity.
- A.V.A. R.S.C.'s 180 m. figure will be a shock by ref. to figures in Table B. Will mean no hope of retrieving industrial posⁿ for some years. Critics are saying now 230 m. tons is necessary for full restoration.
- E.Sh. National Coal Board say 200 m. is necessary in '47. But increased consumption of electricity means shortfall elsewhere in coal.
- R.S.C. 200 m = 4 m. tons p. wk. allowg. for 2 wks. holiday.
We are now at 3.6.
There is a deficit already. You can't make that good.
- J.S. Admit set back : sharpen up statements re 2 bottlenecks of men and consumptⁿ restⁿ.
- R.S.C. But still falsifies assumptions re industrial prodⁿ in '47.
- H.D. No more wishful thinking. We've made a mess of things. Now must put stocks first and get them right. 15 m. tons I wd. say.
That obviously affects prodⁿ both for home and export.
- P.M. Must say here what changes you must make because of being unable to overtake effects of coal crisis.
- A.B. Must throw up shortages of fuel.
- E.E.B. a) Para. 85. Diff. to give lower target for '47 than '46.
200 put as lowest target : and didn't say we cd. get it.
Para. 119. also.
By all means sharpen up passages re means of getting there.
b) This crisis. i) Lost some coal prodⁿ ii) But have some wh. hasn't bn. used. Also mood of country improved. May be that ii) will go some way to cancel out i).
- P.M. Still come back to ques. : what can we achieve? [Exit AG., C.E., G.T., in coal – is 200 m. realistic figure.
Will be pressed for more f. Labour. Does E.Sh. agree?
- E.Sh. Minimum of 700.000 effectively employed. You cd. then get 200 m. tons.

- P.M. Does 200 m. allow for real stocking p'mme? Can't risk 4 wks stock.
- R.S.C. Stocking up will come fr. reduced consumptⁿ. not increased prodⁿ.
- J.W. Revise also para. 97. We shall get less coal now than when this was written.
This target must be reduced.
- P.M. Doesn't this mean coal rationing?
- H.D. War time scheme was v. complicated. Must do something more rough and ready to force down domestic use of coal, gas and electricity.
R.S.C. will consider a better plan for industry.
- P.M. "Effective ships" via "campaign". Para. 92.

"As fuel essential to econ. recovery Govt. intend to take drastic steps to reduce domestic consumption". Agreed.
And include oil conversion here.
- R.S.C. Steel. Point is : this is '47 : 6 wks gone already. We can't get the figure given for steel.
- J.S. Revise, esp. figures in light of Feb. crisis.
- E.E.B. Write export down fr. 50 to 40. Write up adverse balance. Wd. be consistent to write down steel figure. But must have a coal target.
Aim at 200 m. but write in modific^{ns}. in respect of liberal allowance for stocking.
- N.B. a) Oil – conversion. If industry knew this was long term, they wd. take risk and step up their capacity (6 firms).
b) F. labour. We shd. be able to do more. 56.000 G. p.o.w. in France working in coal w'out prev. experience.
c) If effective force is 640. not 690 – can't we bring it out : effect on miners wd. be v. great.
- A.V.A. Criticism will be for not attackg. problem as we shd. to secure recovery 200 m. target will be thought inadequate as a target because fear of under-emplt. throughout.
Set target at what you need : then ask everyone to go for it.
This paper : wrong psychol. approach.
- R.S.C. Psychol. wrong to set a target which is unattainable.
Argued out in war : realistic v. carrot. Much more likely to get a realistic one.
- A.V.A. All I had in mind was 210. And ask for a 6% increase of effort.

- E.B. Our war figures for men was 720.000. But nos. of skilled never reached required figure.
- E.Sh. By more effective organⁿ you shd. be able to get more men at the face. After ques. : admitted tht. increase in labour force wd. increase prodⁿ
- P.M. Then concentrate on increasg. man power.
- G.A.I. People now want to help Govt. Now's the time for an appeal.
- E.B. For influence abroad, we must recapture the Dunkirk spirit. And not argue so much. And don't keep on saying we can't. Improvise – allow the ingenuity of our people to have free play : and stop controlling it all from London.
- P.L. Formula: Present rate gives only 196 : won't do : shan't be satisfied until we get 230 : that wd. not be realistic in near future : propose therefore 200 for '47.

Agreed : use some such formula for coal.

b) Electrical Generating Plant.

- A.B. Why export this if it's bottleneck at home?
- R.S.C. Most valuable long term export.
- J.W. Worth reviewing the p'mme.
- R.S.C. Was a planned p'mme. Fixed by Heavy Electrical Plant Cttee.
- J.W. 3 year production cycle. Valuable to f. policy. f. trade : and much benefit comes back here in raw materials (eg oil and copper).
- E.B. Can't hastily break these contracts.
- [Re-enter A.G., C.E., G.T.]
- P.M. Let J.W. give me a review of prodⁿ p'mmes. Consider also wthr. you cd. get some smaller stations into operation quickly.
- H.W. Service Dpts. have a no. of mobile plants.
- Agreed : enquiry into all mobile plants available : by M/Supply.
review of prodⁿ p'mmes by M/Supply.
- Oil conversion (again).
- J.W. Tankage is 1st call on sheet steel.

- E.B. Cd. we have report on what cd. be done in a small way – eg. the x/ stations wh. have bn. shut in this crisis : cdn't they be converted while they are out. We now have 1.8 m. out of work.
- P.M. {Para. 96 : via “campaign” indicate precise and definite action to {be taken.
{M/Supply to make a report on x/.
- N.B. Cd. paras. 82 – onwds. be strengthened similarly. Agreed.
- J.W. Water power. “Mechanical aids” : needed because Hydro. El. 9 mos behind.
- H.D. Have you asked for dollars? Willing to authorise it for machinery.
- H.W. No. Excavators fr. U.S. problem : procurement. Now have placed order for 40 : and altered procurement methods, wh. shd. get us some 2nd hand machines.
This goes for open-cast also, if p'mme settled. Want a long term p'mme.
Never has bn. a dollar diffy.
- A. Mention Scotl. Hydro. Electric.
- E.E.B. Put it back in para. 95.
- P.M. Target for mining labour shd. be 730.000. Agreed.
- P.M. Wages Policy. Para. 27. Revised para. agreed with M/Labour.
- G.A.I. Support re-draft. Ref^{ce}. in present draft suggests we have a wages policy under consⁿ. and we haven't.
- A.B. Shdn't we say more – viz increased earnings shd. be by methods linking it with increased prodⁿ. State that as a general principle.
Agreed.
- N.B. Strengthen what is said about old fear of unemplt.?
- P.M. Leave it as now.
- E.E.B. Any more drafting amendments – by this evening.
- G.A.I. Women to come back to industry. Add : where and when will be announced by M/L. locally. Agreed.
- N.B. Para. 126. insert “at least”. Agreed.

H.D. Para. 128. Don't like calling this a "target" esp. when distribution has so much. Wd. prefer "probable" or "expected".

P.M. "Econ. Survey for 1947" as title : Agreed.

E.Sh. Attraction into under-manned ind^{ies}. Shd. be short term too.

G.A.I. Can't be. For its mainly cond^{ns}. and they can't be much improved short term.

A.B. Wages policy again.

P.M. Delete : "long term" in this para. [Exit A.V.A.]

P.M. Publicity F.W^{ms}.
R.S.C. to handle only ques. for Ministerial dec^{ns}.
Pamphlet : Battle of Production by C.O.I. Is this a good time for it?

E.E.B. Wholly retrospective.

P.M. Then don't publish this one.
Issue simple pamphlet – 10 days later.

E.B. Can I be brought in on Press conference ques.

P.M. Foreword by P.M?
Draft read.

E.Sh. Object to reference to fuel crisis.

P.M. First ques. shd. there be a Foreword at all.

A.B. Yes : but more controversial in tone. We must fight back. Can't take full responsibility for this situation. Five main reasons : a) coal. We didn't assume responsibility until 1/1. b) electricity. c) textiles. d) development areas. e) steel. All black industries because of policy followed in previous years. This is a Party Govt : we must behave as tho' it is. Appeal to workers, not employers.

General agreement (shd. be a Foreword.
(it shd. be polemical.

P.M. This will be pub^d on morrow of a fuel crisis. Must say we have bn. running on a narrow margin : this fuel crisis has shown it.

E.Sh. But any oblique reference to this crisis as a warning to us brings this crisis right to forefront. But it's not this wh. has produced the genl. economic situation and the W. Paper and that conceptⁿ will be given.

P.M. Promised long before this crisis. But can't fail to mention this crisis.

E.B. Get a fighting spirit going.

[Exit 4 invitees.

4. Paper for "Action".

R.S.C. As in memo.

P.M. But this was banned.

R.S.C. Then keep the ban on.

P.M. Don't allow a man to found a claim to paper allocⁿ on publⁿ wh. was banned.

H.O. and J. to find means.

1. Coal.

P.M. a) 'B.B.C.' suggest appeals fr. industry (both sides) and Churches for unity. T.U.C. and F.B.I. General feeling : against this. (Coalition!)

b) Broadcasting. Shd. it be stopped at source? From 9-12 & 2-4.

E.Sh. A large load. B.B.C. and P.M.G. favour it.

General feeling : in favour of suspension.

c) Unemployment Benefit.

J.G. Tewson's lr. wasn't clear. We considered this for the empl. and injuries Acts – shdn't disturb that rule. Propose use my power to bring new rule into opⁿ as fr. Monday last. Waiving the rule wd. prejudice ???? factors.

H.D. 750.000 for every 1 m. But lots of money in Fund.
Favour this course.

P.M. Must be out for 12 days.

R.S.C. They will!

E.Sh. Not in all districts.

Agreed : introduce new rule, as proposed by J.G. [Exit J.G.]

d) Message from Truman.

E.B. Thank him. But trouble if we divert because Europe is in worse condⁿ.

H.D. Agree : dollars.

Thank : but no action. [Enter C.O.S. and N.B.]

2. Palestine.

E.Sh. See no alternative. But long wait until Sept. Cd. we alleviate immigrⁿ posⁿ – diff^{ies} in Cyprus. Wd. strengthen moderates and Agency. Must suppress terrorists – maybe by nil. action. But another try at co-opⁿ by Agency, to avoid a Mil. Adminⁿ [Enter P.L.]
While immigrⁿ is important, we can't deal with it [Exit E.Sh.]
because Jews insist on pre-condⁿ tht. we agree to J. State and tht. immigrⁿ is not to relieve distress in Europe, but to build a J. majority in Pal. if not in whole then in part of Pal.

What part?

J. have shown no concern over what is to happen, until we said last night we must go to U.N.

Responsibility of U.S. Jewry.

B. Jews urge us to negotiate on basis of our last plan. But we can't because Agency won't discuss on that basis and they won't throw over Agency.

Tried to get U.S. in : Anglo U.S. Enquiry : offered to stand by whole Rpt. but U.S. wdn't. P.A. Plan went as far as that Rpt : they wdn't support that. Then tried to get 3 party conference : Arabs came in and were not so hostile, might have taken some alternative scheme to their own. But Jews wdn't come in unless as accepted in advance a J. State. Many informal mtgs. with Jews. Tried the formula "transition period". Weizmann favoured this approach. No gt. Arab hostility to that idea. Hoped it wd. enable us to solve immigration ques. – to extent of 100.000.

Then came Truman's statement on Day of Atonement. Weizmann cdn't hold the Jews in Paris as result of that. And Arabs in Paris said we were yielding to U.S. pressure.

After resumption of Conf^{ce} in Jan. atmosphere has bn. more difficult. The Arabs had come together more firmly because terrorism etc.

We put up new scheme. Expected A. to reject it : was prop^d to press them to acquiesce. But Jews rejected it out of hand, even as a basis for discussion. Had hoped we might get the 5 year period and C.A. : the immigrⁿ proposals.

Wd. have relieved pressure. Also thought J. wd. welcome ec. absorp capacity plus appeal to arbitration. But that is made a grievance, as method of obstructing immigration.

We showed J. a map. J. produced their Partition map. Know now their claim is impossible.

Believe J. think we are bluffing. Think they can press us by terrorism etc.

After we told them we wd. go to U.N. there has bn. much running after us. They now want a modus vivendi in interim period. Tried to find out wthr. A. wd. agree. Said 1.500 a month wd. continue : they were hostile to any increase. M'while J. ask us to revert to pre '39 adminⁿ of Mandate. Figures of immigration pre war. Peak in '37 caused A. revolt. Reduced thereafter. Now putting in 21.000 p.a.

P.M.

Shd. go to U.N.

Diffy is waiting until Sept.
Earlier mtg?

- E.B. Must get Moscow over first. That means mid Apl. Then D.O. wants conf^{cc} on Germany : can't ignore interest of belligerents. Must be between Moscow : September. No one else cares about Palestine. R. wd. veto it as like as not.
- H.D. Trusteeship C.?
- C.J. Can't act until there is a Trust Agreement.
- R.S.C. Cd. Secy. Genl. start an enquiry.
- E.B. Am considering that. May bring it to Sec. Council. however : can't risk that.
- Neither side wants to go to U.N. May be this will create a new situation in wh. talks will be poss. Also new attitude by U.S. – last thing they want esp. if we go w'out a recommⁿ. Want to put them in a posⁿ to take a line : some responsibility. Pressure on State Dept. to get it re-opened with A. and J. U.S. may put up a scheme.
- J. Interview with Simon Marks : B. Gurion. Askg. us to continue – no early pressure for solution. Concession : a) 100.000 in 2 years. Thereafter on ec. absorpt. capacity will leave it to H. Comms – if principle is first established. Given that, I can stop terrorism with co-opⁿ of whole J. community. Might be able then to reduce extent of illegal immigration. b) J. right to buy land and settle anywhere in Palestine.
- A.V.A. Para. 8 of memo.
Ques. is how long before you have to put in a Mil. Adminⁿ. What will be effect on morale troops if we put it to U.N.? & and appear to be turning it over to U.N. Situation may be dangerous.
- E.B. Cd. U.N. start an enquiry?
- N.B. Fear not, when U.N. is not in Session.
But both sides are alarmed now at having to defend their action in U.N. Appeal by President of U.N. might have great effect – for peace in interim.
Sec. Genl. cd. begin assembling material. Some signs of prepⁿ cd. be given.
Believe we shd. get near to 2/3rds (36 : 19) for our latest plan if we got U.S. support. But some increased immigrⁿ m'while wd. help to get U.S. support : appeal v. terrorists.
- P.M. Will J. adopt policy of despair or avoiding prejudicing case in U.N.?
Genl. view : second course.

- C.J. Situatⁿ. beyond B. Gurion's control.
Civil adminⁿ. can't be carried on, as now. Will break down. Will have to have Mil. Adminⁿ w'in the 6 months.
- J.S. This = hanging on as now indefinitely. Will a U.N. resolⁿ. change the position. Shall have to go on with guerrilla war indefinitely.
I believe J. case is right. Unilateral decision in their favour wd. change atmosphere.
- P.M. Why assume we continue after U.N.?
- C.E. Who will enforce a U.N. decision?
- P.M. We cd. refuse to, if asked.
- E.B. Wdn't take it on unless there were agreed solutions.
- A.V.A. Likely outcome : collective Trusteeship, letting R. in.
Have A. and J. realised this?
Staff Conf^{ce}. 13/1 decided Pal. was vital strategic necessity to us.
- C.A.S. a) Short term. Our troops are under gt. strain with def. object of retaining Mandate. In interim period we shan't have a definite object. That involves a gt. risk.
b) Long term : M/E. vital to security eg. Commonwealth includg. U.N. if we come out of Pal. because U.N. discⁿ. produces nothg. satisf. the lynch-pin of our security is pulled out.
- J.S. Alternative : revert to pre 1939 Mandate.
- P.M. And an Arab revolt. Hostile Arab world and prs. Muslim world.
What is use of Pal. in midst of a hostile Arab world?
- A.V.A. Arabs wd. then take us to U.N. and get R. support there.
Also what of oil problem.
- C.E. And, after terrorism, public opinion at home and among the troops.
- E.B. If we are going to U.N. better to go there on our own initiative.
Egypt are now drawing back fr. U.N. Arab world pressing E. to settle.
- C.A.S. Not merely Arabs in Pal. but whole Muslim world. Egypt : oil in Iraq and Arabia : India. From Gib. to Singapore.
- H.D. Favour submⁿ. to U.N. w'out recommⁿ.
But still believe Partition is best solution for us, and for peace in Palestine.
- We are not going to argue v. that in U.N?

E.B. No.
Then still believe it best for a) peace b) strategic interests.
That door is not shut

E.B. No.

E.B. If we decide : announce, they may come round.

R.S.C. But try for some U.N. movement before September.

E.B. Will try.

P.M. Immigrⁿ stand pat. If you yield at all they will demand more and more.

A. Inform Doms. Wait until Wed.

E.B. Want to communicate with A. States and U.S.

P.M. Tuesday.

A.V.A. Welfare of troops in Pal. No perm. bldg. Another 6 mos. Shall have pressure over this.

1. India: Constitutional Position.

- P.M. W. came over – plan for a date March – wanted it announced, brief. at once, but in any event if M. League declined to come in. Accompanied by phased w'drawal plan. But his emphasis was on date. We discussed. Pointed out diff^{ies.} of w'drawal op^{n.} Revised scheme – app^{d.} by Cabinet. Also new Viceroy – to be announced at same time. He insists we shd. go out on basis of w'drawal by fixed date. W. now says no date. Diff. a/c of views of Govrs. and C. in. C. Also new plan : Govrs. as in Doms – w'drawal of Services and troops. Statement of date in confidence to Govt. New telegram from Wylie (today) – more realistic than Jenkins and Burrows.
- P.L. His point : give leaders a chance before Press get it.
- R.S.C. They will get it as soon as leaders have it.
- P.M. Read W's latest telegram. Also mentioned Smut's view.
- A. No reply yet from other Doms.
- R.S.C. Tho' told statement was to be made there.
- P.M. Diff. to appreciate situat^{n.} in India. Tired – & apt to be jittery. Burrows – depends how it was put to him. Jenkins typical Punjab view : carry on B. rule. We must recognise tht. if we act we do so v. latest advice of Viceroy. Urgency : because need to reply to Congress demand tht. M. League w'draw fr. Govt. I & B Cttee met y'day : predom. view – go fwd. That is strong view of Viceroy elect. Mentioned name. Wd. be fatal to wobble.
- H.D. Wd. M. be prep^{d.} for us to say he wd. only accept on those terms.
- P.M. Unfair to him. But will be said he is going to transfer power.
- A. Serious misgivings re form of statement – part in view of latest advice from India : reactions of Smuts. Para. 7. contemplates possibility tht. in June '48 no auth^{y.} will have emerged to wh. we can transfer power. Don't want that suggest^{n.} made. Therefore suggest new formula.
- P.M. But we cover main point in para. 10. You merely say M. must do in 2 years what we have h'to failed to do. Your formula implies tht. if he fails we continue to rule.

- A. You won't be able to hand over to disorder : you'll have to go on.
- P.M. What will you do then? You mean to remain.
- A. Wd. accept June '48 vice 2 years in my formula.
- P.M. We say : doesn't look promising for a central Govt. we give you a time limit : and if then there were no central Govt. we shd. hand over to other Govts. etc.
Para. 10.
- A. Why not put the date in para. 10?
- P.M. Makes no odds.
Mere drafting.
- R.S.C. Add "in accordance with the plan of the Cabinet Mission" in para. 7.
after "approved by all Parties in India".
Add "to responsible Indian hands" after transfer of power and omit "in India" in para. 7.
- A.V.A. Relied on Cab. telegram of 6th June. [Agree.
Sorry we had to depart from it : viz., retain our responsibility until
Indians ready to take over.
Cdn't however w'stand Viceroy's arguments re run down of Services :
need for a date.
But this is a historical decision.
No other course we can follow.
But someone shd. study effects of para. 10. other than to a central Govt
– includg. internat^l reactions, our policy etc.
- H.D. Said N. and J. shd. be told in advance. Cd. we not tell W. to do so now.
- P.M. Then it will be out before H/C. statement.
Can't do it until just before statement is made.
Shd. we urge them to form coalition Govts in all Provinces, as sugg^d.
by W?
- R.S.C. Cd. be added to para. 9.
- P.M. Wylie's telegram. Let it be done after.
- R.S.C. Add – both in the Provinces and at the centre.
- A.V.A. Will cause dissension in India.
[Agreed : no change.
- P.M. We can p'pone. But then we must decide about M. League havg.
Interim Govt.

J. Sending out a new Viceroy – good man. Wd. have hoped no decision until he had reported. Gather he won't go on that basis. But that would have been a good excuse for delaying a decision.

Agreed : proceed. See Opposition.

P.L. Burrows' questions.

P.M. Can't deal with hypothetical ques.

P.L. Run on passages from India. Shdn't we do somethg. re shipping.

P.M. No : damp it down. Discourage a "sauve qui pent" move.

A.V.A. Wylie's telegram : next 3 months.

P.L. Take some time to lay on shipping.

R.S.C. Lay off this until M. can report.

P.L. a) Quietly make more ships available over next 2 months.
b) Tell Ent. Assocⁿ to give advice if asked to leave : & stop people going out.

Not b). Can increase shipping under a).
A lead under b) but not a jittery lead.

P.L. May I now tell Joyce?

P.M. Yes.

[Exit P.M.
[Enter Service Ministers
J.B.H.

2. Foreign Marriage Act 1892.

N.B. Now agreed with Dpts.

A.G. Bill might be contentious because J's point – even tho' said no such people.

A. Start in H/L. Room in March.

A.B. Keep in touch with R.G.

J.B.H. Was intended to cover civilians includg. my chaps. Can this be done within terms of c) in Annexe. Can it be done by O. in. C.

N.B. Not sure. Draftsman can say.

J.B.H. Case for covering Control Commⁿ staff in tht. they are married by Service or C.C. chaplains. There are cases. [Exit P.L.

J. Lex loci Why shd. they not marry under German law.

Approved : clear definⁿ of H.M. Service in O. in. C.

[Exit Serv. Ministers. J.B.H.

3. Palestine.

E.B. a) Marshall's view in favour of T. Council. Can't do it. Have said "U.N." via "Assembly" in statement.

b) Immigration. Marshall suggests 3.999 a month : but didn't press it.

c) U.S. Funds. Marshall took evasive action over that suggⁿ.

A.B. Won't situation in Pal. be more diff. unless we ease the posⁿ by allowing more J. immigrⁿ in interim period. Wd. Arabs really mind? (!)

E.B. No opinion pronounced on that.
When announced, will write to Sec. Genl. Then up to U.S. to make rep^{ns} : let them approach Arabs. eg. Roosevelt's firm assurance to Ibn Saud.

A.B. Was apparent 18 mos. ago you wdn't get settlement – esp. since you gave Arabs a veto. Now 7 more months delay. Many d.p's want to go to Pal. Won't hold terrorism or illegal immigration.

P.M. Nor are the immigrants who are going in d.p's. fr. Europe.

C.J. Various problems re interim period will have to be considered by Cab. Let us have Debate first and rep^{ns}. then let Cab have considered report.

4. Inducements for Coal Miners.

P.M. Shd. be considered by Fuel Cttee.
Many implications.

R.S.C. Official working party to consider first.

E.Sh. No. a) Delusion tht. increased rations will get men into mines or make existing miners work harder.

b) Wd. have to go to T.U.C. Don't want to.

c) Miners haven't asked for increased wages. We shdn't offer a rise.

P.M. This memo. goes wider than coal mines. Must come w'in Econ. Survey review.

E.Sh. Am submittg. memo. on main issues. This will emerge.

P.M. I will consider how this can best be considered.

E.B. Plea for fats for outside workers, if there is anything going.

P.M. Not a matter for off-hand decision.

5. Princess Elizabeth.

P.M. S. Africa giving her diamonds. But Parlt. nor Govt. have ever given a present.

A.B. Don't create a precedent.

Agreed : no gift : H/C. resolⁿ : only telegram.

1. Coal.

G.A.I. Ramsay was told switch on wd. be Mon./Tues./Wed. – by officials.

R.S.C. Publicity shd. be fr. No. 10. not M/F & P.

P.M. Yes.

H.D. D. Mirror leader, suggesting. inter-Departmental confusion.

P.M. F.C. Mtg. Friday : must grip this.

2. Parliament.

W.W. Business for the week.

3. War Office Supplementary Estimates.

P.M. Seeing S./S. for War about scandal of exchange – swindle over masks : cigarettes.

A.V.A. eg. Hong Kong and Italy. Cd. have bn. checked by firm action.

H.D. Shd. we announce an enquiry?

A.G. A bit late.

C.E. Posⁿ of Polish Forces will also be raised. All disciplin. action since '45 has bn. ultra vires. Will be regularised by Bill now introduced.

A.V.A. Members disturbed by Amendment : contrary to M. Charter!"

C.E. Good answer to that. Must have some means of disciplining these men.

P.M. A.L.O. shd. be in attendance when this amendment is discussed.

C.E. Explained factual posⁿ – some power of control essential.

A.V.A. But there is now a Polish Govt. which we have recognised.

C.E. Auth^y to officers of 2nd Corps. and i.e. screening camps. And mil. law of old. Polish Govt.

J. Alternative : presume tht. until they opt they are under B. mil. law as tho' they had opted for P. Resettlement Corps.

- C.E. But they have to be officered by Poles. W.O. can't provide officers and N.C.O.'s.
Can't ask those officers to administer B. mil. law.
- P.M. Whence do officers derive their authority? – to sentence up to 3 months.
- R.S.C. Cdn't the officers be subm^d. to supreme auth^y. of B. high officer. Then you wd. have chain of command.
- C.E. This Bill gives the authority.
- R.S.C. There is no status quo. Because there is no “Imperial” Polish Army.
- C.E. Read subsection (1) of new Clause.
- H.D. Can't a B. general be put in supreme control of them – even w'out amendment of the Bill. eg the G.O.C. Command, who already has to confirm sentences over 3 months.
A token General with power to delegate adminⁿ. of Polish law.
- A.V.A. Consult F.O. – this is re-embodying Polish Army under a B. officer.
- R.S.C. But, now, if one of these officers abuses his auth^y. no-one cd. remove him. If F.O. object, because a general put them under a B. civilian.
- P.M. Agreed. Or, a person appt^d. by Ld. Chancellor.
- Agreed : Amend on Report Stage. [Exit J. and W.W.]

4. Police College.

- C.E. Controversial in the past because Trenchard's ideas, unpopular with rankers. This Coll. not open to those obj^{ns}. Man will have to serve in ranks first.
- Not a backdoor to officer class.
Cttee recomm^{ded}. no entry below Sergeant. Arrival at Serg. depends on vacancy. P.C. may have revealed qualities for Coll. Propose to permit exceptl. adm^{ns}. of p.c. subject to approval of S.S.
- L. auth^{ies}. rep^{ves}. of Police approve.
Bd. of Govrs. nominated 50% by me. 50% by l.a.'s. Have promised one of my nominees shall be fr. Police Fed.
- G.T. Can you avoid case where Ch. C. doesn't recommend.
- C.E. Only remedy is appeal to Inspect. on next visit – “any complaints”? opportunity.

A.V.A. Ex-officers in Force as p.c.'s. May be rep^{ves.} from Ex Officers' Assocⁿ.
 C.E. Must be merit as a policeman.
 H.D. Cost £45.000 a year. I will pay 50%.

5. India.

P.M. Ques. re attitude of auth^{ies.} in India.
 R.S.C. Can't say they were against it because hadn't seen it.
 P.M. But Viceroy.
 R.S.C. Fullest consultⁿ with W. but decision is Govt's who take full responsibility.
 P.M. "Doms. have bn. informed" – A.V.A. "bn. given opportunity to command".
 If "any expⁿ of opinion?" recall Dom. P.M. obj^{ns.} to disclosing their comments.
 Otherwise – "await debate".
 P.L. Ass^d Press of U.S. have rept. of date of Viceroy's going.
 Today Indian papers carry story. incldg. the name.
 P.M. This was held until it came to Cabinet.

1. Stevenage and Plymouth Orders.

- L.S. All turns are one para in my letter of decision. Read it.
Can't understand how this sentence can show bias.
Speech of May – then no ques. of enquiry.
A.G. agrees proper course is to appeal. But not to institute simultaneously another enquiry.
- H.S. Judge said speech alone wasn't enough. Wd. have said lr. alone wasn't enough.
Was he entitled to aggregate the two?
Decided in our favour re form of enquiry. Mayn't hold that on appeal.
Prospects in C.A. doubtful – in H/L. good.
If C.A. agree can be heard next month – and in H/L. by June
If we then fail, another enquiry will have to start.
- P.M. How cd. you start again – if held Minister's mind already made up.
- H.S. We shd. do more on the water and sewage.
- P.M. Can't get rid of the bias.
- J. No: he cd. be more tactful next time!
You shd. fight this. After C.A. decision, consider again starting another enquiry.
- A.B. I can't afford delay because Ldn. housing. I prefer a short amending Bill.
- A. Fact is Minister has decided there shd. be a new town at Stevenage.
Why wd. Govt. be stopped by legal manoeuvring? Even if this appeal succeeds you'll have it again on another enquiry.
- H.D. On Bill Ty. preferred Parly. Order. cutting out the courts.
Still believe this ques. shd. be for Parlt. not the courts.
Appeal : but amend the law.
- L.S. On all 4 cases there is to be appeal to cts. involvg. 12/18 months.
- H.S. Precedents of last 30 yrs. favour public enquiry and applⁿ to courts.
But don't think planning shd. be subject to courts.
Agreed : proceed with appeal.
prepare legⁿ but don't introduce until appeal determined.
M/T. C.P., M/H., A.G., to consult and submit proposals to Legⁿ Cttee.

[Exit H.S. & L.S. Enter W.W.]

2. Parliament.

W.W. Business for next week.

3. Germany : Moscow Conference.

E.B. Main policy – agree to nothing involvg. addl. cost to B. Exchequer or anything to prevent recovery of money already spent.

4 Power Treaty – if R. continues obdurate, U.S. may w'draw fr. Moscow and pursue unilateral policy. V. awkward for us if this happens.

Difficulty – which we discuss Europe, R. and U.S. will be thinking always of F/East.

Awkward for us because we don't want to intrude too much there – prefer to concentrate our interests in M/East. We may be victims, on Europe, of that conflict.

I have always favoured Federal Germany – for security : control : rebuilding a democr. G. R. favour highly centralised G., to make it Communist. Don't believe that wd. be any safer for us, or even for R. An efficient Comm. Germany may be as big a danger as any. Ready therefore to have central admin^{ve} services, but want strong Land Govts.

Level of G. industry. Public opinion here is divided. Some favour putting G. on her economic feet : others (M/S. and Admy) want rest^{ns} imposed. Personally, shd. be content with steel capacity at 10 m. tons as a yardstick, and let other industries follow. Can't have 66 m. people in central Europe underfed and angry. Employer capitalism at its worst – to exploit this population for cheap labour. Watch that.

Must therefore seek a mean, reasonable economy, but security safeguards.

Want something which will last for years. W'out 4 Power agreement can't hope for anything but dangerous discontent in G.

H.D. I support this in principle. E.B. must have some margin in discussions and will refer back for inst^{ns}.

Must stop any increase in drain of dollars to keep G. alive. That must come first. No scheme for reorganⁿ can be condl. on our paying more. Discussed in O.R.C. Much documentⁿ. General approval there.

Level of industry – good mean position.

R.S.C. Support this.

A. Discussed procedure at Moscow with Dom. H.C's.
Austr. and Canada have strong views on some of these ques.
Want assurance they will have chance to express their views.

E.B. met them y'day.

Point is : at back of this A. and N.Z. anxiety over Japan. Will 5 Powers take effective decisions without due consultⁿ with Doms. and other belligerents.

Important tht. we, with F.O. shd. be able to inform Doms. of main lines of our thought on these ques. as in these pp. Want to give them a digest. Wd. consult F.O. and Ty. on form of document.

A.V.A. Concerned at telegram fr. Mol. to U.S. re mandated territories. Encouraging unilateral action by U.S. Doms. wd. be much upset by that. Basis tht. U.S. won the war v. Japan.

E.B. Can't be sure. R's policy is to divide G.B. and U.S. and get latter out of Europe.

But can't say in advance how they will go about it.

A.B. Dissent from policy re Germany.
H.D. complains of financial drain : but that flows fr. the policy. You can't then avoid the price.
Oppose any attempt to fix level of G. industry. Can't allow self-govt. and determine level of industry. Artificial.
Decentralisation can't be sustained in 1948/49. Forcing Fed. Govt. on G. will provide prop. for nec. fare movemt. in G. Was basis for Hitler movement. Economic unity and Federal govt. is absurdity. Man is political animal. Why resist pol. unity – you can't stop it. Wrong therefore to oppose R. thrust for centralisation.

E.B.'s thesis is untenable.

Decentralised G. was advocated first by D. Cooper – as resisted by our Party. They won't support it now.

Agree with H.D.'s condⁿ. no more money : insist R. claim for rep^{ns}. But G. must live. They can't if disturbed by pol. agitⁿ for pol. unity.

P.M. Not certain tht. all G. want to revert to central base.
Not proposg. to enforce Federalism – only to work twds. it. It was Nazis who achieved central G.
What sort of central G? One controlled by R? As in much of E. Europe.
Infiltration fr. the east, spreading to W. Germany. Police State.

A.B. But this will play into R. hands.

P.M. Too many blacks. This is balanced scheme – with some power at centre and some in Länder. This is a mean between central and local power.
And not to be forced.

- E.B. When W.S.C. went to Moscow R. favoured brk. up of G. We then argued that wd. produce irredentist movement. But we don't want highly centralised autocratic G.
- This is a process. Allies centralised G. in 1918 – made everyone go to Berlin. This gave Von Papen and Hitler their chance. Allied control destroyed local govt.
I never liked Zonal divisions.
Must take a/c of French fears. Pol. sepⁿ of Ruhr.
- A.B. But G. will get what they want in the end. [Enter O.S.
- P.M. What Germans? Not all thinking alike. Anyway can't leave G. to please themselves.
- R.S.C. Historically, G. have never wanted centralisⁿ because fear of Prussia. Only a non-democratic auth^y in G. cd. achieve that.
They don't want separate states. But don't advocate that. They are ready for Federal system with much autonomy.
Fallacious therefore to say they want strong central Govt.
This only sets their feet in certain dirⁿ. Doesn't compel them down that road.
- A.B. Still disagreed. To insist on artificial level of industry : political separation will fail. I w'd draw my opposⁿ however because this policy can't last.
- A.V.A. Remember views of Allied Govts.
- A.B. Inspectorate at finishing end of industry wd. suffice to prevent re-armament.
- R.S.C. No large country in the world wh. hasn't some federalism w'in it. A natural feature. Even in U.K. we have Scotland and N.I. And Germany has always tended twds. it.
Level of industry – fixed i) to avoid rearmament but ii) to limit the extent of distⁿ (by R) by reparations w'drawals. i) was achieved mainly by prohib^{ns} of war potential : but as i) had to be fixed it was used also for limitⁿ of economy. Don't suppose it can be fixed and held down for ever.
- J.B.H. Always bn. uneasy over artificial limit on industrial prodⁿ.
We have destroyed a large part of G. industry : taking rep^{ns} fr. what remains.
We can't impose rest^{ns} for all time.
G. can't menace peace for another 10/20 years – alone. But plus someone else she cd: a springboard for aggression by others.
G. since 1919 have sought Federalism. Weimar produced a plan v. like this. If that is a G. tendency, are there elements in G. whose collabⁿ to that end we can secure? Land Govts. are composed of anti Nazi

elements : they can sabotage our efforts. T.U.'s can wreck our coal policy. But in fact both are working well with us. eg. T.U. opposⁿ to centralised T.U. because fear of R. domination. S.P.D. equally afraid of central Party absorption.

Don't therefore drive these elements into arms of centralisers in the east by too Draconian an economic policy. Limit war potential : but don't carry rest^{ns} into essential peace time industr^{ies}.

This memo. is however a real advance on what has bn. agreed h'to but even this won't be m'tained for long.

Support this if taken to Moscow as minimum policy. If not accepted, threaten unilateral action.

E.B. I accepted earlier level, on advice of C.C. that this was best we cd. get. I never agreed to 5.8 m. – got 7.5 capacity agreed. Reluctant to take that – only did so to preserve 4 Power working. Wasn't F.O. policy to set these low levels.

J.B.H. Para. 8. p. b. This is veto system – involve unanimous agreement of 4 Powers : enables R. to block anything. Cd. it not be a majority?

Experience in Austria shows defects of this.

E.B. Will consider. Prob. shall have to go thro' this stage, to get agreement.

[Exit J.W.]

4. Anglo French Alliance.

E.B. This is now agreed, subject to drafting points.
Fr. wanted to bind us to take action if G. broke any condⁿ of Treaty. I declined to go beyond consultⁿ on action : and agreed action (Art. 1.).
Art. III is also relevant – again “agreed” action.

A.B. I wd. be ready to give France better assurances. Wdn't regard that as inconsistent with my attitude on Minute 3.
We shd. have supported Fr. when G. reoccupied Rhineland.

P.M. But wdn't want to be comm^d to support of Fr. occupⁿ of Ruhr.

E.B. Have given verbal assurances.
Will now communicate this to U.S.
C.O.S. fear it may encourage isolationist : but have w'drawn obj^{ns}.
Want to sign before I go to Moscow. Fr. Cabinet are considering it tomorrow.

A. Last para. of memo. Must have 48 hrs. to consult Dom. But believe we can do it because E.B. not leaving until Tuesday.

H.D. Art. IV won't be interpreted as compellg. us to take their imports?

- E.B. Only puts in Treaty forms what is being done already thro' Anglo French Economic Cttee.
- P.L. Art. II is crux. Supposing France drives G. to desperation by her policy. Is there any let out for us.
- E.B. Art. 51 of U.N. Charter covers that. Art. I "agreed" action : but Art. II prevents us from making excuses.
Must be consultⁿ at the point of the threat.
And Charter governs all national conduct. Fr. misbehaviour wd. be challenged in U.N. Security Council.
Treaty can't commit us to action contrary to the Charter.

Approved.

3. (Resumed) Moscow Conference : Procedure.

- E.B. R. says everything to be done by 4 Powers. Other belligerents want to come in at formative state because action in C.C. prejudices Treaty decisions. Proposed therefore they sit in "as members of sub Cttee. R. says can only be "heard". All this : by Deputies. Strong's procedure was designed to meet views of belligerents – U.S. supported Fr. in past, But R. wdn't agree.
- Have now asked Doms. H.C.'s and Strang to draw up agreed procedure, with reservations. I will do my best for Doms. at Moscow – a B. Comm. view on procedure. Their rep^{ves.} (save S.A.) will be in Moscow : will keep them and D.O. in daily touch.

1. India : H/Commons Debate.

- H.D. W.S.C. has bn. looking at W.E. etc. on Indian debt. May spk. intemperately about it.
- But we shdn't repel the argument itself. Esp. now Austr. and N.Z. have offered remission.
- No progress by Eady. Proposed Ministers to discuss in Apl. (here).
- We mustn't stop ourselves fr. takg. firm line in negot^{ns}.
- A.V.A. Has bn. raised in debate last night.
We shd. spk. generously of India's war effort.
- R.S.C. Say its irrelevant to present issue.
- P.M. Sent lr. to W.S.C. saying Raisman didn't mean we had dropped this idea.
Only speech y'day worth answering is J.A.'s
- P.L. First half of that speech is diff. to answer. Second is nonsense.
- P.M. On 1st half : no one supposes these things can all be settled in advance in detail.
With reasonable spirit, all can be left to work itself out.
- P.L. Not the Army : no answer to that.
- A.V.A. agreed. Nicholas & Andamans :
- P.M. Stall on this in debate.
- P.M. Make it clear tht. we accept our oblig^{ns}. to the Services.
- R.S.C. Yes : who pays it back afterwards is for argument.
- H.D. Don't pre-judge compensⁿ. for those willing to go on in India.
- R.S.C. Accept the oblig^{ns}. : avoid the details "which are now under discussion".
Men serving in India can be assured they won't be let down.

2. Parliament.

- W.W. Business for next week.

- A. H/Lds. Civic Restaurants Bill. How to get licence?
- P.M. Agreed.
But when in premises belonging to a Church. Can these premises be made subject of a special exemption?
- J. Leave it to licensing bench.
- P.M. Agreed

3. Civil Service Man Power.

- P.M. Note the memo. I circulated (? Ty. circular).
- C.E. Will Ministers see that officials collaborate.
- H.D. Must get the total down. May have to make arbitrary cut.
- C.E. That wd. of course be blind injustice.

4. Germany : Socialisation of Ruhr Industries.

- P.M. Announced delay because rep^{ns}. fr. W. European countries.
No change in Policy.
- [Exit A.V.A.
[Enter Barnes

5. Electricity Supply Nationalisation Bill.

- P.M. Object to compensat^g. those who have soaked consumers to benefit ratepayers.
- E.Sh. Don't defend compens^g. on that ground.
Accept principle of no compⁿ. for transfer of assets fr. one public auth^y. to another.
But they have a case on income tax set off. superannⁿ. funds etc.
Some concession req^d. because $\frac{2}{3}$ of our supporters on Cttee wd. support amendment providing for some form of compⁿ.
S.I.M. Cttee. favoured this, except M/T.
Cdn't M/T. apply similar system for municipal transport.
- H.D. We considered and thought Bill fair. I was ready however, to buy off opposⁿ. for £5 M. Check this in on grounds of severance only. This wd. help M/T. because less severance on transport and takg. over more gradually.
- B. Am I covered then?

- H.D. Wd. support you in resistg. any claim save for l.a.'s. No severance except for l.a.'s.
- C.E. Severance claim has never bn. made on earlier occasions eg L.G. Act 1929.
It shd. mean less work in l.a.'s office because subordinate staff wh. is redundant shd. be transferred. This = means of m'taining salaries of high offls. Better way is to let their salaries be reduced and compensate them for loss of emollients.
If severance is admitted here, it will apply to municipal transport – gas Regional water boards etc., V. dangerous precedent.
- E.Sh. On superannuation funds, there is a case.
- G.T. In reply to C.E. this is different because these are trading services.
On these 3 points now raised by E.Sh. there is unanimous support from Labour councils. We shall have to do it and if need be in Transport too.
- J. Cdn't you set aside £5 M. and pay it to hard cases?
- P.M. It's not the hard cases (good boys) who are squealing.
- B. Posⁿ varies fr. one l.a. to another. None has made out a case.
- P.L. Discriminatory system is necessary to ensure tht. compensⁿ goes the right way.
- E.Sh. All are affected by my 3 points : I propose to share the £5 M. acc. to size of undertaking.
- P.M. That doesn't go to real point. The bigger the l.a. the smaller the influence of electricity undertaking on its financial posⁿ.
This sweetener may turn sour in the month.
P'pone until after I've met l.a.'s Friday.
- B. I have managed to beat this off.

Agreed : defer decision until next week.
- E.Sh. I have to meet our people on Monday.
- P.M. Say we are working out a formula : and there will be some compensⁿ – a million or two.

Agreed.
- [Exit E.Sh.]

6. Shipping for Migrants to Australia.

- P.M. Is this policy right?

R.S.C.	Timing is v. awkward	a) because econ. sit ⁿ . and manpower b) because these ships are dollar earners.
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A. Long time since we signed this agreement.
Then we've cut down Austr. figures.
Rule out Aquitania and they come down to $\frac{1}{4}$ of original demand.
M/L. think we can afford these numbers.

P.L. Cd. be used for Indian lift on return journey.

H.D. Awkward to draw back now, when Austr. have just given us £25 m.

R.S.C. Not going back on policy : only timing.

A. Have bn. cutting down. It's now down to 6.900.

Agreed : omitting Aquitania.

[Exit Barnes

7. Electoral Legislation.

C.E. Ch. Whip supports this.

P.M. Agree to Cttee : proposed t. of reference.

R.S.C. Add our Party policy – consider that too.

C.E. Let us have unrestricted t. of r.

P.M. V. well : “taking account of” Reports.

H.D. Why so negative about Business Votes and University Votes.

P.M. Announced composⁿ. of Cttee.

C.E. Learn to call in other colleagues?

P.M. Yes.

8. International Labour Conference.

G.A.I. As in memo. Principles already approved by Cabinet.

J. What about Equal Pay (p.6)?

H.D. We are delaying decision. Basis : concede the principle but this isn't the time to do it. Don't like now giving same money for less work.

C.J. No diffy. in stalling on this at I.L. Conferences.

1. South Persia.

- Mc.N. As in memo.
Elections going v. well.
- P.L. India's consent to be secured?
- McN . Yes.
- H.D. Approach them : but hope they won't dissent.
- P.L. No reason to suppose they will.
- C.A.S. Force already in operation.
But hope announcement won't suggest w'drawal because mil. weakness.
Alternative : asked C. in. C. work somethg. out. Can't be as quick or efficient or precise as before – also more limited in deal.
- Mc.N. We wd. base w'drawal on fact no longer any pol. unrest.
We shall watch timing : consult all Dpts.
- A.V.A. Remember there is a risk eg oil.
Remember it will be larger strain on air provⁿ.
- N.B. Lift from Palestine : pretty quick.
Doubt wisdom of public announcement.
- Mc.N. Not comm^d. to announcement – only ask for auth^y. to make it if need be.
- Genl. view = against announcement.
- P.L. Prob . Govt/India will think it necessary.
- P.M. Try to persuade them v. it.

Agreed : no statement if G/India persuaded not to have one.

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

2. Reform of Legal Procedure.

- J. Type of ques : double appeals : separate Admy. and Divorce Divn. :
leave to A.G. to bring up ques. : reduce costs of litigation.
- Denning Cttee shows lawyers must do this because laymen don't know details.

Hence propose technical w. parties under wider Cttee. – under both Cttees.

Sugg^d. I shd. select personnel of Cttees.
Shall encourage interim Rpts for quick action.

R.S.C. Govt. role - eg. Ty. Solr. shd be on first Cttee.

J. Agreed.

G.A.I. First Cttee. 13 : Second 12. Keep it the same (TUC) in both cases.
Agreed.

J. will consult G.A.I. on names.

Agreed.

[Enter Nathan.

3. Air Navigation Bill.

N. Crown Procdgs. Bill left gap qua. civil aviation. There is protⁿ. v. action for nuisance in respect of aircraft in the air, but not on the ground.
No doubt because airports were Govt. property : so protected hitherto. Govt. under internat^l obligⁿ. to provide airports – designated internationally.
Awkward if prevented by injunction : nuisance. [Enter E.Sh.
J. Agrees tht. law shd. be altered if at all by Air Nav. Bill not Crown Procdgs. Bill.
Mil. aircraft protected because C.P. Bill doesn't apply to them.
We have to provide for internat^l aircraft.
Regs. wd. cover times of day : extent of running engines.
Don't want to go beyond minimum reguⁿ. for safe operⁿ.

J. Critics will say : you will give leave w'out enquiry : and leaving residents etc.
But in view of Stevenage I'm ready to back this Clause.

A.G. May be some trouble in H/C.
Must go in this Bill, however. Must support it.

J. O. in. C. not liable to be laid.

[Exit N.
[Enter Barnes

4. Electricity Bill : Compensation to Local Authorities.

P.M. A.M.C. deputⁿ made little enough fuss over this. But we decided last time we wd. do somethg.

E.Sh. Cd. get away with a smaller sum (£5 m.) based on severance. Distribute on basis of units consumed – more equitable than capital expenditure.

This wdn't prevent M/T. adoptg. latter method.

B. Willing to come into line on this: if confined to severance.

[Exit Barnes.

5. Coal : Five Day Week : Imports of Coal.

G.A.I. Has E.Sh. said this was accepted “by the Govt”

E.Sh. Yes : in principle, subject to satisfy. cond^{ns}.
But trouble on N.C.B. over this.
Our fact-finding enquiry in Min^y showed effect as loss of output, but took no a/c of psychol. effect on effort by the men.
Now N.C.B. are negotiating with the men. Have agreed on certain cond^{ns}. eg longer stints. Outstanding ques. a) applⁿ to surface workers N.C.B. against this. b) Wthr. 6 days pay on basis of arbitrary figure or average rate for district.
Some members of Bd. now say, irresp. of cond^{ns}. can't effect the output on 5 day wk. For no guarantee the cond^{ns}. will be observed.

Reid and Gridley both resigning mood : persuaded both to hold their hands. They won't accept the response for 5 day wk. But they both say tht. if Govt. say publicly its essential Bd. will accept that and try to apply it.

Arguments other way - a) men may take 6th day off w'out pay.
b) 6 day wk. deterrent to recruiting.

A.V.A. This means tentative statement only by Govt.

R.S.C. No : we are asked to say will there be increased output if 5 day wk.

H.D. Opposⁿ know there is disagreement on Bd. on ques. wthr. 5 day wk. will secure required output.

E.Sh. Say – “last year we said no objⁿ in princ. provided satisfy. cond^{ns}. x/ under negot^{ns}. with N.C.B. no final result reached”.

R.S.C. Doesn't answer ques. do we think output can be secured with 5 day wk.

- P.M. Only real chance is to get miners to offer to delay its applⁿ.
- G.A.I. Full 5 days wd. get us more than theoretical 6 days.
Sat^y not a profitable day because chasing up.
Can I use these arguments?
- E.Sh. No : because even with 50% absenteeism they do produce some coal on Sat.
Cond^{ns} = no 6 day pay unless 5 full shifts worked. And if 5 full shifts effectively worked we can get the output. The cond^{ns} are the essential point.
P.M. shd. put it to N.U.M. tht. its up to them if they get 5 day week.
- H.D. G.A.I. shd. stall and let Tories shout. P.M. is about to see N.U.M. x/ is the right line.
- R.S.C. Last year's statement qualified by W. Paper since no redⁿ of hours w'out miners prodⁿ. Now under discussion.
- P.M. Yes : but don't imply we're running away fr. what we've said.
Imports for stock piling.
- R.S.C. Say no theoretical obj^{ns}. Shall do it if we can when we see how summer output goes.
- E.Sh. U.S. have export surplus. And U.S. shipping to bring it. Might get 200.000 tons p. month. V. poor stuff.

Will submit report to Fuel Cttee.
- H.D. Wd. mean cuts on rest of import p'mme.
- P.M. Must balance pros and cons.

Agreed : E.Sh. to provide A.V.A. with formula.

1. Compensation on Compulsory Acquisition.

- L.S. Seen H.D. : reached agreement.
- Owner occupier was outstanding ques. Inflationary element : prices soaring still : dangerous for Govt. to commit themselves to paying those prices.
Seen prof. assocⁿ. they recognise this and are ready to accept less than market value.
Agreed with H.D. we shd. take diff. betwn. m. value and value w'out vacant possessⁿ : divide diff^{es}. by two and say one half.
- T.W. This is improvement on T.C.P. proposal. Owner who has to buy another farm.
- R.S.C. Impossible to work. Incidence of tenure has nothg. to do with it.
- A. Agreed with R.S.C. Complexity of valuations.
- F.J.B. Shdn't be too diff. to work. Valuer cd. manage it. What basis of assessment?
- R.S.C. Two inflationary elements a) general, in value of money b) shortage of accomⁿ.
- M/H. Agree with H.D. Fair thing for owner occupier was market value.
- R.S.C. Better to take a percentage over 1939 value to reflect change in value of money.
- L.S. Can't go on valuing on '39 much longer – want to get related to present day.
- H.D. W.D. Commⁿ have passed this. Want to get value payments cleared up. Don't want further delay. Can't ignore recommⁿ of W.D. Commⁿ.
- R.S.C. Reasonable to apply W.D. scale to all acquisitions. But not to introduce new factor for vacant possession. What of scale of decreasing value acc. to liberty to occupy in 2, 3 or 4 yrs.
- L.S. There is a distinctⁿ : it is immed. possⁿ cases that are inflated.
- F.J.B. Basis for v. payment = 1939 value of premises with vacant possessⁿ
This has meant disputes over 50% cases. How do they estimate '39 value now?
V. difficult. H.D. and L.S. now want to get in relation to current m. value less v. possⁿ para. 5. Then refer other ques. to smaller body.

Agree : (Accept para. 5.
(C. and B. Cttee to settle the other point.
(L.S. can promise amendments on Report.

[Exit L.S. and Nathan.

2. German Prisoners of War.

- T.W. Diff^{ies} of agriculture. Remember our food commitments. Lost 12.000 betwn. Jan and December.
- G.A.I. Endorsed. Even if all Poles were empl^d wdn't have enough to replace p.o.w.'s D.P.'s even if brought here wdn't be trained.
- J.W. Agreed. Agric. also behind because of weather.
- R.S.C. Other empls? Roads, rlways etc.
- F.J.B. M/E. situatⁿ will be disastrous. 87.000 p.o.w. there and our move to Canal Zone wd. collapse if phased rate of w'drawal of p.o.w. were upset as proposed by E.B.
C. Commⁿ can't take more than 19.000 a month.
- P.M. E.B. is misled re cost: their work wd. have to be done by others.
Dates given to M. must be related to our economic posⁿ.
- Mc.N. Diff^{ies}. a) U.S. pressure b) R. use of p.o.w. Believe they have 3½ m. and have only released 120.000. E.B. was ready to offer some concession if we cd. get more on b).
Gave figure of emplt. of p.o.w.'s in U.K.
E.B. asks auth^y to put in our p'mme in return for R. p'mme.
Labour in M/E. 600.000 d.p.'s on our hands. What of those in Italy and Austria? Move them to M/E.

C. Commⁿ askg. for more d.p.'s for emply. in B. Zone.
Why not trade the p.o.w.'s for d.p.'s.
Unreal to suppose these p.o.w.'s will still be here in Sept.
- R.S.C. Cdn't some p.o.w.'s be absorbed as civilians? [Enter C.O.S.
& Genl. Blomfield
- G.A.I. P.Q's on this point. We've bn. concentratg. on Poles; and they aren't anxious to work on farms.
Will hedge if possibility of allowg. Germans to remain as civilians.
- C.I.G.S. P.o.w. in M/E. will all be out by mid/48., on phased [Exit T.W.
p'mme. At least 40.000 will be needed till July '48. If
not, we shall have to move mil. labour from Pal.
Cdn't promise to accelerate w'out consult. M/E.
Cd. prs. shift 10.000 Chetniks in return – not others.

R.S.C. Wdn't appeal to Moscow! No use for this E.B. bargain.

N.B. Wd. get an irritant out of Italy – some advantage.
Shall be into Canal Zone by end/March. Shan't want 90.000 then.

P.M. Cd. ques. figures for E.B.
Date?

C.I.G.S. For M/E. firm p'mme.

P.M. From U.K?

F.J.B. 15.500 p. month.

Mc.N. Cd. press Fr. and Belgium to accelerate release of our prs.

P.M. Why shd. weight be put on us alone. Fr. and B. shd. contribute.

H.D. R. figure will be much larger.

P.M. About G. p.o.w.'s on civilian basis, subject to security screening.
Agreed : push this forward. Stop policy of waiting for Poles to be settled first.

R.S.C. Second telegram.
Why not convert to civilian force?

F.J.B. That is proposed : will be done later on.

P.M. Why not dispense these : bring in Chetniks etc. instead.
Are they in mil. form^{ns}.

V.C.N.S. Minesweeping : was hoped to finish in summer '47 and delayed by weather : rec. to keep theme as uniformed and disciplined body.

Dienagruppen : 3.000; 45% technicians. Expect to dispense in four months. Refit : m'tenance of minesweepers.

N.B. Para. 4. of telegram. Cd. we bring young Germans from M/E. and replace by Chetniks etc.

R.S.C. By 31.12.47 : this is happening already isn't it?

C.I.G.S. Minesweeping must be disciplined.
Army cd. be civilians by end/47.

P.M. V. well : do it.

Mc.N. Yugoslavs in Mil. Watchmen's Corps. Cd. we have end/47 as target for complete civilianisation?

C.I.G.S. Yes.

V.C.N.S. Note minesweeping is in Fr. Dutch etc. waters.

[Exit Serv. Ministers. C.O.S. & McN

3. Transport Bill. C. Licences.

General view : abandon these provisions altogether.

H.D. Majority in favour of dropping this on pol. grds.
Don't resist tho' on merits wd. prefer alternative draft – will undermine
finance of T. Commⁿ.

B. Will meet Unions before Clause is reached.

Agreed : Drop these prov^{ns}.

[Exit M/W. M/H. Barnes.

4. Parliament.

W.W. Business for the week.

5. Parliamentary Procedure.

A.G. Explained proposals in memo.
Private Members' Time – will be pressure for it next Session. Will
have something to say when Leg. P'mme comes up next week.

W.W. Closure. Speaker is strongly opposed, for reasons given in note.
He is prep^d, in view of last year's experience to come in when I send
for him because I want to move closure.

P.M. Much in this.

R.S.C. Wd. be better fight. Inexpedient to press it after Guillotine troubles.

P.M. Don't go v. Select Cttee on point wh. House will be jealous about.

H.D. Cd. Ch. Whip express Cab's regret this can't be done : press him for
further assurance of his co-opⁿ.

P.M. Don't press this. Agreed : abandon this proposal re closure.
Approved, subject to this modification.

6. Mid-Week Sporting Events.

- C.E. Good response from the assoc^{ns}. consulted.
All asked us [about next year].
S. Afr. Rugby tour scheduled for autumn '47. N. Unions asking N.Z. for '47.
Almost all these will be mid-week matches. Promised to consult them again on this.
Football will co-operate.
Greyhounds. Limited by statutory days. Lanarkshire, in default of agreement btwn. promoters, fixed the days : didn't include a Saturday. Need therefore to enable them to race on Sat.
They also want 2 mtgs. on a Sat. Said we wd. consider legⁿ. enabling all tracks to have a mtg. on Sat. We also felt they shd. be allowed 2 mtgs. on a Sat.
Speedways. Biggest mtgs. are on dog tracks. Can't therefore do it on Sats.
Ice hockey. V. small crowds. Only 7 tracks. Not worth bothering about.
Horse racing. National to be run on Sat.
Later arranged Chester and Manchr. Cup mtgs. to be on Sat.
We'll discuss later other classics. Expect most can be moved to Sat.
Rosebery pointed out 10 days racing 14,000 average at Nottingham. 4 day Test will draw much larger attendance.
F.A. also asked about cricket. M.C.C. has enquired – esp. S. African tour.
Large measure of co-opⁿ.
Practical ques. now = legⁿ. re dogs.
- J. Is it necessary to have 2 mtgs. on Sats?
- G.T. This isn't a sport. But ready to allow 2 on a Sat.
- J. There will be political repercussions.
- A.V.A. Will be newsp. camp. on this soon.
Must be 1m. early closers who will lose all sporting relax^{ns}. Have they bn. consulted?

What about co-cricket?
- R.S.C. No doubt that mid-week matches do cause absenteeism.
This is not a temporary measure.
- P.M. What about consult. T.U.C.
- G.A.I. J.A.L. mtg. this p.m.
- C.E. Diff. to go back on what we have done.

- A. Limit it all to Saturdays.
- W.W. Early closers can go to 2nd mtg. on Saturday.
- G.A.I. Stress fact tht. associations were asked to do this.
- C.E. I didn't mention (tho' auth^y to do so) our readiness to legislate in default of agreement.
- P.M. Statement. Thurs p.m. : generous recognition of attitude of assoc^{ns}.
promise legⁿ on greyhound racing.
- H.D. Cricket.
Go easy on this. Allow 1st class county cricket. No interference with Test Matches as arranged.
- A.V.A. Adjustment.

1. Anglo-Soviet Treaty.

[Enter J.S. & H.McN

Mc.N. As in P.M.'s memo.

R.S.C. F.O. v. form of Fr. Treaty. Suggestg. economic formula wh. goes less far : omits in particular prov^{ns}. for constant consultⁿ.

H.D. Keep as close as poss. to Fr. text.

Mc.N. Our economic relations are not so close with Soviet.

R.S.C. Want them to be. R. if comm^d to paper formula wd. play. Might object, but we shd. offer it. Public and Parly. posⁿ here.

Mc.N. Anglo. Fr. Cttee was already existg. when Anglo. Fr. Treaty concluded.

Agreed : offer text of Anglo. Fr. Treaty on economics.

P.L. Recalled argument about provocative action of Fr. v. Germany. This is even more alarming in case of R.

Mc.N. Already in that posⁿ under Art. 107.
We are safeguarded by Charter.

A. Diffy. with Doms. v. short notice over Fr. Treaty.
More time here for consultⁿ and more need for it because suspicious of R.
Want to inform Doms. now what is afoot and send them provisional text.
Shd. tell Canada how far U.S. being kept informed. Agreed.

2. Cyprus.

P.M. Reasons for not giving effect to Cab. decision of 11th Feb.
Noted.

3. Palestine.

J. Why has martial law bn. abandoned tho' outrages continue.

C.J. Economic paralysis. Some co-opⁿ by inhabitants in giving informⁿ : this might have bn. discouraged by contin^y. of m. law.
Mil. auth^{ies}. were satisfied tht. it shd. be discontinued.

P.M. What next? Mil. action has bn. ineffective in checkg. terrorism.

C.J. Will circulate H.C.'s latest telegram.

J. V. unsatisf. This looks like weakness.

P.M. Agreements for raising m. law are strong:
Agreed : Cab. Thursday.

4. Debate on Defence White Paper.

A.V.A. Defence debate : pressure to review our commitments. What can be said about U.S. help to Greece. Can we consider on Thursday?

A.G. Will see dissidents today. Motion calls for review : Tories will support that.

H.D. Must be continuing review by Cab. – nothing fresh about this.

J. You could accept this.

A.G. No : a further review. This would be moral defeat.

A.G. to see dissidents.

5. Expansion of Fuel : Power Resources.

[Enter Key. Woodburn.
Barnes. Edwards.

A.W. Plant Cttee re-convened. Progressing machinery being established for i) and ii).
Petroleum Bd. to carry on with iv) in close contact with M/Supply, on progressing.

E.Sh. P. Bd. are in constant touch with manufcs. : can look after it better than a new organisation.
P'mme will save 2 m. tons in summer : but 8 m. early in '48.
Conversion of big power stations. We've been let down by C.E.B. Now propose a techn. Cttee with Tizard, if poss. in Chair. Started by views expressed by boiler makers.
C.E.B. don't control undertakers, and latter prefer coal to oil.

H.D. Supported E.Sh. views v. C.E.B.

A.W. Delays in placing orders under (i). Am pressing for quicker decision.

E.Sh. When Coal Bill was in Cttee in apprd. organising Cttee to get on with planning.

Think we must do this for electricity – in advance of natⁿ.

A.W. Told oil burning disintegrates furnace bricks. Enquiring into that.

P.M. Must expedite orders for long term.
Short term. Nothing shd. stop going on with conversion.
Wh. will bring benefits this winter.

R.S.C. Progressing – on the spot – wd. expedite (iv).

E.Sh. That is for Pet. Board.

A.W. M/Supply are progressing tankage and conversion for rlways.
Will submit progress report. Sending mission to Germany.

A. Is there a p'mme for (i). Who makes it?

E.Sh. C.E.B. submit p'mme for approval of El. Commrs. On extensions.
On replacement, undertakers deal direct with manufacturers.
M/F & P. have no powers over Commrs. or C.E.B. nor have they over the undertakers.

C.E. Need for simple standard specifications. To ensure speed in new manufacturers.

A.W. Short term : must use existg. plant : patterns of firms.

P.M. C.E.B. must take a firmer line with fads of undertakers' engineers.

R.S.C. Manufacturers can help.
A.W. Will report back if any diffy.

E.Sh. Gas : shortage of silica bricks.

C.K. Will enquire into this.
Few manufacturers of plant.

R.S.C. German firms can do it.

P.M. Silica in Euboea.

B. Can transport be widened up to cover all locos etc.,
Also can rails be included?

P.M. Materials Cttee can consider rails.

C.K. Bldg. labour. Means at expense of other activities eg. housing. Memo to L.D.C.

Have appr^d. Cttee under Durbin to deal with consequences. B/T. shd. be added.

Cab must recognise tht. it will cut into other p'mmes.

Gas. Recruitment of gas retort setters. M/L. are working on this.

G.A.I. I have said this is overriding priority for labour – in my Dpt.

A.W. Atomic energy not affected?

P.M. No.

[Exit E.Sh. Barnes. Key. Woodrow
[Enter Paling.

6. Care of Deprived Children : Central Responsibility.

A.G. Explained work of Cttee.
Central point : no specialist Dpt. can stand in loco parentis.
No hope of substantive legⁿ this Session. Cd. transfer powers by Order m'while.
In H/C. debate Mrs Nichol made it clear tht. her view was H.O.
Reason to believe Curtis Cttee wd have so recommended if w'in their t. of r.

P.M. Considered by senior Ministers. Have note of L.P.'s views.

Take M/H. first.

E. Three points - a) avoid segregation.
b) avoid treatg. as delinquent.
c) take simplest admin^{ve} solution.
These points to M/H. who are now respons. for 75% of these children.

A.G. Under Poor Law!

Parlt. : country won't like transfer to H.O.

P.M. But we are brking. up the Poor Law.

C.E. And Poor Law schools were worst of all.

G.T. Argued at great length. One considⁿ not advanced yet = heavy load on M/E. and M/H.

Education can't be separated from well being of child. Development of educⁿ thro' meals etc., to cover whole life of child.

Favour l.c.a. thro' special sub. cttee. Middlesex and Surrey recently appl^d. such a scheme. Don't believe Spec. Children's Offr. will work. L.c.a. assuming more and more of this work. Logic, I admit, is that M/E. shd. take over Juvenile Courts.

- C.E. H.O. wdn't segregate. Wd. treat children as individuals.
Offenders – matter of accident.
Removal of child fr. parents – must be for courts, not for admin^{ve}. machinery of any Dpt. other than that respons. for justice.
Functions of M/E. and M/H. insprs. are specialist : doctor or teacher.
H.O. treatment of case work on basis of individuality.
If this work goes to l.c.a. there are too few children to warrant separate treatment. Will be a matter of educational units.
H.O. experience. Less criticism by Curtis Cttee than for insprs. managed by other Dpts.
- R.S.C. Exhausted enquiry under Coalition Govt – favoured H.O. Still adhere to that because H.O. have not so much on their hands.
- P.M. Balance of argument in favour of H.O.
Also mustn't restrict H.O. to repressive functions.
- G.A.I. Support H.O. on basis of experience on Juvenile Ct.
Agree : Transfer central responsibility to H.O.
- W.P. Specialist responsibilities of M/Pensions.

Agreed : insist sentence in announcement on war orphans.
- J.W. Willing to follow English decision.
Will transfer to S. Home Dpt. : larger local auth^{ies}.
- A.G. Also inter-depart advisory Cttee.
- E. Transfer of stat. functions to H.O. Shd. be carefully examined – don't want H.O. to have to administer Poor Law code in interim period.
- C.E. Offl. Cttee can work this out.
- H.D. Care in presentation. H.O. and Police. [Exit Edwards, Paling.
[Enter H. Shawcross.

7. Imprisonment (German and Austrian Sentences) Bill.

- J. J.B.H. has promised (w'out date) legⁿ on this subject.
Diffy = danger of raising ques. of status of our courts in G.
Legal view : there are G. courts because C.C. = Govt. of Germany.
Then with whom are we at war?

Believe we can say techn. state of war existg. pending conclⁿ of Treaty.

Must warn Cab. all these ques. may be raised – esp. by those who question our right to retain German p.o.w.

H.S. Will give rise to discⁿ of these points – wh. will be embarrassing. But those ques. will arise sooner or later anyhow. Intern. Court might not uphold the view tht. we are at war.

G.A.I. Only sufferers fr. delay : chaps in G. prisons. Shdn't they suffer, rather than we.

A. Shall have to ask Doms. wthr. they want their nationals removed to Doms.

McN. Cd. G & A courts not rule tht. persons sentenced may be imp^d here?

C.E. Accomⁿ in U.K. prisons is not v. comfortable. And poplⁿ is not contented.

A.G. This obviously wd. be controversial Bill. We are already. in arrears with p'mme.

J. My view is tht. this handful of B. subjects must languish longer in G. prisons.
Wait until the trouble gets worse.

Agreed : postpone.

8. Abolition of Special Juries.

J. Judges agree – subject to City of London.
Announce our intentⁿ.
Agreed.

9. Coal : Five Day Week.

P.M. N.U.M. mtg. this a.m. Better spirit. Believe they will get as much in 5 days as 6. Can it be moved? Other sugg^{ns}. Unlikely to offer p'ponement. No option but to introduce it.

H.D. Cd. we re-open it later, if experience shows this optimism isn't justified?

P.M. Prod : figures will be circulated to Cab.

1. Palestine.

C.J. As in memo.

P.M. What has bn. achieved by m. law.

T.J. a) Given free hand in Army b) Enforced some co-opⁿ fr. J. community.

P.M. What has happened under a)

F.J.B. Picked up some important terrorists. Chastened J. popⁿ: realise Govt. in earnest : effects of terrorism on them. Also got valuable informⁿ

P.M. Double-edged weapon : you've had to w'draw it. Terrorists will claim it as victory.

F.J.B. Can't keep it on for long : only point is results from shock action. We wd. say it produces results : and shd. be used as necessary.

VC.I.G.S. Terrorist hide-outs limited in J. areas. Result of applying in law to those limited areas we collared 24 known terrorists – much larger than for some time.
T. will be tried.

F.J.B. No delay in carrying out d. sentences if imposed.

J. Has given impⁿ of weakness. M. law is flexible, wdn't have bn. w'drawl in total. 24 aren't all terrorists : why didn't you keep it up?

A.V.A. Shocked to find it w'drawn. Wdn't it have bn. possible either a) to restore economy in part by relaxed m. law. b) To get further assurance of J. co-opⁿ. I share J.'s views.

R.S.C. Confusion betwn. m. law and precise measures taken under m. law. Was right to w'draw second : but mistake to have w'drawn m. law as such.
Will be more diff. to re-impose.

VC.I.G.S. Large nos. of troops and under gt. strain in cordoning off these areas. Wd. be easier for us to have m. law over whole of Pal. and apply it moderately over most of the country.

P.M. What next?

C.J. Searches will continue : mil. will take such preventive measures as they can.

P.M. Terrorism is worse now. Indicates failure.

R.S.C. x/ Threaten now to impose m. law over whole country in 2 wks. if t. hasn't stopped.

C.A.S. In Arab revolt m. law was in force over whole country for a whole year.

P.M. Were C.A.S. informed that this wd. be temporary only?

C.A.S. No.

VC.I.G.S. Intentⁿ. locally was always to keep it on only for so long as it produces results.

P.M. Not thought out by people on the spot.
No signs of any plan for handling situation.

C.E. Tribute to B. troops. They deserve guidance.

VC.I.G.S. Local plan : re-impose m. law on areas where trouble centres.

P.M. That wd. be a farce.

H.D. Supported x/.

A.V.A. Get your plan first. C.O.S. shd. examine posⁿ and recommend a plan.

P.M. Recall H.C. and G.O.C. for this purpose.

C.A.S. We will submit applcⁿ of m. law throughout Pal.

P.M. Para. 13 approved.

F.J.B. Cyprus : accommⁿ increased from 20.000 to 30.000 if a) materials from U.K. b) no interf^{ce} will leave.

C.N.S. 4 escort vessels fr. Pac. to Med. to re-inforce.
Overcrowded ships : running ashore tactics increases risk of disaster.

R.S.C. Is perm. bldg. nec. in Cyprus. Summer only.

C.J. Mostly under canvas.

2. Military Mission in Greece.

Mc.N. Read Moscow tel. 176.
New Amb. has taken this up. And our Amb. in W'ton approached.

Fear Congr. Cttees will think we are coming right out. They want some B. support. Also fear gap.

C.O.S. discussed troops in Dec. and assumed Mission wd. continue.

Cost £700.000. p.a. W.O. cd. discuss with Marshall wthr. U.S. wd. carry some of this.

Naval Mission : 72 all told : £35.000.

Police Mission : 66 officers £100.000 of which £35.000 is recoverable.

P.M. Follow to w'draw. Wasting what we have done.

H.D. 300 off : 1250 men = Army Mission.

Also Air Mission £16.000.

Total = £1 m. p.a.

P.M. Why not cut nos, down.

F.J.B. Gk. Army have B. equipment and Mission engaged mainly in training.
Can't change to U.S. equipment in a moment.

P.M. For how long are we to m'tain these Missions?

Mc.N. E.B.'s intentⁿ : apart fr. interim help, Missions to stay indefinitely.

P.M. How long?

C.A.S. Ours since 1908.

VC.I.G.S. 2 years only recently at this strength.

A.V.A. Gks. were assured of training. And C.O.S. plan approved by Def. Cttee in Dec.

Some room for redⁿ. But Gk. Navy eg. has bn. operating under command of C. in. C. Med.

Give assurance won't be w'drawn at once : will be reduced as Gk. Army trained:

P.M. And U.S. shd. put Gks. in funds to pay for it.

Agreed. 1. (Retain meantime. Can't go on paying : must
(discuss that with U.S. too.

2. W.O. to consider reducg. nos. of Army Mission.
Record C.A.S. point on training of Gk. Air Force

[Exit: C.O.S., Hall

[Enter: J.W., W.W.

3. Parliament.

W.W. Business for the week.

Mil. Service Bill. 31/3. 68 supporters have put names to Motion for rejection.

P.M. Expected about that no.

A.V.A. +/- Nos. ready to support if a) Bill provides for education : b) democratisation now turning on D'mouth.

G.A.I. Opposⁿ. cd. be met if the 5 years were reduced to 3.

P.M. Wd. involve debate just before Election.

N.B. Just after !!

A.V.A. Proper answer is tht. Govt. can end it at any time : period is to give industry an idea for planning.

F.J.B. No real trouble over x/. Bill covers a). Feeling over b) met in Army Est. Debate.

A. Defeat in H/Lords is likely today.

4. Legislative Programme for 1947/48 Session.

A.G. Object of memo. Guidance to draftsman.
Next year can't have 3 day Econ. Debate : own supporters claiming more. Will be standing feature taking much time.
Bills that must be taken on Floor : Electoral Reform; India Bill; Burma Bill. Block Grant Bill.
Restoration of some Private Members time.
Shd. aim at lighter burden in 3rd Session – more vigorous 4th and 5th.
Strain on Ministers, Officials and Members must be eased.
Will be further Bills we can't foresee.
Socialisation Bills. Believe we shd. attempt only one next Session.
Asked approval from para. 6. Add Patents.

P.M. V. heavy p'mme. Too big a strain. Must come down.
No decision today on Gas or Steel. [Exit E.Sh.]

A.V.A. Agree. Smaller Bills take some time.

P.M. Find Bills wh. can stand over until 4th Session [Exit F.J.B.]

A. May have to suggest v. controversial legⁿ on H/Lords.

Accept this as priority order for drafting.
Review it as a p'mme and cut it down. [Exit N.B., W.W.]

5. Food : Discussions in North America.

- J.S. Reasumptⁿ of animal feed.
- P.M. Cd. some f. countries supply us with breeding stock.
- T.W. Not worth having!
- J.S. Sugar : Sir. Wm. Rook shd. be thanked. Has got enough to enable us to raise ration from 8 to 10 ounces fr. April. Will announce, subject to cond^{ns}. a) won't cost us any increase in dollars for shan't have to buy any more (from 1949) and b) won't increase subsidy totals.
Alarming figures on nutrition : perceptible decline. 1944 : 100% of phys. needs were met : 1945 : 98% : last quarter 1946 : 93%. W'in that average much worse : eg. adolescent boys only 60%. M/N are in accord.
- P.M. M/H. shd. concur.
- J.S. Weighings show a check in growth of body weights. First signs of downward curve.
- P.M. Circulate this report, incorporatg. comments of Health Depts.
- J.S. Called attⁿ to Indonesia.
- P.M. Am considering that, on basis of minute from M/Food.
- J.S. Growing U.S. co-opⁿ : but v. background of continuing world shortage.
- P.M. Work thro' U.S. Amb. in Ldn. (as before).
- R.S.C. Linseed oil. More for industry?
- J.S. Not unless we can buy more. Not much chance. Some fr. Argentine prs. India : v. contradictory repts.
- J.W. Loss in home prodⁿ because of weather.
- T.W. Wheat vice, flour because offals.
- Mc.N. In announcing increased animal feed, will T.W. stress fact tht. no Europ. country cd. take more maize. Agreed.
- J. Prodⁿ of sugar in B. Guiana. Are we stepping it up as much as we can?
- C.J. Yes.

- H.D. Sugar. P'pone decⁿ. Nutritional facts shd. be studied. Also memo. coming fwd. on import p'mmes : shdn't increase things now when may have to reduce others. Delay this discussion.
- J.S. Means a month's delay. Wd. stimulate prodⁿ. Room to cut many things before sugar.
- H.D. Can't consider sugar in isolation.
- J.S. Apl. 27 even if I make announcement almost at once. Prs. early next week. I have met the 2 stipul^{ns}. made by H.D. – when I saw him early this week.
This sugar has bn. bought.
- H.D. Not clear we can afford to give the sugar away now. Dollar credits going v. fast. Agreed it shd. be bought : but may be more prudent to hold stocks.
- P.M. Will have this considered early next week.

6. New Zealand and the Statute of Westminster.

Approved.

Coal : Imports from U.S.A.

- P.M. Fuel Cttee decision. C.B. telegram. Told E.Sh. to say nil in debate.
- Misconceptions by E.B.
- a) We aren't proposing to go behind E.L.O.
 - b) Deficit is 20 m.
 - c) We've taken a/c of oil conversion
 - d) Total of miners aren't all at face : and anyway we have asked them to work harder.
- E.Sh. I largely agree with E.B. Have always believed miners can produce the coal. Confirmed with offls : they don't dispute you cd. get 1 m. tons this year if you placated E.L.O. But more likely you will get only 600.000.
- Is it worth while, for this, to upset Europe – and Bidault.
- Last year I concentrated on getting prodⁿ. Got better spirit – wh. led to increased prodⁿ at end/year. Man power increase much greater than estimated.
- Seeing Lemass today. Will bargain coal for Irish labour.
- Last year Coal Cttee appr^d weren't complied with. Cd. have done much better myself.
- Believe we can get more than 200 m. But give me a free hand.
- N.C.B. doing a routine job : they can't have same urgency, as I and Cab. over prodⁿ. He must have someone who can ques. his whole mind to prodⁿ. I can't at present because legⁿ - Coal and Electricity.
- Let me concentrate on this – relieve me of other duties and give me a free hand. I must tour the country.
- Rationing : 1½ tours at most : a few days' prodⁿ. Go for more production and concentrate on that.
- R.S.C. Industry's condⁿ today. Cotton = ⅓ of pre-crisis output. Midlands working 3 days a wk.
- Neglect any method of getting coal : industry will flop. Serious psychol. effect. apart fr. factual position.
- Thus, even if it only yields 600.000 t. in the end, v. adverse effects if we now give impⁿ. we aren't bothering to seek any new sources to relieve situatⁿ.
- Nos. unempl^d. - no measure of fall in prodⁿ.
- Bidault's obj^{ing}. But he is all out to get all he can for France.
- J. Supported this. All that E.Sh. says can be done in addⁿ & shd be.
- T.W. Support E.Sh. idea of touring country.
- But not inconsistent to tap other sources.
- Don't expect too much from it, must rely mainly on own prodⁿ.

- P.M. Cttee : he needed help of other Dpts : Cttee was to give it to him : cdn't have done these things himself.
 Assist^{ce} : use Parly. Secy. to the full.
 Remember psychol. of country. Strong arguments needed to show why we shdn't get coal fr. all poss. sources.
 Small amounts – all are small : the aggregate counts. This is object of B.A. technique.
 Govt. is co-operative.
 Mid-day sport eg. Cd. E.Sh deal with that alone
 E.B. doesn't appreciate facts. And over-estimates diff^{ies}. for him.
 Can't rely wholly on faith in miners' output.
- A. How does this relatively small shortfall have the devastating effects on industry described by R.S.C.
- R.S.C. 26.4 m. requirements of industry for summer. Shortage 8.8 m. = $\frac{1}{3}$
 Some ind^{ies}. must have 100 m. That means for others a cut of nearly 60%.
- E.Sh. First thing : square U.S. first : see if they will take initiative.
- A. Lemass is likely to collaborate in getting Irish labour.
 Fear shan't get much from S. Africa.
- P.M. Every little helps.
- C.J. Looking into possibilities from Nigeria and Borneo.
- R.S.C. Cd. go to Gib.
- O.S. We don't qualify for an allocⁿ. from E.C.O. – as producer. Shd. have to ask for alteration of basis of allocⁿ.
- E.Sh. We cd. do a bargain over Ruhr coal.
- P.M. Project is addl. exports w'out altering existg. alloc^{ns}.
- R.S.C. Anyway, let's try. Don't say our foreign policy won't allow us to maintain our industries.

1. Cyprus.

[Edwards: W.W.]

Mc.N. Leak from State Dpt. Paper issued to Congress included statement Cyprus might be ceded to Greece in certain circs.
State Dpt. have now issued explanⁿ.
Shd. we have P.Q. saying this isn't policy of U.S. Govt. and doesn't affect C.J.'s remit statement in H/C.

C.J. Better let it lie. Some divⁿ. of opinion in Cyprus : may come round.

2. Greyhound Racing Bill.

C.E. Dpts. can give me no ev^{ce}. tht. it causes loss of prodⁿ. Hence diff^{ies}. in H/C.
Pressed to agree to exemptⁿ for places "mainly holiday resorts".
Strong oppⁿ to Bill fr. our supporters.
Suggest more flexibility. New clause giving power to S/S by Order to exempt areas or vary hours where satisf. this won't lead to substantial interf. with prodⁿ.

P.M. Unfortunate Prodⁿ. Dpts. Cdn't give any ev^{ce}.

E.Sh. Can't give figures. But we know tht. absenteeism at pits correspond with racing days in neighbourhood.

C.E. His Dpt's note didn't go even as far as that.

J.W. Supported new Clause. Agreed.

3. National Service Bill.

W.W. Strong demand for 2 days. Have suggest Mon. and Tues up to 7 p.m. followg. with Traf. Estate Bill.
Cotton Industry : Thursday.
Govt. spokesmen : 2 wd. now suffice. G.A.I. to open : A.V.A. to reply.

W.W. N. Ireland : amendment 123 names thought out of order.

P.M. Why?

C.E. Machinery Bill on border problems. Don't think anything in it wh. gives N.I. Govt. addl. powers on liberty of subject : that is point at wh. Amendment is aimed.

They can't be prevented from voting v. Bill. even if Amendment isn't called.

This Govt. cdn't defend N.I. Govt. v. alleg^{ns.} in the Amendment.

W.W. Motion today, urging immed. action cd. improve housing in rural areas.

Our supporters have tabled amendment "when cond^{ns.} permit".

P.M. That is all right.

A.V.A. Nat. Serv. Bill. Cttee on floor?

P.M. Yes.

4. Gold Coast Trials.

J. C.J. and I will submit memo. to Cab. This must be stopped.

A.V.A. Parlt right to defend liberty. Shd. they be excluded.

R.S.C. But never bn. any ques. of discussg. prog. or mercy in Parlt.

C.E. V. strong precedents against allowg. it to be discussed.

H.D. Will J. deal with this point too.

[Exit W.W.]

5. Divorce : Reconciliation Machinery.

J. As in memo. Start quietly and see how we go. Approved.

6. Domestic Fuel Rationing.

E.Sh. As in memo.

Legal diff^{ies.} now alleged over penalties : because of bringing in, as defence, 50% of consumption in earlier period. Legal : but diff. to prove unless meter reading taken at beginning and end of period of preceding year. Diffy. is therefore one of proof. Prosⁿ must be based on consumption in a given week : can't prove consumption in corresp. week of last year.

[Enter T.W.]

Hope, however, to find solution of this difficulty.
Can we announce before we know answer?

R.S.C. Emphasise reason – give more coal to industry.

- G.A.I. Will details of scheme come to Cabinet? It is open to criticism.
Not opposed to principle.
- Large shedding of load between 8.30 and 10.30 a.m. W'out keeping up restⁿ of hours – rationing instead – we shall have more shedding.
Increase eg of 5 units wd. make a big diff^{ce} to political reactions.
- A. Support G.A.I. Don't like this. Volunteer meter readers – mostly parkers.
- Unless big economies secured, this wdn't be worth while.
Most people don't understand meters.
Detailed imposⁿ : inquisⁿ into lives of millions. Administratively impracticable. Will bring minimum diff^{ces} : unpopularity on Govt. for what advantage.
- P.M. Small savings I agree : but narrow margins.
Think this will be unpopular : will make miners v. unpopular.
But effect of present scheme is disappearing fast.
- E.Sh. Can't enforce present scheme – and can't hold it much longer by vol. means.
- Can't estimate what savings it secures.
Know this plan will be unpopular. About 1 m. may be open to prosecⁿ and plan may therefore break down.
- C.E. B. Ben shdn't have bn. re-lighted. [Exit C.E.]
- P.M. Problem of this plan : enforcement. V. diff. to understand this scheme with its variations for children etc. – people coming and going.
- H.D. Can confirm prosec^{ns} to flagrant cases. We so agreed.
- P.M. Are we going to say that in H/C.?
- H.D. Cd. say adminⁿ wdn't be oppressive : but (positively) flagrant excess will be severely dealt with.
- E.Sh. Then how will you define “flagrant”?
- R.S.C. Don't. May prosecute for large or persistent use. cf. speed limit.
- J. Enforcemt. of law depends on support of public opinion. Courts won't enforce v. public opinion. Consider a voluntary scheme.
- R.S.C. Industry! 600.000 t. saved this summer means 22 coupons or 31 most winter. This is a measure of gravity of situation.
- G.A.I. Extra staff : far more than 2.000 will be required.

- Gas and electricity accounts must be sent out simultaneously – aren't now.
- T.W. I'm being charged more for consuming less electricity.
- A. Is this scheme administratively practicable?
People are ready to co-operate.
- R.S.C. No : they are awaiting compulsion.
- E.Sh. I have always preferred existg. scheme – tightened up as necessary.
- R.S.C. No evidence in favour of this "hunch".
- G.T. Experience of enforcing rest^{ns} on bldg. materials. This is worse.
Depends on getting public opinion to support it – not enforcement.
Differing circs. of diff. houses.
If you go on with no sugg^{ns} :- a) Vol. meter readers. They must be taught. "Youth clubs" begin at 12 : can't get anyone under 16 to do this. Inaccessibility of meters.
Better to run a vol. appeal for 50% saving.
- P.L. a) Diffy. of enforcement b) Danger of making a law and not enforcing it.
Brings all law into disrepute.
- A.G. Opposition wd. go for this. Wd. ask how you will enforce. Will have to admit order under D.R. Demand for a day to debate the Order.
Feeling in H/C. wd. run v. high.
- P.M. Enforcement is real diffy.
- R.S.C. How many pros^{ns} for bread rationing?
- J.S. V. few.
- A.G. But diff. scheme.
- A.V.A. What of consequential control of paraffin? Paraffin coke? Will rich find a way round this?
- J. Army of bureaucrats – worth the savings secured?
- G.A.I. Diff^{ies}. to housewives.
- E.Sh. If present rest^{ns}. continued, wd. have to be extended to gas.
- J.S. Wd. 35 units allow people to cook meals? Can't really defend a scheme wh. won't allow that.

P.M. Then you wdn't get the economy required.

E.Sh. Might reduce it from 1½ m. to 1 m. tons.

P.M. Wd. ths scheme w'out penalties be better or worse than the present?

E.Sh. Continue present rest^{ns.} economy drive : prosecute flagrant offenders for waste of fuel.

H.D. Ques. for immediate decision : is there to be some element of compul^{n.}
Cd. we not say at once we are considering a scheme : there must be some compulsion in it. Let E.Sh. then discuss with undertakers.

R.S.C. Can't say that when we have no idea what scheme.

P.M. Must face the real diffy. of enforcement.

E.Sh. Say : present scheme continues : discussg. with undertakers, can't say what will emerge : aim at 2 m. savings.

R.S.C. Said precisely that in H/C. 2 wks ago.
Effect of exemplary penalties in selected cases and in all rationing schemes.

P.M. But this is essentially different from any other rationing scheme.

A.V.A. Try appeal and threat of rationing.

P.M. Cab. won't accept this scheme. Better say we have examined v. many : decided all involves man power excessively and diff^{tes.} of enforcement. Will rely therefore on present rest^{ns.} extended to gas plus publicity and anything expedient wh. can be devised.

R.S.C. Record my profound disagreement.

P.M. Let E.Sh. draft announcement on lines of x/. and submit to Cab. Thursday.

7. Coal : Imports from U.S.A. and S. Africa.

E.Sh. Saw U.S. Amb. Promised to cable his Govt.
Later told me he thought it wd. have to go thro' E.C.O.
But was v. anxious to help.

A. Waterson provided help. Cd. increase by 2 m. tons : but want trucks from us.

8. Floods : Relief and Compensation.

- T.W. Cttee mtg. H/C. 2.30 p.m. Hope to confine them to urgent remedial action.
Want P.M. directive for priority for a few weeks for supplies, equipment for drainage auth^{ies}.
Diff^{ies}. in obtaing. pipes
Diffy. over t. or r. for the Cttee : confining it to emerg. methods of restoring land.
- P.M. I wanted it to go wide – over food prodⁿ. as result of this situation.
Don't want it confined to flood damage or areas so damaged.
- Compensation. a) Govt. will be expected to provide something.
 b) Lord Mayor is receiv. cheques and wants open Fund.
- a) shd. precede b). Want a scheme prepared. Must draw a clear line.
- H.D. P.Q. by Piratin: furniture and clothing. Got Dpts. together under Ty. to draw a line. Remember much is covered by insurance – tho' it won't cover all cases or all cost. Will say today : we are examing. urgently how far covered by insurance and how far Govt. must supplement.
- R.S.C. L. Mayor's Fund and supplement fr. Govt. Fund have a technique for handling these cases. Why shdn't Govt. subscribe £1 m. to Fund.
- M/H. We shall be setting a new precedent. cf. Salford, who last year put large sums. L.A.'s will spend much here. Shall have to consider, if any voted monies, a grant-in-aid to l.a.'s
- J.W. Not floods only – frozen sheep, too. And shan't know till May/June extent of disaster.
- H.D. A vast operation is envisaged.
- E.Sh. Will pay a dividend anyway. Believe Govt. must administer.
- P.M. Machinery : can County Cos. help?
- T.W. Yes. We are collectg. informⁿ. from them.
- P.M. Grants or loans?
- T.W. Prob. both.
- A.V.A. Domestic relief via L. Mayor's Fund }
Working capital via Govt. }

M/H. And grant in aid to l.a.'s many of whom have taken action already.

Agreed: H.D. to make statement today at end Ques.
Govt. realise heavy losses to indiv. and l.a.'s. Are considering how Govt. can best assist farmers : also those l.a.'s who have incurred expend^{re}. in relief of distress. Understand L. Mayor's Fund being opened – Govt. subscribing £1 m. hope for generous support.

H.D. to consult Lord Mayor.

A.G. Read report of mtg. held y'day at H.O. on relief measures. Dpt. co-ordination.

R.S.C. Pumps and pipes : someone will have to be empowered to requisition it.

Agreed : Gardiner (M/Ag.) to have such power.

9. Coal : Five Day Week.

P.M. Can't do other than agree.

H.D. Yes : but shall watch effect on output and re-open it if output falls.

E.Sh. Cond^{ns}. are stringent.
3.9 m. produced last week.

Agreed.

1. Parliament.

A.G. Civic Restaurants Bill Lords Amendments first.

P.M. Add 15/4 = Budget Day.

2. Town Planning: Powers of City of London.

P.M. Proposed by new Bill to deprive City of planning powers : with certain rights to be exercised in conjunctⁿ. with L.C.C. L.S. thght. easiest way wd. be to have City as planning auth^y. Will be opposed by L.C.C. and Labour Party. Will be advocated in H/L. Which do we choose?

L.S. Politics apart, I wd. have thought City shd. be a planning authy.

H.D. Political arguments outweigh. Vote down opposition.

J. Prestige : say both are planning auth^{ies}. but L.C.C. in posⁿ. of ct. of appeal.

L.S. That is what L.C.C. oppose.

Agreed : Politics to prevail.

[Exit L.S]

3. Shipping : Use of Liberty Ships with Gunman Crews.

J.B.H. As in memo. Turns mainly on dollar ques. Saving may be double the estimate of 40 m. dollars. Depends on use made of the ships – cd. be much greater if use not restricted to food.
Para. 6. B. freightage earnings. M/T. now satisfied alternative use of B. ships can be arranged.

[Enter A.

B. This wd. be complete reversal of U.S. shipping policy. The ships wd. go to G. on ban boat basis – wh. has bn. refused to us and other Allies. Congress wd. have to reverse decisions – won't go thro' early. Fr. our angle. wd. reduce our chances of cutting into G. trade. If we are to agree, must have some cond^{ns}.

H. We oppose – on security grounds. G. shipping potential. H'to policy of destroying it. This cdn't be temp^y. expedient : wd. be diff. to stop it. Repair yards : seamanship etc.

R.S.C. Paras 1 and 3. Does it mean handing over to G? Won't they be operated by Anglo. U.S. auth^{ies}.?

J.B.H. Yes : but G. wd. man the ships.

R.S.C. Then it won't create a G. merchant navy.

P.M. Any more than using G. crews for minesweeping.

H. Will require repairing facilities. Might add to building ships. Also wd. support the case for G. shipping in interests of G. balance/payments.

B. Wd. depend on conditions imposed.

J.S. We support this – as easement to food imports.

H.D. 80 m. in all : about ½ to Br. per year. Nearly all our saving wd. be in dollars.
Accept : on understandg. tht. doesn't mean any change of view re G. shipbldg.
These cd. be repaired outside Germany.

E.Sh. Emplt. of G. seamen. Avoid that and there's no objⁿ to the proposal.

P.M. G. seamen will serve eg. under Panamanian flag.

J.B.H. G. seamen will cost nothing in dollars.

Mc.N. Hoover is aware of the pol. diff^{ies}. will accept any reasonable qualification.

T.W. Can't keep G. out of emplt. for ever. We've already changed our attitude.

A.V.A. This means 750 deep sea officers – who wd. otherwise melt off into land emplt. Keeps a nucleus in being.
We shd. have more informⁿ re details of control : schedule of conditions : rub in to U.S. comparison with their treatment of us re ships on bars boat charter : keep security risks under review.

H.D. Accept: making it clear we don't agree to any revival of G. mercantile. marine.
Accept in principle : subject to conditions to be worked out by J.B.N. with M/T., M/D., and F.O. (conditions to be security conditions not trading conditions).

[Exit B. J.B.H.
[Enter N.B., J.W., C.K.,
H. Wilson., Edwards.,
F.J.B

4. Olympic Games.

- N.B. I originally preferred 1952. Others pressed for 1948, to encourage tourism. Might bring £1 m. in f. exchange : apart from “moral” gain if we do it well.
Crucial point : accommⁿ of teams.
Only alteration to this plan : allocⁿ of hotels, which wd. otherwise be used by the tourists.
- J.W. 600 t. of steel. Mustn’t come from civil allocations.
- C.K. a) Higher priority. Nothing higher is available. Avoid super-priorities.
b) Can’t find the steel fr. other p’mmes.
- P.M. This comes at a v. unfortunate time.
- G.A.I. And shortage of labour in London.
- H.D. The money cd. come out of Air Min^y. Vote.
Cd. they not similarly find the materials?
- N.B. Expect we can meet the money fr. Vote, by virement.
Our 1.400 t. allocation : for m. quarters : and allotted to contractors.
Can we have decision in principle and let Nat. Cttee say whence steel is to come.
- F.J.B. Dividend fr. Games.
- G.A.I. W’draw the invitⁿ.
- C.E. Compare with mid-week sport rest^{ns}.
- Mc.N We are comm^d to this : known the world over. When we ???? for f. exchange can we w’draw invitⁿ quick : accepted.

Keep a sense of perspective.
- R.S.C. Why not leave out Uxbridge and put in another empty camp instead.
How many cd. Uxbridge hold w’out new bldg?
- N.B. 1.200.
- R.S.C. Distribute the remaining 800/1.000.
- N.B. Cd. I get free gift of steel from Finns?
- P.M. No.

Agreed: {Approve plan save for new bldg. at Uxbridge.
{Service Dpts. to find room for remaining 800/1.000.

[Exit. Wilson.
C.K., J.W.]

5. Sugar Supplies.

- P.M. Nutritional ques : to be referred to offl. Cttee and reported to Cab. in due course.
- H.D. Dollars : in a month's time we can discuss genl. position on import p'mme for 47/48.
Can. credit is being exhausted more rapidly than U.S.
U.S. credit : heavier drain this year, partly because combined Zone of Germany.
Can't be sure this will slow up.
My conclⁿ we shd. give nothing away at this stage. At least wait another month. Might have to w'draw later an increase in rations given now.
Can't reach firm concl^{ns} this a.m.
- P.M. Confine this discussion to sugar.
- J.S. H.D.'s rule will cause food posⁿ to deteriorate because other goods may have to be cut on other grounds. E.g. tea and prs. meat later in the year.
Thus, when we can make increases, don't miss the chance to compensate losses elsewhere. Sugar is only known case when we have the supplies to warrant an increase.
Will a deteriorating food posⁿ help us with b) payments? Shan't we lose as much as we gain.
We have bought this sugar. Only ques. shd. we store it, in order to make sure we can m'tain supplies in 1949. No need to buy more dollar sugar in order to m'tain ration to end/48.
- P.M. What assumptⁿ re home crop – 1/3rd of our supplies. Suppose floods put our next years' crop down?
- T.W. Fens are heavy beet. growing area.
- J.S. Variation : 10% of 1/3 of total supply. Not v. important factor.
By '49 we shall be wholly free of dollar sugar.
Prioritise : if H.D. must cut back our dollar spending on food, don't cut back basic things like sugar.
- H.D. Am not opposing purchase, but distribution.
- P.M. Better to wait and balance this increase against a cut, eg. in tea.
- J.S. Press conceal good and stress bad, if announced simultaneously.
- H.D. When will meat cut come?

J.S. Don't yet know. Shall make it in summer.

T.W. 20.000 t. loss and loss of condⁿ.

J. Reserve an increase until first season.

A. Some relief needed : sugar is useful increase. Do it when you cut tea.

J.S. Accept that, and consider meat position.

E.Sh. Turkeys : if not a precise condⁿ hope we won't buy them at all.

J.S. Strong pressure : said price not higher than beef : tendency for price to rise now, so we cd. oil out of it.

P.M. Can it be Agreed : increase sugar ration at time of another cut, wthr. tea or meat.

E.Sh. No.

Agreed : Suspend : bring up again in commⁿ with a cut in other foods.

[Exit Edwards]

6. Domestic Fuel Rationing.

E.Sh. As in memo.

R.S.C. Want a more effective statement. Showing a) industrial need b) target for domestic saving etc. – as in note by E.E.B. Threaten the rationing scheme if savings not secured.
Set out the standard as a target to aim at. Will educate public and let us know reactions to diff^{ies}.

E.Sh. I accept that.

P.M. Must make it today. Don't want to say we will put in a scheme if I don't believe we can.

R.S.C. It isn't imposs. : it's diff. and expensive in man power.

P.M. Frankly, I don't believe it wd. work.

E.Sh. Publicity.

R.S.C. Must fit in with genl.

Agreed: (introduce E.Sh. prohibitions.
(statement on lines proposed by R.S.C.

[Enter C.O.S. and
Cunningham and G.O.C.
Palestine.

7. Palestine : Public Order.

Statements made by High Commr. and G.O.C.

Ques : effect of Grover's execution
Mufti raising guerrillas. Are you stopping that?

H.C. Can't open frontier with Egypt. Police action and black list.

T.W. 75 terrorists captured. What done to them? H.C. 3 mil. courts before whom those brought v. whom definite ev^{ce}. but these cases, usually no ev^{ce}. will be interred under 18b model. we have picked up all whom we believe to be members. Even J. parents don't know wh. sons belong.

P.L. How long can you detain?

H.C. No legal limit. Found on arrival in Pal. some who had bn. detained already 4/5 years.

Recruits fr. among illegal immigrants. Told Agency they shd. keep terrorists off these ships. Regular illegal traffic isn't promoted by terrorist organ^{ns}. But recent shipments organised by Bergson? in Paris are diff. For he is assoc^d. with terrorists organ^{ns}. and will prob. feed them in. Only hope is to send these to Cyprus : keep them isolated.

G.A.I. Attitude of T.U.'s?

H.C. They are most v. terrorism of all others. They have some power and if they use their Hagana v. terrorists they will be large influence. J. Agency is losing influence over J. popⁿ. When we asked for their co-opⁿ it became clear tht. their posⁿ. depended on opposing Govt. They are losing ground, partly to extremists, but more to U.S. Zionists. Weizmann has bn. standing back. Has recently bn. talkg. to Agency. Believe large nos. shd. resign. Chance of a come-back by Weizmann. Agency groups : Silver (U.S.) Ben Gurion (Labour) Revisionists.

Report by Chiefs of Staff

C.A.S. Have consulted C. in. C. and discussed with G.O.C. Pal. W'spread m. law wdn't assist in problem of dealing with small no. of criminals.

Close cordoning. Was right thing to do. Unfortunate tht. it was called in late. Did help. Can be done again.

Best assist^{ncc}. to men on the spot wd. be summary courts actg. quickly. if that can be done legally.

C.J. Concern in para. 17. Par. 18(a) shd. be carefully considered by Cab.

J. H.C. said mil. courts are now sitting.

C.J. Impt. for 12 months or fine of £100 is max. penalty.

J. Higher penalties shd. be provided for by O-in-C.

R.S.C. Not to a single mil. officer. Shd. be at least 3 – or assessor.

C.J. Second ques : stop legal quibbles over appeals.

F.J.B. Death Sentences not by officer lower in rank than Brigadier.

J. Jurisdⁿ of court shd. cover all terrorist crime.

P.M. Memo. shd. be put to Cab. on detail of composⁿ procedure and powers of these courts. Colonial Off. to submit eg. draft O-in-C.

J. Grover. Learn to appeal: by relatives in turn. Auth^{ies} can now consider wthr. one applⁿ having bn. refused, he shd. be executed.

C.E. Consider something like A.G.’s fiat on the spot.

R.S.C. No!

J. Rep^{ve} of J.A.G. or other lawyer shd. be associated with the Courts.

A. Para. 18(c). Will they do the same again?

C.A.S. Flexible : may be more or less restrictive than before.

R.S.C. But don’t call it “statutory martial law”. Imposⁿ of special powers.

A.V.A. Interference with civil life may be v. serious.

P.M. Shdn’t be imposed in future without reporting to Cabinet. (after the event, if need be).

2. Parliament.

[J.S., W.W., L.S

W.W. Business for the week after Easter.

E.Sh. Fuel Debate 2/4 a) Imports

Imports : U.S. Amb. asking wthr. exports can be stepped up after this quarter, has been told it can't be done because transport difficulties in U.S. Since confirmed in writing : best they can offer is anything allocated to Europe which they can't buy.

P.M. Have U.S. considered with suff. sense of urgency? Not ready to accept this answer. Will take it higher.

E.Sh. U.S. Amb. deprecated our sending a man out. N.C.B, want to take it further.
S. Africa : offer 50-75.000 t. p. month for bunkers if we can get the wagons for them.

A. 100.000 t. per month per 300 wagons. Relatively small no.

P.M. Not our gauge: no use to us : on order. We shd. try to expedite – both here and in Canada.

P.M. Say tomorrow we are now in touch with U.S. and S.A. auth^{ies.} – no definite answer yet.

E.Sh. But I'm being criticised : can't I say there are diff^{ies.} on their side?

P.M. Say will be done by E.C.O. : we are continuing to press.

b) Domestic Rationing.

E.Sh. Undertakgs. now consulted. Space heatg. restⁿ will secure some saving. Cooking rest^{ms.} they are doubtful if savings will accrue.
Decided this a.m. we shd. go on with this : but not have them on Sundays – no industrial peak and later rising.
Shd. we say anything on standard scale? Undertakgs. want 2 wks. to consider. Want to say we are considering.

P.M. Say we have decided to set targets : are considering details and will announce later.

c) Fuel Allocation to Industry.

R.S.C. Memo. for Fuel Cttee tomorrow.

P.M. Will discuss this then.

d) Government Spokesmen.

- E.Sh. Wd. like to speak twice with leadr. of House unless industrial rest^{ns}. raised in debate.
- A.G. Believe it will be a wide debate – R.S.C. will be needed.
- P.M. Discuss this at Fuel Cttee Wed. a.m.

b) resumed. Domestic Rationing.

- H.D. Why not add coal to prohib^{ns}. on space heating.
- R.S.C. Drying wet clothes eg in cottages.
- E.Sh. Better to restrict deliveries.
- P.M. A genl. instⁿ. not to use coal fires merely for heating rooms.
[Enter N.B.]

3. Armed Forces: Man Power.

- A.V.A. W.S.C.'s suggⁿ. for Select Cttee.
- P.M. Can't be accepted off-hand in debate.
[Exit W.W.]

4. India.

- P.M. Message of appreciation to Wavill. Approved (not read).

5. Power Station at Bankside.

- L.S. Regeneration of South Bank, contemplated in Ldn. Plan, wd. be thwarted. Development contemplated at Bankside in commercial and residential City and Dean of St. Pauls feels strongly tht. Power Station wd. dwarf St. Pauls and ruin St. Pauls' dominance over the London river. I wd. not think that argument alone wd. prevail : but it shd. be taken into account.

Admit R'hithe delay must be taken for argument's sake at 2 winters. But Bankside may be later, because materials, than planned.

- P.M. If it were oil. burning, it wd. make a big difference.
- L.S. But wd. still mean it was industrial area.
- P.M. Not necessarily because Battersea.

- G.A.I. Development of S. Bank = my pct. It wd. be ruined forever if this were put there. Derelict business area : interesting assoc^{ns}. house where Wren lived still is there. Southwark Boro' ready to develop for housing and open space. Only access to river.
Don't adopt short sighted policy.
U.S. willing to build another Globe Theatre and Mermaid Tavern.
- A.B. a) Diff. to resist l.a. decision to violate Ldn. Plan. Worse if we do.
b) L.C.C. paid £850.000 for this land with a view to developing S. Bank decently.
c) R'hithe work cd. be done concurrently and delay reduced.
- E.Sh. Same arguments earlier – eg. Wentworth open cast.
Similar arguments elsewhere on power stations eg Durham.
But face the facts. It is agreed that 18 months delay in completing 1st sets at R'hithe is inevitable. Extra cost £907.000 coming on nat^d industry. R. site hasn't bn. fully probed.
C.E.B. and Comms. satisfied we must go on. Scott's provl. plan provides a bldg. not unsightly.
Lack of generating capacity can't be doubted. eg. our diff^{ies}. now in improvising.
Plain choice between amenities and economic needs.
- N.B. Strategic obj^{ns}. to both proposals : since both are proposed eventually.
P.M.'s decision : para. 2 of memo.
C.A.S. – this, if ever, is a case for cons? strategic points.
W'in circle on map.
We have proposed other sites further down the river.
- P.M. Proves too much. An atom bomb dropped there will make such a mess that a few power stations less won't matter.
This is a 1937 argument now out of date.
Sites down river wd. be extravagant because distance from main load.
- G.A.I. Oil burning : & set it back 30 yards to preserve our promenade.
- A. What propⁿ. eg p'mme?
- L.S. 1.407 m. addl. kw. capacity = p'mme. All decided.
- R.S.C. Accept 105.000 kw : but no further growth.
- H.D. Plan is to get 210.000 k.w.
- P.M. Has bn. a station there for years. This is an extension.
- G.T. Wdn't affect size of site.
Agreed : accept Bankside, subject to oil burning and set back 30 yards.

[Exit L.S. and N.B.]

[Enter N. and J.W.]

6. Public Boards : Political Activities of Members.

[Enter Mc.N]

[Exit E.Sh. N. & J.W.]

Take note : no publicity at present.

R.S.C. Will involve review of C.S. rules.

H.D. Cttee appr^d. Found it v. tricky.

R.S.C. More likely now to be raised.

A.B. Dpts. differ because different functions.

7. Japanese Reparations.

[Enter F.J.B.]

Mc.N. As in memo.

Later advice fr. Sansom. Our condⁿ v. Austr. wd. not find support : nor wd. our view v. China. Bound therefore to fail to reach agreement. We therefore prefer tht. our rep^{ves}. wd. make the points : not insist : support U.S. proposals.

A. This is a case where Aust. has strong claim. Damage in these Islands was as bad as anywhere. We shdn't acquiesce in their exclusion. Let U.S. take own line if need be.

P.M. Dislike abandoning Aust. who did most of fighting there.

P.L. Burma's claim as good as Philippines – shd. have 5% on their own.

R.S.C. Cd. they absorb it? It's machinery.

Mc.N. Then, when it breaks down, U.S. will proceed unilaterally : won't consult us at that stage.

H.D. Stand up to U.S. on behalf of Australia.

R.S.C. Shd. also ask for larger allocⁿ for U.K. – tho' wthr. we press it can be considered later.

A.B. Likely to have a series of interim allocations. And this will be a precedent.

Agreed : instruct Sansom to oppose U.S. plan unless they add Australia and include larger percentage for U.K. poss^{ns}. (inclgd. Burma).

8. Displaced Persons.

P.M. From brief. Have C. Commⁿ. given inst^{ns}. for reception of d.p.'s.

Mc.N. I will enquire and report.

9. Agricultural Losses and Arrears.

T.W. Govt. support for a scheme of self help by farming community.
Second line : stimulate food production for remainder of year.
Schemes worked out by Advisory Cttee. Will Cab. approve in principle
subject to discⁿ with Ty?

a) 200.000 acres still flooded. Farmers likely to write it all off for this
year. Can't afford that. Stimulate therefore by subsidising cultivation
of smaller area wh. wd. involve a loss – i.e. underwriting possible loss.
Acreage payment wd. be best method. Rough estimate £2 m. Wd. also
keep the men on the farms.

b) Special subsidy paymt. for hill sheep to compensate for loss of
income for loss of animals. Capital loss will be compensated from
other fund.

Proposal : base existg. subsidy on nos. in 1946 not present nos. for
next 3 years. Over £½ m.

c) Goods : services scheme by Co. Cttees : seeds, implements etc.
Much politics in this. Attempt to sap Govt. posⁿ. on food front as on
fuel front. Must check-mate this by prompt and generous action. Hence
proposals in last part of memo v. priorities.

H.D. Anxious to be helpful. Worst aspect : dollar purchase of food.
Financial grants, I accept. Farmers Fund : accept the £ for £ basis.
Don't forget insurance. Assume that will be taken into a/c.

P.L. What of relative posⁿ. of those who prudently insured and those who
didn't?

H.D. Don't like para. 11(c). Hope T.W. won't press that.

T.W. Union will have to get consent of members to start collecting : must
give them something to put them in funds.

H.D. Will consider that : but don't want to be committed to method.
As regards a) - c) I am in agreement with T.W.

R.S.C. Procedure. Don't want legⁿ. Can put in emergency Vote.

- T.W. Will dedⁿ come on price of milk?
- T.W. No : from farmers' profit.
- R.S.C. By what authority? T. Unions must consider how to do it : and take responsibility.
- J.S. We think levy diff. to administer and may be deterrent to prodⁿ.
- H.D. They are voluntary.
- R.S.C. Collectively, voluntary.
Consider method : officials (M/F. to sit in). [Enter J.B.H.]
- A.B. L.a.'s regularly ask for compensⁿ for flood damage. eg. Salford.
Had to deny them. Happens every winter. What of claims of bldg.
contractors – just as bad when sites flooded and houses blown down.
We have always said Govt. can't be responsible.
Scotland is claiming too – tho' not v. severe winter.
Wd. rather have an absolute amount, not to be exceeded, than £ for £.
Hill sheep. Loss of profits wasn't admitted even for war damage.
The proposals at a) to c) are different and I don't dissent from those.
- T.W. Importance of hill sheep farming to our economy – and risks of this
enterprise. They wd. go if left with present flocks w'out compensⁿ.
This catastrophe is unprecedented and means so much to our future.
- P.M. This is not on basis of individual loss : it's general and related to our
national food supplies. A.B.'s repercussions can therefore be fought
off.
- J.W. We must come in because plan no longer limited to flooding.
- R.S.C. Something in A.B.'s objⁿ to accepting unlimited liability on £ for £
basis.
- Agreed : Prefer putting up lump sum, as much as farmers ready
to subscribe.
- Careful statement in consultⁿ with Ty. By M/Ag. on
Thursday.
- Incentives. Food Rations.
- P.M. Spirit of competition. Where does it stop?
- J.S. Have added seasonal allowances – for April (earlier). Not in favour of
going further. Anyway haven't got the meat.

11. Administration of Criminal Justice in Colonies.

J. Want to make it clear tht. authy^{ies.} needn't hesitate to act as soon as a petition is dismissed.

Wd. like the statement strengthened from this point of view.

P.M. C.J. to consult with J. accordingly.

C.E. Para. 6(d) over-states it.

Agreed.

1. Germany : Use of Liberty Ships.

- J.B.H. German crews – as in memo.
Para. 5. unnecessary.
Let this plan be rejected by Americans, if at all.
- W.J.E. Not G. crews, if poss.
Reconsider in 12 months.
Only light repairs in Germany.
- H.D. Support J.B.H. Don't run risk of worsening dollar posⁿ. because remote danger from use of G. seamen.
- Also don't let us make it more diff. for Congress to accept.
- B. If dollars are to govern the decisions, let us at least insist on officers being B. or U.S. not German.
- H.D. British offrs., if available, but not U.S.
- Mc.N. Can't produce these obj^{ns}. and sustain our dollar argument with U.S.
- A.V.A. Re-affirm tht. G. shan't acquire these ships.
Record view tht. this shdn't be used to turn over large no. of seamen and offrs. – viz., keep same crews.
- A.B. Don't however endanger our getting these ships.
Need for shipping for timber fr. U.S. and Canada.
- P.M. German crews : not changing : B. officers if available.
No condition explicably v. para. 5. No need to recapitulate agreed policy on all these points.

Approved. J.B.H.

[Exit J.B.H.
[Enter N. and N.B.]

2. International Meteorological Organisation.

- N.B. E.B. is v. interested and urged me to put this in.
- R.S.C. R. are keen on this.
- H.D. 13 weather stations in Atlantic, of which we shd. spend £200.000 odd.
- Mc.N. Permission message only to E.B.

Approved.

3. United Nations Organisations.

Mc.N. Report A.

Don't want 2 Deputies, as sugg^d by G.A.I. Want to urge single point of need for a man on adminⁿ only. Don't want to use this as balancing appoint^{mt}.

G.A.I. Don't press it.

N.B. Try for one. Keep other possibility in mind.

Report A approved.

Report C.

Mc.N. On Summary (B) stressed (vi). Priorities : security, econ. rehabilitation. (v) and (vii).

C.J. C.O. not consulted. P.17 : (v). Pity if Caribbean and other Comm^{ns} were merged in any specialised agency because latter don't take inhabitants into account.

Mc.N. x/. Will look into this point.

A.B. Security won't necessarily be secured by concentratg. on Security ques. May achieve a better climate for Security thro' eg. U.N.E.S.C.O.

R.S.C. Also doubtful. Econ. agreement are more important than rehabilitation.
Substitute "co-operation" for "re-habilitation".

N.B. Don't attach less importance to eg. Health Organisation.
Success on pol. front is essential : but neglect no chance of effective internat^l co-opⁿ.

A.V.A. y/. Put security and economic co-opⁿ first and equal.
Report C. approved subject to x/ and y/.

Report B.

Mc.N. Ask Cab. to revise their conclⁿ of 7.11.46 on I.T.O., W.H.O., and F.A.O.

R.S.C. But was a definite decision and we have taken public action on it internationally.

P.M. Prelim^y ques. is centralisation or not.

- T.W. Against putting F.A.O. into N. York because cost, Europe more concerned with agric.
- Mc.N. Not clear tht U.S. cost is highest : Geneva is only 10% lower than N. York.
Site for aggregⁿ of sp. agencies outside N. York : Geneva only starter.
- P.M. International capital – in N. York? Do you want that.
- Mc.N. Dispersal means proliferation of Secretariats, loss of contact inter re. divorce fr. U.N. Secretariat and Ec. and Social Council. Latter is designed to co-ordinate sp. agencies.
“City of internat^l civil servants” – this can’t apply in N. York anyway.
Efficiency : ease of adminⁿ : economy – all point to centralisation.
- N.B. F.A.O. Budget wdn’t be in diffy. now if cd. have bn. sited with U.N. Because need to duplicate interpreters, library, stats. etc.
Cost of travel : delegates and secretaries must keep in touch with other agencies. Single agency in one town doesn’t make even that town international. A large aggregⁿ with special Press etc. community, will fertilise the whole world with internationalism.
U.N.E.S.C.O. experience already shows disadvantage of Paris.
- T.W. F.A.O. people want to leave N. York [or ? Washington].
P.13 para. B. U.S. pressure groups dominate F.A.O. to extent tht. Europeans may even brk. away.
- R.S.C. I.T.O. Americans themselves agreed to Geneva because their pressure groups.
All on I.T.O. agree it wd. be fatal to have organⁿ in U.S., especially under Republican adminⁿ.
P.I.C.A.O. Montreal. Def. Cttee June ’46 favoured Montreal.
Carried by large majority on the organisation. Canada want it and N.Z. and A. support. Attempt to get it to H.Q. of U.N. was insisted by U.K.
Diff. Commonwealth repercussions if this were changed – especially as U.S. efforts to capture c. aviation world over.
- G.T. J.P.R.M. opposes removal of U.N.E.S.C.O. to N. York.
- A.B. Don’t believe consent leads to economy.
Techn. organisations shd. be kept separate from political – otherwise best techn. people will keep out. Avoid domination by foreign politicians.
Already taken steps, with Cab. approval, to get W.H.O. to London.
- A. Wheat Conference in Ldn. All agreed H.Q., of this organⁿ shd be in London.
- P.M. Publicity : don’t always want it.

- H.D. Financial argument in favour of consent but outweighed by other consid^{ns}. All v. Geneva. But wd. like as many as possible in other European capitals, incldg. London.
- Reaffirm earlier Cab. decision : but try to get as many specialised agencies as possible to Ldn. [Exit R.S.C.]
- G.A.I. I.L.O. must be with Ec. & Social Council.
- H.D. Then must be in N. York.
- N.B. Now believe U.S. pressure groups don't matter at all – save prs. to U.S. Delegations.
- Separation of specialised agencies fr. E. & Soc. Council will make it impossible to operate intern^{al} policy of full employment.
- P.M. If other agencies are not concentrated outside N. York, no tempt for Ec. & Soc. Council to have N. York and go to that centre.
- Agreed : Re-affirm decision of 7.11.46
Approve P.I.C.A.O. at Montreal.
Try to avoid Geneva.
- Report C.
- G.T. Get intercept. Cattie to prevent overlapping from starting. [Agreed.]
4. U.N.E.S.C.O. First General Conference.
- G.T. Auth^y for W. Paper.
- P.M. Will consult A.G. on that. Want to avoid Debate.
Tell Hurley about overlapping.
I.O.C. to consider overlapping.
I.O.C. to clear text of W. Paper.
Might deal with it in speech on my Estimates.
5. National Service Bill.
- A.V.A. Discussed with Def. Cttee. & C.O.S.
May be amendment to reduce period to 9 months. Tories mightn't support us in defeating that.
- Service Ministers and C.O.S., tho' not considered it fully, believe diffies. in reducing to 12 months wd. not be insuperable.
- Better to take the initiative.

Points of difficulty – as in W.S.M.’s brief. Admiralty : Some degree of flexibility requ^d over sending conscripts overseas : R.A.F. can’t give enough training in 12 mos. N.B. wd. prefer 18 months and more deferments. I’m against that.

Agreed : Take initiative and propose 12 months. [Exit P.M.

W.J.E. Won’t get any officers out of 12 months’ training.

A.V.A. a) Ease it by not altering overall period of Service and Reserve. viz., increase period with Reserve.

H.D. Keep that in reserve.

A. If you do this, get credit for it. Put it down early.

1. The Budget.

[Exit A.B.]

2. India : Compensation for S/S. Services.

- P.M. As in memo.
Indian Govt. have v. strong case for refusing to pay compⁿ to Indians.
- P.L. Misprint in tables – draw attention to it.
Case to be met. War-service recruitment scheme P: decided by Coalition Govt. tho' announced on 1/6/45 after Coalⁿ. Govt in. This was open to Indians equally – and some were being recruited when it was abandoned. They were to be non pensionable but lump sum grants on 2 bases – one of which was on constitutional changes. L.S.A. pledge : compuls. terminⁿ wd. carry terms not less fav. than war-service remit.
- P.M. But reason : if his prospects were affected by the constitutional change.
- P.M. Quoted from Annex IV.
- P.L. Pledge means : he can't be given less than x. minus capitalised value of pension.
This wd. involve breach of L.S.A. pledge.
My plan is to compensate all but addl. sum to Europeans.
- R.S.C. Ind. Govt. have come a long way to meet us : they feel v. strongly on this point.
Circs. have changed. If this is their attitude, wrong for us to pay Indians v. their will.
- P.L. Pledge was to individuals not Indian Govt.
- P.M. But anyway basis of pledge = compensⁿ for loss of career and prospects.
These aren't damaged but improved by removal of competition of European members of I.C.S.
- H.D. Support P.M.'s view.
P.L.'s latest proposal : doesn't meet views of Govt/India and yet discriminate betwn. Indians and Europeans in ratio. Worst of both worlds.
This won't help these men in subsequent career.
- P.L. But I still believe you are brking pledge.
- P.M. We do provide for men who are victimised. Your plan assumes they will all suffer.

- R.S.C. And many of them are keen Nationalists.
- E.Sh. How can we run counter to Govt/India?
- A.V.A. Sympathise with P.L. on pledge. But we must face the facts.
Br. member of I.C.S. will get his compensⁿ. Indians won't.
But answer is : Indian ought to want to serve his own Govt. A
European is justified in saying he doesn't want to go on serving under
alien Govt.
- P.M. Annex IV is by reference to war-service remittance scheme wh. was
not in fact proceeded with.
Obligⁿ to pay is on Govt/India. They won't have this. Viceroy is
strongly against it. Apart from victimised few, none will in fact suffer
prejudice.

Agreed : as proposed by P.M.

3. Glasgow Dock Strike.

- G.A.I. The troops are there : can increase nos. quietly, w'out public
announcement. They can then handle other goods. as well as food.
Another announcement. wd. make it look like a strike brkg. act.
- C.E. More than perishable goods. Rationed goods must now be cleared too.
- P.M. Say if questioned, our stocks here are now such that we can't afford
any hold-ups of supplies. "Going in to m'tain the rations".

Agreed.

1. Parliament.

[Enter W.W.]

W.W. Business for next week.

Civil Aircraft.

A. Conflict between Dpts. v. proposed use of Constellations with B. engineers.
Will arrange a mtg. with C/E. and report to Cabinet before Debate.

Spain Clearing Order.

H.D. Want to be sure of Back-bench support.

Major Legislation.

W.W. Transport : T.C.P. – planned to reach H/L. for 2nd R. before Whitsun.
Now 5/5 for Transport Bill }
15/5 “ Nat. Service Bill }
21/5 “ T.C.P. Bill }

A. Cd. get Transport 2nd Rdg. by Whitsun on that basis.
Might also get N. Service 2nd Rdg. before Recess.
But big block after Recess – when shall we resume? Tues. 3rd June. Cd. we start on Mon 3/6?

P.M. Cd. H/L. sit extra day a week in summer? Or later in the day?

A. I will try to get H/L. back on the Mon. even tho’ H/C. don’t resume until Tuesday

[Exit W.W.]

2. India.

P.M. Have had acknowledgmt. from Wavill.

3. Anglo Soviet Treaty.

P.M. Informed Cabinet of developments.

Mc.N. Cab. auth^y. negotⁿ. w’in framework of Anglo. Fr. Treaty. That involved assistance in event of attack by Germany. R. draft assumes attack by any associate of Germany. Dangerous because of Japan. We prefer to restrict it to associate of Germany in Europe. But even this wd. go beyond Anglo. Fr. Treaty and wd. therefore require Cab. approval.

A.B. Danger that U.S. might use European base (eg. Greece) for attack on R. and Germany then joined in against R. We shd. then be pledged to support R. v. U.S.

P.M. Must come to Cab. formally – on paper – after views of C.O.S. obtained.

E.Sh. Also reactions of Fr. if this Treaty goes wider than theirs.

[Enter B. and J.W.]

4. Industrial Emergencies.

C.E. a) want Cttee's scope enlarged to cover emergencies fr. whatever cause.
b) want authority to plan at Regional level. Need to avert University students and other Fascists taking matters into own hands.
Want to consult Ch. C.'s so tht. skeleton organⁿ can be made ready to act, under aegis of Govt.

P.M. Previously we were repealing Trade Dispute Bill. Circs. are now different.

H.D. No publicity.

C.E. No unavailable publicity certainly.

A.B. My Reg. organⁿ involved. Against recent background of snow and flood we can do now what we cdn't do before.
Want to consult with C.E. v. choice of Regional rep^{ves}.

R.S.C. Reg. Bds. shd. be used.

P.M. That is for the Cttee.

R.S.C. Hang this on to recent emergencies and do it quickly.

P.M. Let Cttee. consider what they want to do and recommend what publicity is required.

[Exit C.E.]

5. Wheat Supplies.

J.S. Para. 4.
May : 5.2. 31/5: 6.7. June 8.1 or 9. On basis of Mackinnon's latest promises.
Even so, this isn't enough to warrant risk of no action. Most we cd. do is reduce period of 6 wks. to 4 for reduced extraction rate.

Save 35.000 t. of wheat : but even more important wd. discourage bakers from increasing stocks.
Shan't cut feeding stuffs.

- P.M. a) Jan/Feb. were survived with stock of 5.2 wks. Previously we were told that minimum working stock (Nov. last) was 11 weeks or so.
b) Off-take 106.000 tons. We are saving nothing then from rationing.
- J.S. At 100.000 t. off-take we are saving only 3.000 t. p. wk. by rationing. I agree tht. at end/summer we must decide wthr. to abandon rationing or to make it more effective.
- P.M. c) Prev. request to make rationing more effective.
- J.S. Can't really do anything about it.
- T.W. Don't like this. 3 wks. ago I appealed for increased livestock breeding. In bad weather have had to spend 25.000 t. of feed to keep hill sheep going. This wd. give us deficit. Will M/F. really be able to supply from other sources. Farmers won't believe it, anyway, and it will retard breeding. Can't we take the risk?
- A.V.A. Total disposals of flour fr. bread rationing to end/Feb. were under 90.000 t. Why then does it bump up so much since beginning of March?
- J.S. No restⁿ on bakers' drawing from millers. The 90.000 t. figure was consumption. Believe bakers have bn. stocking up.
The rationing scheme permits consumption of 95.500. It is baking to extent of about 5.000 t. Agree it isn't worth the admin^{ve} cost – unless it can be made more effective.
There is a cushion in bakers' stocks : but increasing extractⁿ rate is the way to get that out.
- A. They stocked 39.000 t. apparently in March. This plan only saves 35.000 t.
- P.M. But if bakers have stocks why not give them less?
- A.B. Anyway, the stocks are somewhere.
- H.D. Councilⁿ v. increasg. rate because effect on farmers is obvious.
- J.S. Re a) above, I admit M/F. experts have grossly exaggerated min. stocks.
- T.W. Try to make bakers avoid drawing more than they need during this period.
- A.V.A. Cdn't the millers control it?

- J.S. They won't – they can't decide who is to go short. I've asked them.
- A.V.A. March off. take is higher than any month since May '46.
Let bakers be told tht. in March they drew 10% more than average :
they can't therefore have more than 90% of demand for next month.
- Agreed (inexpedient to raise extraction rate
x/. (millers shd. aim at issuing less
(bakers shd. be told not to draw as much
(public shd. be warned not to waste bread.
- J.S. O.k. if x/. proves practicable.
But if not, it won't do to take no action. I must come back to Cab. next
wk. if stock posⁿ deteriorates further.

6. Wheat Conference.

- J.S. Compromise approved by O.E.P. failed to attract any support
Exporters have now returned to original posⁿ on duration and price.
Our Delegⁿ must now stand pat.
Will prob. mean p'ponement of Conference.
Agreed.
- [Exit Mc.N., T.W.]

7. Nationalisation of Steel and Gas Industries.

- P.M. Ques. for Cabinet is – which Bill goes fwd. this next Session?
- A.G. F.L. Cttee recommended only one nationalisation Bill.
Bills on floor : electoral reform, India and Burma.
Many Bills with dates wh. must go thro'.
There is a full p'mme in itself.
- From Parly. angle, Gas wd. be the easier.
Steel wd. be v. controversial and take more time than we cd. give next
Session.
- But if we shall have to use Parlt. Act on it, that is argument for starting
it next Session.
- E.Sh. Bad Bill to choose for use of Parlt Act. Esp. as there will be
controversy w'in Parlt. on merits of Bill.
- In favour of Gas Bill a) has bn. hanging around for some time
"Heyworth Cttee : uncertainty in industry. b) N.C.B. will have to do
much carbonisation because takg. over coke ovens. c) Complete the
trilogy to secure co-ordinated fuel policy.
- A.B. Major political strategy. Need we decide.

- R.S.C. Cd. Steel Bill be ready in time for presentⁿ in autumn.
- J.W. Yes.
- A.B. The longer you p'pone, more encouragemt. you give to idea tht. we are being frightened off.
- A.V.A. If we don't do this now, we shan't do it in this Parlt. I therefore favour going on.
- H.D. I wd. like to see both Bills taken next Session – completing the socialising policy. Know that can't be done. But there is weakness on steel in the Party : we must keep to the Left of the Party in this matter; and we must be firm.
We want a fight with H/Lds. That will cheer people up.
At beginning we put the diff. Bills first. Now again we shd. give priority to the more controversial of the 2 Bills.
M/F & P. is overwhelmed with adminⁿ. Give him this interval before he goes on with Gas Bill. Promise it (as far as you can) for 4th Session.
- E.Sh. Co-ordinⁿ of fuel policy has for years bn. prominent plank in Labour p'mme. Since 1921. T.U.C. also.
I'm as keen on socialⁿ of steel as anyone. But fr. the start I've bn. doubtful about this scheme : and even at last mtg. of S.I.C. expressed misgivings. Will Party accept it as consistent with Socialist principles. Gas post in S. Wales – where undertakgs. have virtually broken down. If we are to supply devel. areas we shall have diffy.
Are we to give electricity too long and start over gas? It represents large capital invest^{mt} by l.a.'s.
If both Bills could be taken next Session. I wd. prefer that.
- A. Agree much depends on temper disclosed by H/Lords. this summer. It will be impossible to do both next Session.
H/C. will have much on Floor next Session.
We may have Parlt. Bill : if so, must be next Session.
If it's a choice between the 2 Bills, my normal instinct is to put the more diff. Bill first. Ques. Parly. tactics because I wd. put Steel first – if we agree to the project.
- R.S.C. Favour steel. If not this next Session, not at all.
Pity we can't have both.
- J. Feel strongly the other way.
Vital to get Gas thro' to complete fuel policy – and pretty easy to get that thro'.
P'mme for next Session already longer than practicable. It is not facing facts to suppose you can add Steel to it.
Far too much on leg^{ve} plate already.
Anyway, I don't favour this steel scheme : which will give you worst of all worlds. Wd. prefer a new national plant in Lincs.

Don't be comm^d to any such scheme.
Whatever scheme, we can't hope to get it thro' next year.

P.M. Said in W. Paper fuel is basis of economy. Will be said we have burnt fingers with coal and electricity and now are running away fr. gas.

If you want steel to be issue with H/Lds., time it.
Parlt. Ministers and machine all overworked.
Boards still in experimental stage. And now you pick on diff. industry like steel.
Can you be ready by Oct?

J.W. Only if this scheme is quickly approved.

P.M. But one hour's Cab. won't settle it.

J.W. Effect on industry. Need for max. output and big re-organisations.

Much political interest – first incursion into real industry. Party want to know what we are doing about it. Debate May '46.
Cab Ministers have since re-affirmed decision to bring steel under p. ownership in this Parlt.
Steel Bd. has approved £50 m. tin plated scheme in S. Wales. We are assistg. in creation of huge private monopolies – and workers want to know if it's to be private.
Sc. steel industry gripped by Lithgow, is pursuing monopolistic policy and we are assisting it thro' the Bd.
Announcement of legⁿ however, may have bad effect on output.
Ques is: shall we go on next Session or p'pone for this Parlt.
If we put it off, pol. controversy will rage round industry for next 3 years.
Least evil therefore is to go forward now.

A.G. Doubt if this Bill will be ready quite so soon.

J.W. Parly. Counsel have bn. in on this.

B.	Gas.}	A., A.V.A., C.J. }	Steel
	" }	A.B., R.S.C., G.T. }	
J.	" }		
A.G.	" }		
P.L.	" }		
G.A.I.	" }		

P.M. Predominant views : go on with steel.

1. Anglo. Egyptian Treaty

- A.V.A. Pinpricks by Eg. Govt v. transit of troops.
- P.M. Point is political : Nokrashi running nationalist stunt and whittling away our posⁿ under 1926 Treaty. Our posⁿ is strong on letter of Treaty : on reqⁿ of lorries : but not psychologically. Movement of troops : our Treaty position is not so clear in law. Effect of firmness can't be certainly foretold : danger of disturbances.
- V.C.N.S. Vehicles must move – stores, comm^{ns} with Embassy. Troops cd. be moved by sea : extravagant, use of ships : and might involve delay in re-inforcing Cyrenaica, when time factor might be important. May be first in series of pinpricks.
- D.M.O. We have enough troops to enforce transit. But not certain of being able to protect B. lives and property if disturbances occurred : w'out re-inforcing M/East. Shd. have enough if 3rd Divn. due to go fr. Italy to Germany, were retained in M/East. That wd. involve delaying release of some admin^{ve} troops.
- Mc.N. Defer decision. No reply to our telegram to E.B. of 19/4 or to Campbell on 17/4. Nokrashi may be considering his position. At least Cab. shd. know results of Campbell's talk with Nokrashi.
- Deferred to Thursday.

2. Supply of Arms to Argentine.

- P.M. Had agreed inter-departmentally to supply arms to Argentine. U.S. wdn't supply to this Govt. Shdn't allow ourselves to be squeezed out by U.S. They may make diff^{ies} eg over food, finance etc. E.B. therefore wants Cab. support.
- H.D. Why shdn't E.B. speak to Marshall?
- Mc.N. He doesn't think it wise.
- H.D. Then go ahead.
- A.V.A. Believe U.S. firms are tendering.
- H.D. Then they can't object.
- Mc.N. But U.S. adminⁿ don't want arms so supplied and will resent our supplying.

V.C.N.S. C-in-C. W. Indies touring S. America : offered in Argentine to buy from us : U.S. rep^{ve} offered cut price!

3. Anglo. Soviet Treaty.

P.M. As in memo.

Mc.N. E.B. had now changed his mind : keeping w'in Anglo. French model.

4. Cyrenaica.

F.J.B. Para.3.(b). Form : Emir wants to nominate : subject to settling that to our satisfⁿ we now agree to appoint^{mt.} of Council.

A.V.A. Para. 4(b). Who are these officers? Army only : or other Services or civil?

F.J.B. Mil. Govt. at present – with change over later.

A.V.A. Have C.O.S. considered.

V.C.A.S. No.

C.J. Consultⁿ with C.O. and we will help.
 Para. 4(a). Some offr. seconded are feeling restless at loss of prospects. 4(a) shdn't be so absolute.
 Para. 5. Something to be said for early declaration.

P.M. That is a ques. to be brought up as issue of major policy.

C.J. I don't press my point on para. 5.

P.M. No public statement, at this stage.

H.D. Shdn't Dpt. be considering now what kind of statement may have to be made here, or at a later stage.

P.M. No commitment re future sovereignty.

Agreed.

[Exit C.O.S., Hall., F.J.B. Mc.N. and Sargent.

5. Wheat Supplies.

J.S. As in his Minute to P.M.

P.M. a) Tho' we are running on narrow margins, there is meat distribution.
 b) Sunday you can arrange for more to go into holiday resorts.

- J.S. On b) – only if millers can supply freely.
- H.D. Shdn't modify Cab. decⁿ because effect on farmers.
Margin is so small you shd. be able to handle it otherwise.
- A.V.A. The figures showed no suff. reason for this action.
Off-take has bn. so much higher.
- J.S. Fallacy of averages. This won't avoid individual bakers running out.
- A.B. Agreed : but aren't we entitled to assume a reduced demand from
bakers, who have built up stocks.
- J.S. Don't rely on hopes. People have bn. eating more bread because
shortage of potatoes.
- P.M. Makes nonsense of rationing not to use ration reduction for this
purpose.
- A. What is ground for action? Bakers must have bigger stocks, which wd.
tide us over next 6 weeks.
- R.S.C. Best advice is there is dangerous situation. We shdn't drift into it.
What M/F. wants to do is to mobilise bakers' stocks – method offer
bad flour now and encourage them to use more out of stock.
- J.S. Millers won't disseminate between bakers.
- P.M. Why not reduce bread rations? [Enter C.E.]
- J.S. Much more severe action and slower acting.
- A.B. You cd. get a voluntary saving if you tried – as means of ensuring
variety of diet. But even redⁿ in ration wd. be easier to defend than
increasing extractⁿ rate.
- A. It's only 60.000 t. in 6 weeks. Can we not run risk of going on as now
for so short a period.
- P.M. x/ Why not cut releases by millers by 5% with liberty to millers on
M/Food to refrain from makg. it in exceptional cases.
- A.V.A. You cd. justify in H/C limiting off-take to amount [Enter T.W.
requ^d to honour ration.
- T.W. Repeated argument v. psycholog. effect on farmers, if extra actⁿ rate
increased.
- R.S.C. Repeated x/.

- J.S. Record view of my advisers' tht. it may cause dislocation and interruptⁿ.
- G.A.I. Plan a public statement. [Enter J.G., N., J.W.]
6. Civil Service Man Power.
- C.E. Disappointed at results.
40/45.000 cd. be dispensed with if we cd. abandon rationing and controls.
But when will that be?
Trend of Govt. policy involves accretions to C. Serv. wh. are not w'drawals fr. productive man power eg. C.W. Ag. Cttees. insurance societies. Also fortuitous eg. H.C.B. employees aren't C. Servants : many under civil aviation are eg. in airports.
No regular recruitment for some time : some temp^{ies}. aren't so good and causes wasteful use of nos.
We considered amalgamⁿ of M/N.I. with M/L. Man power saving cd. be made if M/L. exchange expanded to cover M/N.I. work.
But premises designed for existg. functions and can't be expanded any more.
And new bldg. now is out of ques. So, tho' long-term benefits wd. accrue, can't do anything short-term.
C. Service must be defended from accusation of 'parasites' – they carry out our policy. Glad P.M. so defended it in recent reply to P.Q.
We shd. deplore any Geddes or May approach – by percentage cut. Cab. shd. be ready to defend retentⁿ of suff. staff to carry out Govt. policy.
- P.M. Did you consider methods of work?
- C.E. Yes : we had Ty. O & M. rep^{ve}. Before us. He explained how this is all working. And assured us that, in mechanism, C. Service now leads industry.
- P.M. And what saving cd. be secured if responsibility devolved lower?
- C.E. Referred to para. 22 of Rpt.
- R.S.C. Only 3.500 admin^{ve}. class all told, anyway.
- E.E.B. The P.M. point has substance : but devolution must come slowly because war-time recruitment. But will make a difference in speed rather than man power.
- R.S.C. Size of correspondence : P.Q.'s.
- A.B. Don't be put on defensive by newsp. Many "C. Servants" are doing only what they did before outside Govt. service.

Shortages mean waste of man power because need to ration.
Resentment among C. Servants who have worked devotedly.

P.M. I will make a statement.

R.S.C. Our C. Service is less p. head of popⁿ than in U.S.

H.D. I am v. disturbed and disappointed.
Greater nos + demands for more pay : less work.
a) Why no reference in Rpt. to Foreign Service? Cab. insisted on their inclusion.

E.E.B. F. Service nos. are v. small. This Rpt. is based on 23 Dpts. wh. represent 90% of numbers.

Informal enquiry now betwn. Ty. and F.O. v. size of staffs.

b) Service Dpts. Why do Cttee accept this proposed increase?
Has there been a sufficient scrutiny?

H.D. We have decided to aggregate uniformed and non uniformed now and in future.

A.V.A. Oct. 45-47 net redⁿ is 62.000 in 3 Service Dpts.
Cheaper to run with civil than uniformed staff.
They have bn. stringently cross examined by Cttee.

H.D. c) Regional organisations. Is para. 21. general or confined to M/H.?
Has this bn. probed?

P.M. I asked C.E. to have special enquiry made into this.

C.E. It is in hand.

A.B. Must consider divisions of functions also in Region.

P.M. The Cttee. shd. continue at work and report again to Cabinet.

H.D. d) M/N.I. and M/L. Cdnd't there be common staff in certain areas?
I never suggested complete amalgamation.

C.E. We considered. But only 18 Exchanges at which it cd. be done.
Everywhere else it wd. involve addl. premises and expansion.

J.G. We have offered to use M/L. premises wherever practicable.
Para. 10.(a). Merger of Bd. with M/N.I. raises issue of policy.
Want Bd. to be retained as independent instrument.

P.M. This can come up again. [Exit J.G.]

7. Civil Aviation : Purchase of U.S. Types.

- A. As in Report.
- N. N. Atlantic is not the primary considⁿ. It is Empire routes which give rise to this. S. Africa and Austr. have acquired U.S. machines and declined Tudors : so collaborations in those routes has broken down. Tudor II can't do the work of Constellations because inadequate airports E. of Calcutta or S. of Nairobi. It wd. take 3 years to provide the required airports E. of Calcutta.
And S. Africa 3/4 years because they insist on following their long-term plan.
- P.M. We put up airports quick enough in war?
- N. But a) these are in territories outside our control, b) airports must conform to internat^l standards, c) we can't take the risks R.A.F. cd. take.
Our types run at loss of £20 an hour. Only new type in view to D.H. 604 entirely novel : early 1950's is earliest we can hope to bring it in. Act assumed tht. subsidies wd. taper off. Now looks as tho' they will increase. We must either curtail services or ask Parlt. to increase subsidies. At a time when other countries using Constellations are operating at a profit.
Much emphasis on damage to prestige of B. aircraft industry and not enough on damage to prestige of B. civil aviation.
Cab may have to decide which is to suffer.
But loss of civil aviation prestige will in the end inflict greater damage on aircraft industry.
Shall be headg. to posⁿ. criticised by Cadman Rpt. Shall issue another demand for a Cadman Cttee.
- H.D. Either alternative is costly. Project X will cost somethg. in dollars at once. Fr. that angle alone I must oppose it.
- N.B. Air Min^y view : Project X wd. damage aircraft industry v. seriously : and finish prospects of getting orders for Tudors or Avro.
Wd. mean abandoning flying boat services – at a time when it becomes popular.
- J.W. Not right to suppose Tudor II is unduly late or bad.
Range was as specified. Flying boats can do the long hop : popular : B. Speciality. Believe our aircraft can operate these routes, even at some loss, until our new types come in early in '50'.
- A.V.A. Danger tht. we may lose the traffic : and when our types come in have impossible arrears to overtake.
- Memo. approved.

1. Home Food Production.

[Enter W.W.]

T.W. As in memo.

P.M. How far will price increases or acreage payments be effective. A. v. indiscriminate method will benefit those who don't need it as will those who do.

T.W. All over country season is late. No means of discriminating, anyhow, since all are suffering from late sowing.

J. Cdn't you fix a date?

T.W. "Fortunate" areas suffered more from frost.

E.Sh. Fix a global sum and let H.D. and T.W. settle a means.

H.D. Trust T.W. to work it out.
This is biggest dollar saving. Prefer to risk indiscriminate benefit than more dollars. Wd. have preferred acreage payment method alone rather than incurred prices. But disposed to let it go : on understanding that it's exceptional.

J.S. Any inducement to sow wd. suit us.

A. I prefer price increases : don't like acreage payments.
Leave it to Minister to spend the £7 m. as best he can.

A.B. Unsatisf. tht. we can't find a keener instrument to promote officially among farmers. Can't we have another shot at marginal prodⁿ ques.

T.W. It's insoluble.

H.D. Save by Socialism.
Memo approved.

A. a) Appendix. (d) Can more be done on this? Wd. meet agitation.
b) Housing. (i) M/H. haven't bn. willing to gain farm hands first claim on rural houses. They shd. have it. Cd. this be reconsidered anyway for next 2 yrs. Only way of increasing labour force.
(ii) Re-conditioning cottages. Much can be done. Wd. avoid pressure for new houses. Consider (h) (v) of Appendix. with more sympathy from M/H.

A.B. b)(i) as it stands wd. cause political storm. Rlway porter with 4 tubercular children : is childless farmhand to be preferred?

We are working on a scheme, to bring in C.W.A. Cttees. with Housing Cttees. Can't ques. absolute priorities – for farm hands or miners. We can't select tenants.

b)(ii) Farmer can recondition now : he can get licence and materials. What we want is grant.

[Exit C.E., E.Sh., T.W.]

Agreed : A. to discuss with A.B. & T.W.

2. Parliament.

W.W. Business in H/Commons.

3. Anglo. Egyptian Treaty. [Exit W.W.]

P.M. Amb. in Cairo hasn't yet seen Nokrashi. P'pone until next week.

4. National Service Bill.

[Enter Service Ministers]

A.V.A. a) Period of Reserve Service.

Have discussed with R.S.C. : he wdn't object to 75 days.

R.N. want 28 days in alternate years.

Tory Amendments will be proposed for increase.

P.M. Can't justify this on quid pro quo. Must be able to prove its special training that is required.

A.V.A. R.A.F. and R.N. can perhaps make out such a case.
Main argument is, however, loss of 6 mos. with Colours.

P.M. But [particular object of 18 months was advanced collective training].
This won't replace it.

F.J.B. Purpose of Bill : a) get nos of well trained men who can be rapidly deployed in an emergency and b) (for some time) to meet peace time commitments in Germany (those further afield can't be met by 12 mos. service).
So far as concerns a) under 18 mos. a man wd. be with operational unit for 12 mos. And even then we wanted 105 days with Reserve.
We wd. like 90 now : but it must be more than 60. Many will be able to commute camp to evening duty.

P.M. That argument means admitting man is inadequately trained in 12 mos. and tht. Reserve service is not refresher but completing training. Then you are open to criticism for reducing the 18 mos. to 12.

- A.B. In Ctt^{ce}. cd. have bargained one v. other. Can't do that now we conceded other ques. earlier and separately.
- G.A.I. What is 15 days I'm being asked.
- F.J.B. Overall includg. travelling time and Sundays.
- G.A.I. Week's holiday with pay industry : means 3 weeks, or 4 if 15 days weren't inclusive. Much criticism already. Can't w'stand obj^{ns}. to any increase. Much discussion with industry needed re timing, so as to avoid takg. men away when industry at full stretch.
- A.G. Parl^y. angle. Promised 2 days for Ctt^{ce} originally, but have had to extend to 3. Shall have diff. time anyway : if this goes in, we shall have to go to 4.
- N.B. P.M. has exposed diffy. of Service proposal.
But some of n.s. men will leave after 12 mos. with no operational exper^{ce}.
Trying to reduce this. But in most vital branches, we can't give full training in 12 mos.
- P.M. That means : call him up for longer Reserve service in 1st year. It is flexible. But that is dangerous.
- N.B. 15 days at a time wd. mean Reserve wd. be over in 4 years.
- H. Our responsibility is to produce efficient Services. We can't do that with 12 months. We want longer Reserve period to make up for that. We must give some sea training. Hence our plan for 28 days in alternative years totalling 84. Few men cd. do evening training in R.N.
- P.M. This is argument for 18 months. Cdn't have done sea training in Reserve period under Bill as introduced.
- A.B. But R.N. isn't relying on conscripts anyway.
- H. Shall need them for reserves.
- A.V.A. i) R.N. sea training. War experience shows they can get 6 mos. sea training out of 12. And some sea work in 21 day period in Reserve.
- (ii) R.A.F. diff^{ties}. can to some extent be met if there is proper job selection acc. to skill : peace time traders.
- (iii) Army : real danger is posⁿ. in 1950/52 on run-down, if vol. recruitment doesn't go too well, and commitments don't fall as C.I.G.S. assumed.
- Desirable, but not essential, to have Reserve training: as cpd. with importance of getting principle accepted on Statute book.

P.M. Have C.O.S. been by passed?

A.V.A. Discussed with P.P.O.'s

P.M. View of Cabinet is no amendment.

H.D. But wdn't it be prudent to hear C.O.S. at Defence Cttee.

P.M. No disclosure of views of C.O.S. But Def. Cttee shd. hear their views.

J. Cab. must balance needs of Forces and industry. No use having strong Forces : economic weakness. We don't need C.O.S. to tell us that a man is battle trained in 18 mos. then 12.

A.B. Services have already given technical advice thro; P.P.O's and Service Ministers.

P.M. At Def. Cttee C.O.S. can hear consid^{ns}. which influence Ministers.

P.M. Provisional concl^{ns}. today : to be discussed at Def. Cttee and confirmed formally by Cab. afterwards.

H. Can Services have discretion to call up for 28 days, w'in even 60.

G.T. You cdn't impose 28 days. Wd. have to be voluntary.

H. Wd. be willing to consult employer.

P.M. This hangs with the other. Can't concede it.

b) Period of Service for men called up before 1.1.49.

A.V.A. Put arguments both ways.
Politically, fear we can't avoid some shading off.
Can't give detailed promised to individuals.

F.J.B. Wd. favour general pledge – not longer than new conscripts.
Last 6 mos. of '48 wd. have to start tapering off.

P.M. Will consider this in Defence Cttee.

c) Dartmouth.

P.M. Will decision be taken before Bill comes into Cttee.

H. Diff. because educational standard. Want to preserve 3 methods of entry : modified cond^{ns}. for entry via D'mouth.

P.M. Why take so long?

H. Hope to decide by end of next week.

A.V.A. Cd. it be settled by Def. Cttee. next week.

d) Further Education.

F.J.B. Can't do so much in 12 months as in 18.

G.T. But we still accept obligⁿ. to do all we can.
Don't talk too large on this. Don't "lead the retreat".

P.M. Don't imply we shd. have kept the 18 months.

[Re-enter E.Sh.
[Exit Services Ministers

5. Ration Changes.

J.S. Sugar increase – to compensate for reductions in tea, meat and (now) flour.

P.M. That is reasonable.

J.S. Don't p'pone until we discuss import p'mme : for sugar is bought and dollars involved only on basis tht. we cd. sell it or store it for years. It wd. be mistake to do that. Enlarged sugar wd. enable us to resume luxury exports (sweets, sweet biscuits) which had to be cut short a year ago.

P.M. Folly to re-start that.

J.S. V. well : tho' nutritionally it wdn't matter.
Sugar increase – will break total gloom and assist production.

P.M. Jam on the pill was secret of Woolton's success.
Increasing sugar when decreasing meat and tea is wise.
Starting biscuit exports is folly.

H.D. Balance/Payments W. Party Rpt. will come up v. soon. May mean further rest^{ns}. on food imports next year. I believe best course wd. be to discuss this ques. then. Don't announce this until we know the full picture.
Wd. never suggest re-sale. But might be wise to hold stocks.

E.Sh. What if you had to reduce ration next winter or spring?

J.S. Can give assurance now that we shan't have to reduce. Covered for '47 and '48 by stocks held and/or bought ahead.

I must announce tea this weekend. Don't want therefore to wait for balance/payments discussion. Willing to p'pone announcement re meat until afterwards.

- A. Tea. Woolton is to attack in H/Lords. Recognise need for price increase. But is it essential to reduce supply? He will say there is so much tea that you needn't ration at all. Hope I shall be provided with effective reply.
- J.S. We have bought in bulk about 50% of last years' purchase at higher price. For the rest India and Ceylon insist on buying at auctions. Prices there are so high I wdn't. U.S. and M/E. are buying and when they are satisfied prices will drop and I hope to come in then.
- A.V.A. Why not restore Mincing Lane?
- J.S. Govts. have decreed tht. auctions shall be held in India and Ceylon : and refused to countenance restoration of Mincing Lane.
In these circs. it wd. be folly not to conserve our supplies. No M/F. wd. cut tea ration if he cd. help it.
Fundamental cause = political change in India and Ceylon.
- A. Cd. we have statement of stocks and how long they will last at ration?
Is there same amount of tea in the world?
Is the high price artificial – a gamble : can we call their bluff.
- J.S. That is what we are doing – holding off buying at auction to force price down.
Stocks 89 m. lbs = under 3 months on present ration. But long pipeline.
Bought 260 m. lbs. for delivery over next 12 months. 425 m = total need.
- P.M. Aren't you jumping too soon.
- L. In Calcutta much tea bought by M/F. in warehouses wh. can't be shipped because of dock strike.
- J.S. This is included in my figures.
Working stock : experts say 16 wks : I believe 10 wks. minimum.
- J. Br. tea cos. Why not deal direct with them.?
- J.S. Are doing : it's from them we have bought in bulk.
- P.M. Can't we hope to get something out of Java.
- A.V.A. Never supplied much to us even pre-war.
- A.B. Have Doms. any tea stocks enabling them to under-write our position.
- J.S. No : have got all we can get out of that – eg. Australian stocks in India.
- A.B. Is the free element speculation on price alone or quantity too?

- J.S. We bought 4/7ths of world supply pre-war: if we hold off the market too long there mayn't be the quantity.
- H.D. If no need to cut tea, no need to increase sugar, at once. This confirms my recommⁿ that all this should await b/payments discussion.
- J.S. My advisers believe a cut wd. depress prices.
- A.B. Advised p'ponement. Anyway better to await warmer weather.
- J.S. Cuts wdn't come anyway until June/July.
- C.J. Ceylon Govt. are anxious to recoup losses on rubber. Can we explore offsetting the prices. We might then get more bulk purchase of tea. Cd. approach "Guinakullita" (phonetic!)
- L. Shd. M. raise this with Nehru and lift it above trade level?
- A.B. A statement by W. tht. there is plenty of tea wd. help us to break price. Leave it pro tem to commercial tactics.
- Agreed : wait.
- J. Take opportunity of saying we are trying to increase African prodⁿ of tea.
- C.J. Cd. give publicity to what we have done.
- P.M. I shall need figures to convince me of need to reduce tea ration.

6. Iron and Steel Nationalisation Bill.

- J.W. Scope : as in memo.
- Method : disadvantages in taking 75% of all company shares :
concluded it wd. be better to buy whole companies.
Retention of existing company structure.
Purchase of shares at market value will be cheapest method. Care in instructg. tribunal to ensure that unquoted shares don't get too high a price.
- A.B. Share value of highly centralised industry is not best method for us to acquire.
- J.W. Analysis of assets wdn't support that view.
- P.M. Diff. to justify this "mixed" method.

- J. Steel industry : few up to date plants; many obsolescent; some obsolete. Pre-war cost £120 m. of Hermann Goering Works : and in unlimited competⁿ they wd. have knocked B. Steel endwise. Need for large integrated plants. When these are built, the obsolescent plants will become obsolete. It is these which we now buy under this scheme : and our reconstⁿ then makes them useless. If we try this method, I shd. recommend buying 51% interest in the efficient firms. In my view, this view is fundamentally unsound.
- A. If we are to do this, shd, do it quickly. Some of these firms are v. efficient.
a) I want to see the case for doing this at all. We shall be accused of taking over efficient businesses.
b) What incentive to industry to go on puttg. their backs into their work, when they have bn. taken over.
- I. V. difficult project. Haven't listened to earlier disc^{ns}. Come fresh to it.
a) No reason to acquire even 75%. We cd. get all we need by 51%. We cd. go on later and acquire more if needed. Much cheaper.
b) 245 classes of security with £176 m. capital.
47 " " " " £ 85 m. " only quoted.
Great delay in selling price of these, by arbitration.
c) Para. 9 of Heads : seems inconsistent with x/. in para. 12.
d) Why not 1.7.45. via 1.7.46. para 21. For some firms, after Election and before end '45 entered into agreements.
- E.Sh. a) Same problem in mining of efficiency, obsolescence, obsolete. We referred to Tribunal, who fixed a global amount. That wd. be much simpler here. Wd. avoid inequity.
b) Retentions of company structure. "Natⁿ" no doubt must vary from one industry to another. But public ownership thro' a Bd. owning the property is common to all we've done so far. Company structure remaining, under existing names, is hardly consistent with our ideas of public ownership. V. diff. politically.
I wd. therefore recommend valuation of assets by independent Tribunal and then appoint a Board competent to determine own structure. Alternatively, have a big national company and let it knock out the obsolescent by competition.
- J.W. If we want to nationalise basic sections we must buy the assets or the shares. Valuation of assets = impossible because severance. eg Steward and Lloyds from iron ore to tubes. Can't isolate the basic element. If therefore forced to take whole cf. Stewart & Lloyds easier way is to buy shares.

How do we know we shan't waste money by buying inflated shares?
Have tried to check.

- P.M. Even suppose shares aren't now inflated, what of effect of new big development by Govt.
- J.W. These comg. developmts. are well known and reflected in market value of shares of existg. cos.
- P.M. Then what about the unquoted shares? Many of these cos. may be put right out.
- J.W. That's why we must have Tribunal valuation – for those.
- A.B. State action to support big monopoly plants has increased value of all steel shares.
- H.D. Cttee. cd. look again at a) basis of compensation and instr^{ns.} to Tribunal includg. net maintainable revenue. b) Wthr. 51% of shares is enough. But those points are not inconsistent with main heads of Bill.
R.S.C. agrees this is best method.

Discussion to be resumed : Monday 28/4/47.

1. Coal : Allocations to Building Materials Industries.

- A.B. Housing Cttee Friday : informed later by M/W. alarmed at B/T. intentⁿ to cut fuel of bldg. materials industries to 86% of last summer's consumptⁿ.
This is to be announced in H/C. this p.m.
Last year expanded this production : 86% will be related to pre-expansion figure. Disastrous effects on housing p'mme this year.
H.G. said by mid'48 we shall have up to 50.000 houses for miners.
Why did he announce this anyway. And nonsense with this final cut.
- R.S.C. Fuel Cttee decided tht. this summer's allocation of coal to industry shd. be based on last summer's – allowing them to find winter stocks out of that supply. Stock allowance much less than 14% is in fact 7½%. Will therefore be over 90% of last summer's consumption.
This is only way of keeping balance betwn. industries – wh. was reasonably good last summer.
86% of requirements of bldg. industries wd. involve 1½ m. tons more coal.
- E.Sh. Industry built its stocks last summer out of current supplies.
- R.S.C. Basing now on consumption last summer, not deliveries.
Told to save out of it 3 weeks' winter stock.
If we had to cut objectively, I shd. have to propose heavier cuts on industries using most coal.
- E.Sh. Exports of steel and cement.
- R.S.C. Only where we get a big return.
- R.S.C. Even this p'mme involves big risk.
- A.B. Will statement today be so framed as to permit re-considerⁿ. Confusion in programmes will be so diff. to defend. Looks as tho' no coherence in Govt. planning.
- P.M. If you press for selectivity, you must apply it in housing too – give no more for miners & farm workers.
- A.B. Can't, because houses in constⁿ aren't mobile.
Am ready to cut new construction : can't be expected to stop houses now building.
- H.D. Can't that be done within this proposal.
- G.A.I. Problem : relating it to period when industries were expanding.

- R.S.C. So were other industries.
- G.A.I. Effect of this on demand of bricklayers for closing of training centres.
- E.Sh. We are trying to do too much – exports, housing, development areas.
Using more coal for inland purposes than we did pre-war.
We shall be forced to discriminate and drop something.
- R.S.C. We had a fair industrial balance last summer. Fairly safe to recreate that.
Planning for a selection scheme wd. take 3 months.
- A.V.A. Which policy will cause least disturbance of man power?
Last summer was period of movement of labour.
- R.S.C. But materials rather than man power is now limiting factor.
- H.D. Thought F. Cttee. decision was accepted. If not, let it come up again on a memo.
M'while p'pone statement.
- B. These were not hasty decisions by F. Cttee. Need for early statement.
Uncertainty.

Agreed: Postpone decision and announcement.

(Re-circulate F.C. paper to Cabinet.

(Give E.Sh. opportunity of submitting memo of his own.

2. Iron and Steel Industry : Nationalisation Scheme.

[Early part of discussion not heard.]

- J. I wd. still prefer a) taking over Fedⁿ. and making it statutory and b) Govt. undertaking all new development.
- H.D. No doubt that under this scheme Nat. Bd. will do most new [Exit T.W. development themselves, outside company structure.
- J. Why take over Stewart and Lloyds – most efficient firm. You will lose most of directors : good management staff. What benefit?
Only excuse I can find is they are going to figure in large integrated scheme. But we are going out of our way to preserve companies.
- P.M. Company structure. Where does competition come in?
- R.S.C. On the technical side.
- A. When all are part of State concern, I shd. doubt this.

- R.S.C. Will arise with overseas buyers : easier to sell under old names and thro' old organisations.
- J.W. eg. Unilever – which doesn't destroy independence of component companies. Dead weight of old men, once removed, will release a no. of young men who will have a keen competitive feeling as between one company and another.
- A. How is competitive keenness to be rewarded?
- A.V.A. Will you retain competition in research?
- What about competⁿ in foreign markets between cos. taken over and cos. at x/. finishing end left outside?
- A.B. Need all this go into statute?
- J.W. Because of novelty and need to explain to industry, we think it necessary to explain fully in a W. Paper – even tho' not all goes into Bill.
Welcome competition at x/. a good thing.
- J.S. Ingenious structure of Unilever, preserving rivalry between subsidiaries: comparative costings etc. And they reward and promote their senior staff acc. to results of such rivalry.
- P.M. May we approve Heads of Bill and examine some of these arguments on draft of W. Paper.
- J. I still dissent. Foolish to do this at present stage.

1. Dockers' Strike.

- G.A.I. No extension on balance : some back, others out.
Private notice ques. today.
Real facts. Decasualisation Bill necessitated review of staffing :
redundancy disclosed : Union saw no objⁿ : Glasgow redundancy 900
– decided to dismiss 500, then strike called by Sc. brk. away Union.
296 of men concerned had joined docks post-war : agreed they shd. go
before 204 who were there pre-war. M/L. offered further enquiry : 296
being re-employed m'while 204 restored to register.
T&G workers have men well in hand. But Ldn. stevedores have come
out to make it more diff. for Union.
Dock authorities must stand firm.
- J.S. Food : one week's interruptⁿ can be tolerated. Thereafter, troops to
unload etc.
- G.A.I. Movement to encourage workers to ignore Union advice.
- J. Gas strike.
- A.B. How long continued negot^{ns}. Cdn't M/L "Progress" these negot^{ns}?
- G.A.I. Tried to speed up : but risk of forcing bad settlements if you insist on
time limit.
- P.M. But M/L. shd. keep in touch : must be able to watch posⁿ.
Unions shd. also keep men informed of progress.
- G.A.I. Will take these points up with N.J.A.C.
- H.M. Govt. will have to take firmer line with these strikes. a) 5 day : 40 hour
week : we can't afford it in many industries. b) Cotton settlement
based on more pay for less output. c) Billingsgate : no justification for
claim to vet promotions.
Shd. we not meet T.U.'s and tell them they are wrecking the economy.
- A.B. Agree with those conc^{ns}. but they are no reason for protracted negot^{ns}.
Better to bring them to an issue. Building decision reached v. the applⁿ.
that puts onus on the men.
- E.Sh. Perspective : much better than after last war.

T.U. leaders wd. reply i) do inform members. ii) Not easy to rush
negotiations. iii) Men have bn. led to expect "workers control".

2. Palestine : Submission to United Nations.

- Mc.N. I considered promises re our attitude to decision shd. be reserved until forced out. But thought it wd. be forced out.
Now E.B.'s view – in telegram 679 from Berlin.
Then I wd. omit “sole” before “judge”.
I myself think this will be diff. for Cadogan.
- P.M. Agree with E.B. Why shd. we alone promise to carry out decision.
a) What is our policy? b) Shall we accept decision? c) Will we implement?
Surely we can't avoid promising to accept b). What point in referring it to U.N. We then get no finality : what advantage to us.
We shall only be leaving onus of decision with ourselves.
- C.J. Our statements in Parlt. assumed we wd. accept the decision : tho' no commitment v. enforcement.
Para. 7. will do to begin with. But Cadogan will be pressed to go further : and if F.O. give consent, he cd. speak as in para. 4.
- N.B. Cadogan's judgement is good : don't lightly disregard his advice.
If a real plan emerges, we shd. want to accept it.
Can't we say : want to bring world opinion to bear to induce agreement between J. and A. : don't want at this stage to promise to accept any solution not agreed.
- Mc.N. C. won't have to speak until Wed. or even Thurs.
- P.M. Then p'pone until we can discuss with E.B.
- A.V.A. Don't want to be committed at all, from defence angle, until we know what the recomm^{ns} are.
- A.B. We asked the court to hear this case – and asked for Special Assembly too.
Fair to make a reservation about enforcement. But we must accept the authority of the court.
- P.M. But this isn't a court.
- R.S.C. Para. 4 formula – amending last sentence so as to say that it will be for Genl. Assembly to consider how any solution can be implemented.
- E.Sh. Supported A.B.'s view.
- P.M. Why shd we have to give this assurance in advance of others?
We retain our right finally to decide on a U.N. recommⁿ, what advantage was there in referring to U.N. We have evaded no responsibility.

A.B. We are members of U.N. We shd. share with others duty to accept due decision. All must share in enforcing.
If ques. is asked. we can't dodge it.

C.J. Art. 10 empowers G. Assembly to do no more than make recomm^{ns}.

H.M. x/. in para. 7. We shdn't exclude this possibility.

Mc.N. Depends wthr. we are on Cttee or not.

P.M. to discuss with E.B., and settle inst^{ns}. or refer again to Cabinet.

[Exit Mc.N

3. National Service Bill.

P.M. Reported Def. Cttee. conclusions – as in W.S.M.'s note.
Conclusions approved.

A.B. L.P. Cttee decision re payment of balance of civil pay. 16/3 [Exit E.Sh.
Found however, can't determine "the emergency" for this purpose
before others. Need therefore statutory authority to authorise l.a.'s to
discontinue these payments and also to deal with superannuation.
Shdn't be contentious.

A.V.A. Is this the right Bill for this?

A.B. Why not?

P.M. This is a permanent measure.

H.M. Not fair to leave this as permissive to l.a.'s.

P.M. Won't this open the door to all sorts of new amendments?
Approved inclusion of special clause.

[Exit Serv. Ministers

4. Industrial Organisation Bill.

G.A.I. As in memo.

R.S.C. Once you start to give this special protⁿ to Govt. Dpts. you will always
have to do so or "raise a doubt".

P.M. Attempt to differentiate between Dpts. is wrong. Must be presumed
that one part of Govt. always consults another as necessary. eg. prov^{ns}.
requiring one Dpt. to consult another.

G.T. Must, however, avoid duplication.

- G.A.I. V. well, I won't press point (a).
Must press (b) re recruitment.
- R.S.C. They have 19 diff. functions – straying into field of numerous Depts.
eg. undertaking research : what about D.S.I.R.
Much better control over these Councils than you have now over firms,
trade assoc^{ns} etc. any of whom cd. undertake these functions. You
can't now prevent eg I.C.I. from running recruiting campaigns.
- T.W. Will the control be effective? Can we be sure recruitment will be co-
ordinated?
- R.S.C. Only giving them the power.
- A.B. But diff. to w'draw the power.
- H.M. This cd. be covered in the Orders. They cd. include provⁿ requiring
Council to conform to dir^{ns} issued by appointg. Dpt.

Agreed : have (b) to be covered in Orders.
- G.A.I. Point (c) : as in memo.
- R.S.C. F.B.I. and T.U.C. both against this. Rejected by Cab. Cttee.
Strongest argument against is that this wd. give colour to idea that
Councils are concerned with wages and conditions.
- G.A.I. Surprised to hear T.U.C. are against it. [Exit A.
This is a row between F.B.I. and Confedⁿ of Employers.
Many of these matters overlap with cond^{ns}.
But, if T.U.C. are against, I won't oppress the point.

Agreed : drop point (c).
- G.A.I. Point (d). As in memo.
- R.S.C. Minister appointing Council must approve collⁿ of statistics. That
covers risk of duplication.

Agreed : reject point (d).
- A.G. Pity these ques. cdn't be decided before introdⁿ of Bill.

5. Mid-Week Sport.

- R.S.C. B/T. intending to hold mid-week sports mtg. M/T : M/Ed. have
decided to hold one.

Suggest it begins at 4 p.m.
Can't get a ground at wk. ends.

A.V.A. We were trying to stop spectators not competitors.

Agreed : no objⁿ.

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

E.Sh. Fuel Debate 1/5. Gaitskell to take debate on Prayer. Followed by general debate on adjournment, which E.Sh. will take. Statement after Ques. on alloc^{ns} to industry.

A. When will N. Service Bill reach H/Lds.

W.W. 12/5 finish in H/C.

A. Planning to take 2nd Rdg. on Mon 19/5.
Transport 20/21 May in H/Lds.

[Exit W.W.]

2. Public Boards : Political Activities.

P.M. Read draft answer to P.Q.'s.
Will be supplementary about members of Boards. Shd. there be distinctⁿ between part time : whole time. Read general words sugg^d by E.E.B.

A.B. Is it necessary to mention point about interference with employment?

P.M. Will omit this sentence.

P.M. Some members of B/E. are political.

E.Sh. Statutory prohibⁿ re members applies to part time as well as whole time.

P.M. Full time members can't be active in politics : part time members must use discretion

[Enter Hall, 1st Sea Lord. B.]

3. Palestine : Illegal Immigration.

P.M. As in minute from 1st Lord.

H. President Warfield now in Genoa, may carry 5.000.
Diffies a) number of bilateral deals : may be used v. us in future.
b) practical.

C.N.S. Longer you have for intercept^{ns} the better, with fast ships.
Diversion is different. When we get possⁿ they sabotage the engines.

If we towed them away fr. Palestine, they wd. make trouble. And with 5.000 aboard we shd. have to put aboard a v. large guard.
 On a) above : these may whittle away genl. ruling v. inviolability of high seas. With U.S. we had formal Treaty in preamble of which we reaffirmed genl. principle fr. which this was an exception.

J. From legal angle, wd. sooner not. There may be actions.
 Makes no difference legally wthr. it's done by Treaty or by agreement.

C.N.S. We may be establishing a precedent wh. will work against us in future.
 Long term I believe this is unwise.

Agreed : E.B. to consider first with A.V.A., H. and C.J.

E.B. Italians are subject to U.S. pressure to put little diff^{ies} in the way.

[Exit H. and C.N.S.
 [Enter J.W. and Key

4. Coal : Allocations to Industry.

P.M. Figures show 86% wd. be 2.13. Winter consumption 1.81.
 Far heavier cut than for other industries. Some case for adjustment.

A.B. Housing lost priority to fuel industries. Didn't object to that.
 Decided to take a risk in stocking for the winter.
 Para. 3 of R.S.C.'s memo, rejected the selective policy. Para. 9 proposed 86% of 1947 requirements equally actual summer requirements of 1946. Was not intended to discriminate. I was content to get 86% of current requirements of bldg. industries. All Dpts. so interpreted it. But R.S.C. now proposes tht. each particular industry shd. have what it consumed last summer. This makes a difference of 548.000 tons. not 1½ m. as stated by R.S.C. last time.
 Effects on bldg. programme.
 Had R.S.C. realised effects of what was proposed? Shd. he not have made that clear.

R.S.C. A.B. starts from 2.25. Winter use in fact was 1.81. Assumes an increase of nearly 4.
 If this adjustment made, means loss of 50 m. p. month in exports : drop to below 100% of 1936. With present balance/payments we can't survive on that basis. We must have the exports : we can't have the houses.

A.B. Export drive makes internal and external crisis endemic.

R.S.C. Every million off exports means redⁿ of imports or another U.S. loan.
 Lose £200 m. exports with 20 m. tons of coal. } i.e. between £50 and
 Another calculⁿ = £50 p. ton of coal. } £100 per ton of coal

- P.M. What exports will you get from this cut on bldg?
- R.S.C. Depends on industry. Nil on steel. Engineering mainly export : also chemicals etc., the cut will tend to fall on the export sector, in most of these industries.
Estimate : 50 m. difference to b) payments.
- A.V.A. But some exports come fr. bldg. materials industries.
- E.B. Not enough attentⁿ to output p. man. Housing will make a big contⁿ to that. Find this ½ m. tons somehow – by improvisation – sooner than let housing down.
- R.S.C. We've bn. doing all this improvisation already.
We've taken a big risk in allocatg. 24.3 m. tons to industry.
Ques remaining now is allocⁿ w'in industry : building or exports.
- A.B. Doubt if some of the other industries cd. now take 86%
- R.S.C. Why? What industry wd. fail to get back to last summer's level?
Loss of exports estimated at £10 m. a month – off average total of £90 m.
- E.Sh. Export of cement. If that is to be cut, the coal cd. be used for home consumption.
2½ tons of coal used last year for export of cement. My estimate.
- G.A.I. This cut wd. put us back years in training bldg. force. Unions have now demanded closing of training centres.
- R.S.C. That applies equally to textile industries.
- E.B. Will bldg. industries actually use more than about 350.000 t.? Tell them they must manage on that figure.
- E.E.B. H.D. wd. oppose taking coal fr. industries makg. for export.
Loss of £50 m. exports is v. serious. Because we must avoid coming to end of loans before we have reached equilibrium.
- P.M. But unemplt. in bldg. industry.
- R.S.C. Unemplt. elsewhere equally.
- A.B. Gravity of reducing housing to lowest priority –by relatg. supplies to period before expansion. The 56% global means 60% for bldg. industries.
- K. Means loss of 70/80.000 houses on p'mme, in 1948 as well as 1947.
- P.M. Wd. sooner ask miners to work an extra day.

- E.B. Psychol. effect of houses standing half finished, all over the country.
- E.Sh. We have taken a good many risks already on coal prodⁿ.
I wd. give bldg. industries their demand, subject to review.
- P.M. Can we add the 548.000 to the total for industry and give it to bldg. materials.
- R.S.C. For industries generally : consumption as last summer.
For bldg. industries : “ “ “ “ + 548.000 tons.

5. International Allocation of Timber.

- R.S.C. As in memo.
- E.B.'s view. Doubtful about that. Wd. break up internat^l- collaboration in commodity control : unfortunate at time of Geneva conference.
- E.B. I don't now oppose this. Want to explain my attitude.
We were being asked for steel rails. Thought this wd. be diverted away from hard currency. Told now, however, this wd. mean we cd. force hard currency timber on other countries.
Don't want to break E.E.C.E.
But H. Wilson was being v. hard pressed by R. And became a ques. of currency. 1941 Agreement due to be paid '48 – a most critical plan fr. Ty. angle. Unwise therefore to throw this away.
- R.S.C. We can't barter the 1941 Agreement w'out v. serious thought. Believe now they aren't pressing this.
- P.M. O.K. so long as we see tht. other countries take their share of dollar timber.
- B. Heavy shipping commitment for hauling timber fr. U.S. Want to be consulted on any adjustment makg. for more hauls from U.S.

[Exit Key and B.

6. Iron and Steel Nationalisation Bill.

- J.W. Intended to defer consultⁿ with Fedⁿ. Diff. to defer, now Press statements made. Want now to see Duncan, tell him broad decision and invite their technical comments. Two members of Steel Board are on Fedⁿ.
- A. Want to see the ease for nationalising the industry.
- P.M. We've already authorised Minister to consult T. Unions.
Serious leakages.

Agreed: J.W. to inform Duncan in confidence : decision to bring under p. ownership an appropriate area of the industry by purchasing shares of certain companies : and ask for any technical comments they may have.

H.M. Add with a view to re-organisation of industry. It's not ordinary socialisation and we needn't say so.

P.M. Keep your announcement to minimum.

7. Poland. [Exit J.W. and Barnes.

E.B. Finance Agreement and General Trade Agreement.

New P.M. (Soc. Democrat) urged me to ratify the first quickly. It is ready – as is a Trade agreement.
Promised him I wdn't make compensⁿ. for B. interests (natⁿ) a bargain v. this. But he volunteered to settle the compn. ques. if these Agreements concluded.
Read proposed draft telegrams to Warsaw.
Wd. announce Fin. Agreement on 5/5: and compensⁿ on 7/5.
Simultaneous tho' not conditional.

Polish Displaced Persons.

They will now take almost anyone back – no pol. test – amnesty v. wide.
Believe we shall be able to relieve our Zone in Germany substantially.
Agreed.

8. Germany : Fusion of British and U.S. Zone.

E.B. Don't believe this will be settled in Berlin. Shall have to take it up soon in Washington.
Bound up with level of industry.

A.B. When will our insistence on non-interference with socialisation policy be formulated in document to U.S.A.

E.B. Socialist Govts. of Belgium and France don't want socialisation in Ruhr!
Must discuss with them and Luxembourg.
U.S. recognise it now, so long as in Land Govts.

Agreed.

9. Dockers' Strike.

G.A.I. Sc. Union recommended return. But Branches have voted in favour of going on.

Now a secret ballot this p.m. May go well.

Moscow Meeting of Council of Foreign Ministers.

E.B. C.P. 68 set out main short-term problems. Also O.A.C. pp.
First item for Agenda : reports fr. C. Council. Berlin and Deputies in London.

These reflected dissent of R. from others.

C. Council report cont^d however review of work from Potsdam.
Revealed diff^{ies} of unanimity rule. Revealed failure to appoint central organⁿ. (because of French) and to establish economic unity (because of Russians).

Rpt. from Deputies contained views of Allied Govts.
Said before I left agreement was unlikely.

a) Reparations from Current Production.

At Yalta Roosevelt and Stalin agreed provisionally on G. rep^{ns}.
of 20 billion dollars.

W.S.C. reserved his posⁿ. and H.M.G. pointed out this wd.
absorb G's pre-war exports (or ? foreign balance)

Also : wd. have involved capital expenditure by G.B. and U.S. :
or wd. have produced same situation as after last war when
financing of rep^{ns}. prodⁿ. laid foundations for her w. potential.
Also G. still owes us £30 m. fr. post-war loans of last time.

I therefore took a negative attitude.

U.S. advocacy of 10%-15% at Potsdam – doubtless in effort to
escape fr. F.D.R. understanding re 20 billions. 10%-15% of
capital equipment. If steel was kept at 5.8 m. rep^{ns}. deliveries
wd. be quarter: this accounts for 5.8.

Also U.S. suggⁿ. of current deliveries to balance short-fall on
once-for-all.

I rejected tht. pending econ. unity and all in pool.

For if steel raised to 14 m. + 1 m. of that went in rep^{ns} tht. wd.
affect balance of G. economy and coal prodⁿ. too.

Argued therefore cdn't accept any of this till balanced economy
reached – and repayment arranged for supplies of food etc.,
Otherwise H.M.G. wd. be paying rep^{ns}. to Russia.

Also worked out revised pol. and economic principles for 2nd
stage (C.P. 68). This was a constructive and comprehensive
scheme.

Test to be applied – no further burden on B. Exchequer.

Didn't close door to current rep^{ns}. when favourable fr. balance secured and debts to U.S. and G.B. repaid.

b) Economic Unity and Level of Industry.

My aim was 11.5 m. capacity and 10 m. tons prodⁿ. for steel.

Aimed at keeping Ruhr. in B. Zone until full ec. unity achieved promised that then allocⁿ. of prodⁿ. cd. be handled by 4 Power basis thro' C. Council.

c) Political Organisations.

Recalled aims.

This : key point.

R. began fr. central^d. G. Finally came down to orgⁿ. based mainly on Weimar.

Warned tht. this gave ample powers to President and wd. lead to a Hitler.

But R. v. keen – specially in relⁿ. to Police etc., hoping no doubt to get Communist in M/Interior.

I sugg^d. dropping all slogans v. Federalism : and setting out powers of Centre and leavg. rest to Länder. R. moved that way twds. end. Agreed to Länder Police, subject to some central provⁿ. for co-ordinations and emergency action.

On other functions eg. education they retained preference for centralised system.

French – other way – favoured indirect electⁿ. to centre from Länder Govts. U.S. backed this. Found they were after control of electoral machinery as in States of U.S.

French really wanted Balkanisation – leaving even finance of f. affairs to Länder.

Have brought R. and Fr. some way twds. Us: U.S. needs only clarifictⁿ. Some hope here.

d) Peace Treaty Procedure.

Assocⁿ. of other States. Procedure for defining frontiers.

Denazification. Complete agreement on allowing German auth^{ies}. to complete process.

Demilitarisation. Main diffy. was Dienstgruppen Believe we have no defence there.

Cd. be done by civil organⁿ. Left tht. we will disband by end/47, save for minesweeping.
R. have agreed to complete scrapping of warships by August.
Cat.1. Plants : viz., usable only for war purposes. (destⁿ delayed because of U.S. delaying of rep^{ns}. I agreed to liquidation (complete by 1.7.48 – or wd. report to C. Council if delayed by labour diff^{ies}. We must deliver plant c. and w. and get on with it.

Cats. 2-4. Plants. Many are valuable for peace as well as war eg. fertilisers.

Declined to agree to liquidⁿ until new level of industry agreed and wd. then review the list. Told Berlin to do this on various steel basis – 10 m. or 12 m. Also said Germans shd. be told definitely what is planned. Asked for early report for submⁿ to Cabinet. When they can't dismantle, they shd. close : remove labour to other parts of economy.

Democratisation. Reserved my posⁿ on P.R. because believe list system helped Hitler to power. But its general on Continent, French and others like it : and believe we may have to accept it. But ques. : shd. you count votes in Länder & not have a central list. Am considering that.

Land Refor. We've bn. slow. Now agreed shall be done by end/47.

Only way of removing fear tht. Junkers will regain pol. prestige.

In B. Zone will be done at once on basis of 150 hectares. Exchequer of Informⁿ democratic idea. Agreed, subj. to security risks.

Breakdown of Zonal barriers will be helpful.

D.P.'s, T.U.'s – no agreement. R. wants central T.U.'s : I wasn't ready to force that, tho' wdn't prohibit it.

Freedom of Movement – we cdn't get agreement.

At this stage had to make it clear I cdn't agree to anything particular until I saw general picture.

We failed to reach agreement because of rep^{ns}. R. wanted 4 Power control of Ruhr in isolation from other ques. Also demanded annulment of Fusion Agreemt. We told them they had forced this on us – was open to them and Fr. to join – but Fusion must stand until agreement reached on economic unity. They cdn't demand rights in our Zone while keeping their own as closed preserve.

Level of Industry : Steel.

R. suggested 10-12 m. tons. U.S. have now gone to 14 m. Having it all studied. U.S. also suggest 75/80% of 1938 as

capacity to be left in G. industry as a whole. I must consider U.K. trade interests because capital requ^d. will have to be produced by western Powers.

If we and U.S. cd. agree on level : clear up Cat 2-4 plants : before Nov., the situation wd. clear.

Liquidation of Prussia – agreed.

First round on a diff. subject. Exchange/views will help to make fresh approach.

Report of Deputies. We took note and sent it back!

Main point of difference – participⁿ of other belligerents in preparing Peace Treaty. Doms. pressed this on us : Canada in a constructive and helpful way.

Their main point : permanent membership of Cttees. on actual drafting.

R. want that limited to 4 Powers.

R. have gone further in agreeing to consultⁿ : informⁿ services.

Composⁿ of Peace Conference itself. Thought agreed in N. York tht. all active belligerents wd. be in. But U.S. now demand all 54 who declared war v. Germany (in order to get into U.N.). This is to mobilise S. American votes. I cdn't agree to that. I proposed we limit it to active belligerents.

But put the others of 54 on informⁿ level. U.S. wdn't accept. That is remitted to Deputies.

Who should sign Treaty? U.S. said no German Govt. shd. be allowed to sign. How then confirm? They said incorporate in G. constitution and let G. people adopt it by vote. That is adjourned too.

Fr. opposed central G. Govt. at all.

Boundaries. Polish W. Frontier. U.S. began by attacking it. I, differently, proposed Boundary Commⁿ to study it. Can't have empty land. Poles have filled up industrial area betwn E. and W. Neisse : but left large tract of agric. land below Stettin/Gdynia empty. That's why they are now keen to get Polish nationals back.

R. argued all settled at Potsdam. No one accepted that.

Saar. We've agreed to incorpⁿ in France economy. But French pushed Frontiers n. & w. and included 50.000 Germans. Told we can't accept that.

Belgian Frontier. V. sound and small.

Dutch. To compensate for damage at Walcheren etc. They have claimed territory worth £1 m. p.a. to Germany in f. exchange from oil and textiles. U.S. wanted it considered : but if it's to be done it shd. be done quickly.

Luxembourg. "Strategic" claim! Actually 2 Power stations. I've said can't transfer territory for those reasons.

Ruhr and Rhineland. Fr. abandon separation claim. Pressed for 4 Power control of Ruhr. We admitted long occupⁿ of Rhineland.

Four Power Treaty (Byrnes' Draft).

R. suggested addⁿ of prov^{ns} covering all disputed points on Potsdam etc.

Marshall refused to have that referred to Deputies. At end/Conference M. said he wd. leave this on Agenda. Means U.S. will stay in Europe.

If we don't settle in November, small chance of getting agreement at all. The constructive proposals have come mainly from us. We can take credit for that – and shd. continue to ram it down the Party throat.

German Coal : Report of Experts.

Fr. intransigent at start. But agreement reached on sliding scale system.

Repatriation of German Prisoners.

This has important bearing on our financial posⁿ. Many refugees returning to B. Zone : but too few producers. 2½ m. producers as p.o.w. if we keep p.o.w. here for their labour. I can't produce the goods in Ruhr. Suggest Ty. shd. evaluate worth of G. labour here and set it off v. costs in G. We allowed £100 p.a. I believe.

France has 500.000 – many working in mines. So have Belgium and Poland.

Thought end/1949 wd. give us one more harvest, incldg. beet. M/L. shd. help m'while to clear d.p.'s and get them in to place.

G.A.I.

We have this organised now – 4.000 a week, coming in.
Date of Next Conference.

Marshall wanted Sept in N. York. simultaneously with U.N. I declined.

Austria.

This is a disappointment.

Deputies in 6 wks in Ldn. made some useful progress.

R. wdn't have it earlier on Agenda. Then got Deputies to resume : but cdn't get v. far.

Stumbling block was G. assets in Austria. What is a G. asset? I said : prs. Anschluss : or sold by G. Where taken fr. Austria, compensⁿ paid but not property shd. be regarded as asset. This definition wd. cover 120 works. R. definition 200. U.S. definition 100. But oil is another problem. Not sure what happened betwn. 1932-1939. R. allege we didn't develop it until Hitler forced it : therefore it is a G. asset.

Tried 5 or 6 drafts to get it down to this. Suggested in London we shd. abandon formula and consider particular cases. R. rejected this. But in the end, at Moscow, R. proposed factual enquiry by a Commⁿ on each class of property.

Diffy. over Art. 42 – U.N. property as a whole. Date suits us. But U.S. want it, too. Ques : shd. people gain who left Austria and adopted other nationalities? I indicated tht. if I cd. settle the property basis,

I wd. sooner hand this property back to restore Austrian economy.

R. pressed for rep^{ns} to Yugoslavia. We agreed to let them have G. property in Yugoslavia (which they wdn't return anyway!)

Power station : Hitler took water fr. Yugoslav stations.

Proposed a Joint Austro/Yugoslav. Bd. to square it up between the 3 stations.

Agreed to exchange views thro' dipl. channel in prepⁿ for November mtg.

Shall continue to work at it, in hope for November.

- A. V. appreciative messages from Doms. v. trouble which E.B. took on their behalf.
- E.Sh. What is cause of conflict over future of Germany? R. fear of U.S. fear of R.?
- E.B. R. motive : if they delay long enough U.S. will leave Europe. But U.S. are now determined to stay. They will work on 4 Power basis, for rehabilitⁿ of Europe. V. diff. however, if it shd. develop into a R/U.S. conflict over wounded body of Europe.

R., if she cd. develop central Police State in Germany and reach Rhine, they wd. control to Spain. U.S. will stop in Europe to prevent that.

1. Future Meetings.

P.M. Cabinet : Monday, 11.30 a.m. – provisional.

2. Poland.

E.B. Mixed Commⁿ. coming over to settle compensⁿ ques.
Trade Agreement likely to be concluded in 2 wks. or so.
This results from Financial Agreement.

3. Ceylon : Constitutional Development.

C.J. Electⁿ campaign about to start. S. has rallied moderate Parties and is likely to be returned tho' opposed by Comm. and Indian Groups. His diffy : being pressed by own supporters on ques. of constitutional advance. Said he cd. have got more if he had pressed us harder. eg Burma, disloyal in war. Situatⁿ may get out of his control : will be pressed v. hard when Assembly meets – even for immed. declⁿ of independence. Believes he can hold this posⁿ. if he makes declⁿ as in memo. Pretty clear we cd. rely on getting satisfy. Treaty assurances. Ceylon fears being drawn into orbit of India and wd. give us what we want.

P.M. In what form? Treaty?

C.J. If declⁿ made, negot^{ns}. cd. start at once. New Govt. in Nov. cd. declare wthr. they favoured such an agreement : then we cd. introduce legⁿ.

P.M. That means leaving it to chance wthr. they agree.
Also Doms. have a view on this.

C.A.S. Ceylon is important a) as a base, essential to comm^{ns}. through Indian Ocean. W'out it neither air nor surface craft cd. cover Indian Ocean.
b) as a link, essential for cable wireless and air communications. with Far East. No possibility of reinforcement without it.

P.M. Simonstown arrangement with S. Africa : is a precedent for granting independence while retaining base rights.

A.V.A. Also firm arrangements with Australia – B. offr. i/c Naval Board.
Concerned at haste – effect on Parlt., public opinion etc.
We gave long considⁿ to Soulbury Rpt. I saw everyone there last May(?) and they were all quite pleased with what we had done and promised.

Thought development to Dom. status was acceptable, as planned.
Weakening of our posⁿ all over the world. Getting out of hand.

P.M. Large minorities. May appease Ceylonese : but what of row with India over their minorities.

C.J. Constitⁿ safeguards for minorities will come into operⁿ tho' new Govt cd. change them if it acquired independence : but not before a further Act of Parlt. in Westminster.

P.M. But by your declⁿ you invite them to re-open all these issues.

C.J. Govr. a shrewd pol. observer, thinks a clamour for independence will have more serious routes.
Announcement shd. I think in view of C.O.S. report, be a declⁿ of intentⁿ.
“Independence w'in Commonwealth” – involves special place for some of the developing parts of Comm. S. Rhodesia, as well as Ceylon, are anomalous. S. is not pressing for “Dom. states” because it involves consent of other Doms. and amendment of statute of W'minster.
This phrase was used by P.M. in relⁿ to India.

P.M. Burma diff. because no serious minority troubles.

A.G. If nothing is said, bitter controversy will brk. out in Ceylon and movement for complete independence may grow.
This phrase is not new. With satisfy. safeguards. M. defence and f. policy, cd. we not make a forthcoming statement wh. wd. assist S. to hold the position.

P.M. Diff. to judge w'out draft statement.

C.J. My intentⁿ was a promise of indep. w'in Comm. condl. upon agreements v. defence. Draft statement wd. have to be agreed with C.O.S. and Doms.

A. Doms. are vitally concerned. We told them on 1/5 what was afoot. We must now inform them of views of C.O.S. Don't like to rush into a statement as early as next week.
Various minor issues re status cpd. with Doms. Agree we must discuss with Doms. various grades of independence. Canada has raised this already : suggesting discussions next year.
We can't afford to throw Ceylon away.

P.M. This constitution was put fwd. by Ceylon Ministers.

C.J. Yes, in 1943. But look what's happened since – I warned you of effect of Burma developments.

- E.B. "Independence" has implic^{ns}. for U.N. Don't use it. Cdn't deny them membership of U.N.
If this is done, how long shall we keep Malaya.
- H.M. Is S. any worse off if we delay statement until after Election?
Elements of a deal here, if he will stand to it.
But language is awkward.
Why can't he take his time, as his own, in Election : and we can talk business with him when he has won it.
- E.B. Resol^{ns}. in U.N. for w'drawal of f. troops from "independent" territories!
Can't do this in a hurry.
- J. Importance of real consultⁿ. here with Doms.
- A.V.A. x/ in para. 4 : we really must define our policy on this issue.
- E.B. France has given up none of her overseas Empire. Remember that the "liberal" line didn't work with Egypt. Don't want any more failures.
U.S. (Navy, anyway) wdn't like this.
- P.M. Tell M.S. tht. we can't take precipitative action. Matter wh. affects Doms.
They have earlier assurances. New Constitutⁿ. coming in, wh. they proposed. He shd. stand against his own extremists.
- A.V.A. And deny x/. in para.4 : doesn't represent U.K. policy.
- E.B. Quote Simonstown precedent : from War Cab. records. A simultaneous transaction.
- L. Consult Indian Govt. – same basis as other Doms.
- H.D. Not at this stage.
- P.M. No consultⁿ. with Indian Govt.
- C.J. Pol. repercussions in Ceylon will be serious.
- E.B. Who raised this? Some of our overseas rep^{ves}. are getting appeasers – care more for interests of people to whom assigned than for B. interests.
Did Govr. start this?
- C.J. Ivor Jennings – Chancellor of Ceylon University – probably started it.
- P.M. We don't know views of minorities. We shd. say we can't tear up the agreement we made after consultg. all interests.

- C.J. It is view shared by Govr. – his officials.
In reply to E.B. – Ceylon does want to be represented in U.N.
- P.M. Willing to consider a draft statement.
- E.B. Keeping the door open to constitutional change.
- P.M. C.O.S. m'while to work out what agreement for bases we shd. require.

[Enter C.E., J.W. and Barnes
[Exit Service Ministers and
C.O.S.

4. Railway Charges and Wages Claims.

- B. Gave alternative yields of various rates of increase.
Must bring mounting bill to an end. Hence recomm^{ns.} in para.15.
Delay beyond 1st July wd. involve increased cost which wd. have to be met by Ty.
These increases wd. cause gt. concern in Parly. Labour Party. Don't see, however, how we can avoid them. Shd. be made before rlways are nationalised.
- H.M. Two points of fact:-
- (a) L.P. Cttee decided we shd. not raise fares until after wages claim settled.
 - (b) Thought M/L. favoured Ct. of Enquiry vice Arbitrat^{n.} Tribunal.
- H.D. L.P. Cttee view has bn. tht. Ty. shdn't go on subsidising rlways. We are assistg. nat^l industries by cheap money and low compens^{n.} That will be undermined if we go on subsidising rlways. We must so arrange the charge tht. "wretched thing" (viz. a nationalised industry) pays its way.
- Even so, however, I accept view tht. we must carry this years cost. Hope H.M. isn't opposing para. 15(a). For that wd. mean delay.
- I wd. favour 2 bites at this cherry. Get the losses covered quickly.
- Then if increased wages follow, we can raise charges again.
- H.M. Thought M/L. cd. get wages settlement quickly.
Awkward political move to raise rlway charges. Wd. prefer not to do it twice. Also double disturbance to the public.
- Don't know effect on negot^{ns.} of telling them the facts.

- B. Am against 2 bites. Support H.M. on this. Wd. prefer delay to 1/8 or soon after so as to handle both at once.
- G.A.I. Negot^{ns}. in 3 stages. a) M/T. gives facts to both sides : that accords with our policy. b) Industry must meet, and if they disagree c) we must establish arbitral machinery.
On c) I wd. prefer a Ct. of Enquiry : which cd. go wider than Arbitⁿ. Tribunal eg. in considering relations with wages in other industries and might also take 3 Unions together. Better a full review even at cost of some delay.
- E.Sh. a) Implic^{ns}. increase in coal prices carrying from 6th to 1/9^d. a ton : average i/r.
The £88 m. increase wd. involve a further increase of 4/= a ton in coal.
b) Incidence of increase : shdn't fall too heavily on workmen's farms and dormitory towns.
c) Delay. Better do this on wage increase, if we have to do it : better case for us on that basis.
- A.V.A. This will mean delaying increases until nearly October. What effect on Ty?
- H.D. More than £20 m. this year, even if raised on 1/7.
- B. Losses in July/Aug. will be less than early in year.
- P.M. Bad to go on raising fares?
- I. Para. 2 : future deficiency of £24½ m. p.a. – takes no a/c of reduced interest rates.
- B. Doesn't assume natⁿ.
- E.B. Object shd. be to reach settlement which will carry for several years. If so, what economies do we expect from improved organisation etc? Will going to 44 hrs. in fact have consequences indicated in memo? Revised schedules etc.
Wd. regret increase of fares in mid summer. Bad politics. I wd. aim at 1st Oct. on that account.
Let wage increases force increased efficiency – to preserve profits.
Transport is apt. to run in grooves(!)
Take a long term view : and Ty. cd. stand out of their money for a time.
Tho' I don't believe in subsidising over the long run, it may be sense to pay for a time.
- B. Cdn't accept view tht. this deficiency cd. be absorbed by increased efficiency.
I agree tht. date be chosen carefully. Hence para.15(a).

If principle is accepted.

Agreed: Take this in one bite.
Nat^d transport system shd. not be subsidised (tho', like Budgets, we might balance over a term of years.)
Accept these as increases required if we were doing it at once. They may be efficient in light of any increased wages etc.
Make it clear to both sides of industry (jointly) that any change resulting from wages and hours claim will be in addⁿ to these figures.
M/L. and M/T. to settle issue betwn. Ct. of Enquiry : Arbitration Tribunal.

Took note of C.P. 147.

5. Iron and Steel Nationalisation Bill.

- P.M. As in brief.
Cash for this project was made in C.P.(46)120.
- H.D. Also in speeches in H/C. debates.
- A. We must make a case in H/Lds. Wasn't satisfied tht. a good enough case can be prepared.
- P.M. Will you then study C.P.(46)120 and H/C. Debates.
- J.W. Parly. Group have asked me to address them.
Also industry must know effect on current reorganisation scheme.
If we are to look at the "case" better do it now.
Recalled earlier disc^{ns}. of Cab. and Cab. Ctt^{ees}. Scheme adopted now follows the line suggested by E.B. at early Cab. Cttee stage.
Baldwins (U'lever) about to register new co. Want auth^y to see him and give him some more detail. But he has now reg^d his co.
Hope he will go on with the scheme.
- P.M. Parly. diffy. disclosures?
- H.M. Parly. Group cd. be made to wait. A leak isn't an announcement.
The others Arguments that this is a bad time to do it. But the case for doing it this way (reorganisation) is just enough to warrant our claiming its international interest. If it is to be done, quicker the better.
- E.B. Diffy. of severance is avoided by this scheme.
- P.M. Minister must give industry (leaders) an outline of the scheme.

H.D. He shd. tell them due a/c will be taken of any expenditure incurred m'while.
We must try to carry these men with us.

J.W. I must tell them which companies are in, and that we will buy 100% of the equities.

6. Leakages of Information.

C.E. Mtg. of Emergencies Cttee last week. Oral statement only. Over weekend good a/c of discussions and decisions reached.

H.D. Steel leakage : Ministers names.

J.W. Leakage has seriously impaired my bargaining posⁿ with Federation.

7. Coal : Strike in Durham.

P.M. Message from Will Lawther regarding his statement to Press.

E.Sh. Small Union, 150 men or so. What they really want is recognition.
Not really a ques. of wages.
N.C.B. have decided they must not give way on this. They are training substitutes. N.U.M. agree with this. We must support it.

E.B. Let N.U.M. fight it.

1. Financial Relations with Local Authorities. [Enter Barnes.

- A.B. From Apl. '48 – hospitals, other health services, roads & poor law will be transferred to central Govt. & relief to l.a.'s from this transfer exceeds total of Block Grant. But w'in total, relief will fall unevenly - & the poorer areas will gain less from loss of health oblig^{ns} tho' more from transfer of poor law.
Block grant due for revision pre-war.
C/E. has stated tht. grant must be revised so as to give more help to poorer l.a.'s.
This is basis of new scheme. Amount not known. Method – as in para. 5. Effect – as in para. 11. (quoting the examples). The formula achieves our object of rate equalisation for citizens in various parts of country. No change in existg. formula for distribution w'in (sub-districts) counties. This scheme deals only with county & county boro's.
Formula wd. operate much more fairly if there had bn. central valuation. There will still be inequalities because different valuations. But not so serious as might be supposed. And will be removed when we amend Rating & Valuation Acts.
Authorities which will lose, or not gain, are small in number & rich in funds. Mainly those with many industrial properties, which lost on de-rating.
Huddersfield, e.g. wd. go from 12/= to 12/9.
Bradford from 17/9 – 28/2. Bury also high.
Want some elbow room for negotiation here – to ease it by bringing it in over 5 years, where it means increased. No decision on this to-day.
- H.D. Taken much trouble over this. Considered various alternatives.
This is best.
Simple. Gives broadly desired results. See para. 7. New grant is £26 m. less than the old: but transferred services cost £72.5 m: and exchequer doesn't gain on balance. Gives good results in relation to rate structure of country as a whole. Reduces average all over country: and equalisations w'in London between Boroughs. Helps poor development areas, where services have had to be scraped. Many counties will also gain e.g. Norfolk 16/11 to 10/= . Doesn't benefit only industrial areas.
Novelty = l.a.'s above a certain level of wealth will get no block grant.
Para. 6. Education grant. Formula now agreed. 60% of l.a. expenditure + capitation fee p.a. of 120/= per pupil – product of 2/6 rate. This too has equalising effect.
Not much more play, in negotiation. Meet some hard cases – but minor adjustments only.

- J.W. Edinb. gets no benefits. Awkward, but not fatal. [Exit Barnes.
 Developmt. areas & crofting cos. benefit greatly. [Enter W.W.
 Sutherland by 16/9!
- H.D. Will result in disclosing under/ or over/ valuation & force more
 reasonable attitude.
- A.B. Also adjusts automatically every year - & takes a/c of changes as we
 go along.
- G.T. Can consult l.e.a.'s simultaneously with l.a.'s. That is satisfactory.
- E.B. Later give estimate of economy in staff.
- General approval: authority to negotiate.
2. Parliament. [Enter A.V.A.
- H.M. H/C. sitting all night. Sugg^d going on to finish Cttee Stage. But it is
 our back-benchers who have done 50% of talking. Agreed
 therefore to wind up 11.45 a.m. & complete Cttee Stage Friday.
 Rpt. & 3rd Reading. Intended Thurs. next; but doubt if amendments
 can be tabled in time. Now think 20 or 21/5.
 Now propose F.A. Debate, Thurs. & Frid.
 Hence: T. & C.P. Bill: Rpt. Stage: Mon. Tues. Wed.
 F. Affairs Debate. Thurs. (Supply Day) & Frid.
 (Adjournment).
 Stats of Trade Bill – provisionally in week after next.
- E.B. Can't spare Pakenham at present for H/Lds. debates. Diffy. in
 Germany.
- A. T.C.P. Bill will be finished? W.W. Thurs. 22nd May.
 My agreemt. assumed 2nd Rdg. of N.S. Bill before Whitsun. Shan't
 now get it.
 Short of spokesmen in H/Lds. Transport & T.C.P. Bills are v. heavy.
 J. will take T.C.P. Bill. I was takg. Transport; but must have
 1st rate assistant & selected Pakenham. Want him 20/21 May:
 June for Cttee.
- H.M. Cttee Stage rather than 2nd Readg.
- A. Yes. 4 days. 9-12 June.
- E.B. Will consider that.

1. Germany: Administration of Combined Zone.

- E.B. Meeting to-day with Pakenham, Robertson & Strang,
re food shortage etc.
Will report later.
- H.D. Stated tht. Germans, to whom adminⁿ delegated, have bn. less
competent e.g. in collectg. food into towns.
- E.B. U.S. delegⁿ to Lauder was done before satisfied of efficiency.
Can't have duplⁿ of staffs: tho' prs. U.S. have gone too fast. I'm
suggesting 3 overseers to supervise exercise of delegated powers.
Some internal U.S. diff^{ies} on personalities: Clay: Hilldring prs. in
W'ton: will Germany come under State vice War Dpt.
Am keeping in touch with M/F.
- J.S. We have gone to gt. lengths in acquiescing in U.S. cereals going to
Germany because of her exceptional needs. But there are limits.
- E.B. France is in some diff^{ies}. Whole of Europe in gt. diff^y for June/July.

2. Newfoundland.

- P.M. A. is makg. long statement in H. Lds. to-day.
No need to make parallel statement in H/C.
- A. Bottomley arranging a P.Q. for written answer.
- P.M. Good.

3. Ukraine: Establishment of Diplomatic Relations.

- E.B. Some diff^{ce} of view on this between us and U.S.
But – as in memo. – “heads I win, tails I lose” proposition.
- P.M. Repercussions – R. pushing rep^{ves} into our territories e.g. India?
- E.B. They can already.
- A.V.A. Keep their nos. here w'in reason.
- E.B. Those are rep^{ves} of Moscow, not Ukraine.
And may be useful to have contacts here with Ukraine.

- H.M. Why shd. we allow R. consuls here if they won't allow B. consuls in U.S.S.R.
- J.S. Propose strong agriculture attaché in Kiev if we get there.
- A.B. Shd. have to insist on consuls e.g. in Leningrad if we resumed trade, to look after B. sailors.
- A. Recommⁿ 2) Have drafted message to Doms. will clear this with P.M. & E.B.
Agreed.

4. I.L.O. Social Policy in Dependent Territories.

- G.A.I. As in memo. C.O. agree.
- A.B. Do other countries act on these recomm^{ns}?
- G.A.I. They wait for us. We don't apply them unless others do.
- C.O.E. Close liaison now with other Colonial Powers.
- G.T. Found tht. the countries pressing these recomm^{ns} don't apply them.
Why shd. we bring this controversial issue before Parlt. until we know wtr. others will act on recomm^{ns}.
Agreed – as in memo.

5. Radio-Active Substances Bill.

- A.B. 2nd Rdg. Radio-Active Subst^{ces} Bill p'poned in H/Lds.
Cherwell makg. trouble. V. vexations.
- A. How did Bill get through?
Was told it was uncontroversial - & wdn't take time.
Asked Henderson & Inman to see M/H. & ascertain trouble. They found it was controversial. Scientists concerned hadn't bn. consulted. I therefore took responsibility of p'poning it.
- I. Swinton threatened to press to Divn.
Arguments & Bill seemed v. strong. Rothschild confirmed Cherwell's view.
a) Said scientists group had advised M/H. to promote this legⁿ.
This contained no physicist.
b) Luminous watch. Bill wdn't allow more than one.
c) Names of Advisory Cttee wdn't carry weight.
d) Every hospital & lab. wd. be subject to search.

- A.B. i) C's opposⁿ shd. rally other scientists to its support.
 ii) Doesn't affect physicists, but biologists. Medical science
 protectg. us against physicists. Scare tht. Harwell is
 undermining virility!
 iii) Will be done by licence. Want to know where this work is
 being done & make Regs. to protect workers etc.
 iv) Consultⁿ has bn. with the scientists doing the actual work, not
 the big shots.
 Am going to see Cherwell. Am going to propose amendmt. of Bill
 to provide for Advisory Cttee of scientists whose approval will
 be obt^d for Rgs. proposed.
- A. My concern is only with my time-table.
- H.M. This Bill can't proceed in either House unless non-controversial. On
 that basis only was it included.
- P.M. Has M/H. seen Willink or other opposⁿ leaders?
- A.B. No.
- P.M. If Bill is put fwd. as non-controversial, you shd. ascertain wtr. it is.

1. Parliament.

[Enter W.W.]

- H.M. Govt. amendmts. to N.S. Bill must be handed in to-night.
Criticism of lateness on T.C.P. Bill.
- H.M. Business for next week.
- A. Bankside Power Statⁿ: in H/Lds. by Llewellyn. Latham feels
obliged to speak against Govt. Motion so drafted that it cd. be
accepted: asking for Papers: model can be supplied.
- P.M. Why was Poplar site not chosen? Asking T.C.P.
- A.B. Now wish we hadn't decided as we did. Narrowest part of river.
Think we may be beaten in House.
- H.M. Shd. like to find a way out.
H.M.: with A.B., L.S., E.Sh. and G.A.I. to re-examine.

2. National Service Bill.

[Enter F.J.B. & H.]

- A.V.A. Ques. of compensⁿ will be raised: long debate on that if we adopt
alternative b). If a) we can prob. avoid that.
- P.M. Suppose you p'pone?
- F.J.B. Must cancel & issue new notice with 30 days advance notice.
Variation is only time of day & place.
- P.M. Shd. be no power to cancel. Must arrange to switch round place of
training.
- H.D. Opposed to unknown compensation obligⁿ.
- H. Our max. call-up at any one time is 1500 & we cd. disperse them.
- F.J.B. I prefer (b). Explained diff^{ies} of unforeseen changes in circs.
- E.B. Power to cancel will encourage slack adminⁿ.
- A.V.A. S/S. Air accepts a)
Agreed: alternative (a)
"time" to be amended to make it clear it = time
day.

3. Legislative Programme for 1947/48 Session. [Exit H.]

- H.M. Ch. Whip even now thinks this too heavy.
Other points as in brief.
Necessary to run Parlt. heavily in 1st two Sessions of Parlt. under Labour Govt.
But strain was v. great. And diff. to defend some of our present haste over Rpt. Stage of T.C.P. & Transport Bill. Must have a lighter p'mme for 3rd Session. Apply the rest: are these Bills necessary in point of time.
"Desirable" Bills must wait. Para. 4. contains, however, a group of Bills which cd. go fwd. "if time permits."
- P.M. My doubt is whether even this p'mme isn't too heavy.
- A.V.A. Discussion on 20/3. Women's Service Bill & Terr. & Reserve Forces Bill.
- H.M. Freeman agreed to drop these.
- F.J.B. Agree Women's Bill can wait. But Territorial Service essential.
General view: both these Bills must wait.
- T.W. Can't complain. But disappointed at loss of Vets Bill. May affect health of animals etc.
[Exit F.J.B.]
- J. None of my Bills have ever featured in King's Speech. Led to expect better this time. Legal Aid Bill is non-controversial: founded on work of Labour Party: Ty. agree to the money: wd. remove gt. blemish from our law – viz. lack of assistance in Co. Cts.
- P.M. If really is agreed, might go thro' w'out trouble.
- J. Lawyers want it.
- H.M. Then something must go out. Never can be sure wtr. a Bill will be non-controversial. Even if it is, people can talk: and prob. will. Can do it "if time permits". If it doesn't, can get political credit from it in next King's Speech.
- A. Why not put it thro' H/Lds: & go thro' H/C. "if time permits".
- A.B. Why not lobby the lawyers – for assurance that it will go thro'.
- x/P.M. a) Not in King's Speech: b) but lobby lawyers as proposed.
- J. May I do b) & then ask for re-considⁿ of a).

J.W. Does that apply to Scottish Bill?

y/H.D. Must make it one Bill in 2 Parts.
Agreed: J. to lobby on x/ and y/.

G.A.I. Consolidation. N. Service Acts.

A.B. Can we try to get Nurses Bill? If ready & there is time.

J.S. C.O. trying to extend Grd. Nuts Bill.

H.M. That must be considered by L.P. Cttee.

C.E. Transit. Powers Bill ends 31.12.47. Don't put too many D.R. in
Expiring Laws.

H.M. Sc. Agric. Bill: can it start in H/Lds.

J.W. Will consider.

4. Paper for "Action". [Exit W.W.]

C.E. As in memo.

J. Regret conclⁿ: tho' can't escape it. Dodge of altering base period
won't apparently work.

C.E. Printers are reluctant to set type for this.

A.B. Rubbish shdn't be publ^d while good books aren't.

E.B. V. worrying for me: can't press for legislation: can't adminⁿ
"cheat" a bit?

R.S.C. Instruct me to refuse, straight out, and I will.

H.M. They may get paper from other sources & then print? We ought
to act w'in the law.

R.S.C. Large quantity: because they had a large circulation.

A.B. Wdn't sale provoke a breach of peace? Cdn't you act on this basis?

H.M. V. dangerous argument.

P.M. Bring up again, when J. and C/Edc. have thought again.

5. India: Return of Viceroy.

P.M. M. wants to announce his return at 3.15 p.m. – in India.

R.S.C. See no objection to this.
Agreed: Press release.

1. Cyrenaica.

P.M. Statement of long-term policy undesirable before 4 Power Commⁿ goes out. View of E.B. in agreement with Ministers concerned. Cabinet agreed.

2. Indonesia.

P.M. Telegrams (e.g. 473) unsatisf. Are we holding candle to devil.

M^cN. Posⁿ unsatisf. Suggested to E.B. we ask U.S. to make joint approach to Dutch.
This will be another Palestine unless they scale down troops as promised.

P.M. We held the fort for them: shall be discredited if they thus misuse opportunity.

J.S. War of re-conquest wd. delay our food supplies for even 10 yrs.
Re-conquest idea is quite unrealistic – imperialism out of date.

H.D. Non-dollar supplies. Strongest pressure shd. be used.

C.J. Let alone political repercussions in Malaya & elsewhere.

M^cN. But equally we can't approve Indonesian economic policy – which wd. involve our buying otherwise than v. Dutch indebtedness.
Blockage v. B. flag: mainly however for black market in Singapore on behalf of Chinese merchants.

J.S. But if the trade were legitimised, this wdn't be so.

P.M. to submit Cab. views to E.B. & suggest he sees Dutch Ambass.

[Enter Strauss.

3. Coal Imports.

E.Sh. Becoming matter mainly of f. policy. French cond^{ns} are for F.O. Also allocation is uncertain.
Para. 9. Cost v. high & quality poor. Might try a cargo: but N.C.B. don't want it.
Any purchases shd. be made thro' N.C.B., not by private firms e.g. Duncan.
Over 4 m. tons last week in a normal 5 day week – deep & open cast. Have asked (thro' Press) for another ¼ m.

Absenteeism down to 8% - lowest since 1938.
If this effort can be sustained, might not require imports.

M^cN. Can't predict attitude of U.S. or French on E.C.O. Want auth^y for our rep^{ves} to w'draw request if feelings run too high.
Doubt if we cd. agree Fr. proposals re Saar before E.C.O. mtg. this month.

E.Sh. Such an agreement might have pol. consequences in Ruhr wh. wd. lose as much prodⁿ there.

M^cN. x/ If U.S. availability doesn't reach 3.4: & we find ourselves against both U.S. & Fr. Minister shd. have discretion to w'draw.

R.S.C. Don't w'draw too easily. Any coal wd. be worth having.

H.M. Yes: get it if we possibly can.
General agreement: don't buy this costly U.S. coal.
Agree N.C.B. shd. have import monopoly in this diff. time: but don't assume they always should. Needs more thought.

H.D. In normal times we shd. export.

R.S.C. Hope N.C.B. will, nonetheless, contact those who say they can buy abroad.

E.Sh. Final para. of my memo.

G.T. While coal rationed & prices fixed, important to work thro' N.C.B. cf. bricks. True they can import cheaper, but must see that when here it counts as part of ration. Watch that.
Agreed: as at x/ above.

[Exit G. Strauss.

4. Palestine: Financial Situation.

- C.J.
- a) Cost will fall on Arabs & Jews alike, tho' Jews alone are to blame – for maintenance of Cyprus camps.
 - b) M'while H. Commr. suggests special tax to compensate Shell for damage at Haifa. I didn't like discrimination in favour of one company. Might have a general fund for all damage due to terrorism etc.
H. Commr. has now put fwd. another plan: voluntary arrangement.
Willing to have that explored. If, however, compulsion needed still think scope of fund shd. be wider.
 - c) Sequestration of J. funds. Want to warn Cab. that I shall be bringing this up later.

- H.D. Financial position of Palestine is not so desperate.
In 1946/47 small surplus expected. Balance in hand of £3 v. Budget deficit. Surplus expected after budgeting for over £3 m. of extraordinary expenditure.
They can increase taxation - & they should.
Will ask Cab. to reject any proposals for more from Exchequer.
Shell: were they not insured? If not, why not? Examine that before any taxpayer forks out. They shd. not be put in a preferential position as cpd. with other cos. or taxpayers.
- A.B. No special J. tax (Goebells).
Agreed. {Reject special compensⁿ for Shell = no addl.
{contribⁿ from B. Exchequer: Pal. taxation should
{be increased.
- A.B. Shdn't H. Commr. be warned off (c) at once? No conclusion reached on this ques.
[Exit E.Sh. & H. M^cN.

5. Payment of Expenses of Members of Local Authorities.

- A.B. Will put to L.P. Cttee ques. of detail & in particular what shd. go in Bill & what in Rgs.
All Cab. need do now is to agree in principle & authorise early statement.
- H.M. Many points of detail on which L.P. Cttee will have to pronounce – later.
One point of substance. We (Cabinet) never decided wtr. travelling, subsistence & loss of remunerative time shd. all be paid in any one case.
- A.B. Approval of my draft reply will suffice: covers any safeguards or loopholes.
Formula doesn't commit us always to pay both subsistence & loss of remunerative time. There may be some cases where it is right to pay both.
x/ After discussion – will amend the words to make it quite clear.
- H.M. D. Auditor shd. have discretion over all these payments.
Agreed in principle: statement authorised subject to x/.

C.M. 49(47).

22nd May, 1947.

1. Parliament.

[Enter W.W.]

H.M. N.S. Bill. 3rd Rdg. Motion for Rejection. A.V.A. to move:
G.A.I. to reply. Agreed.
Business for week after Whitsun Recess.

A.B. Radio-Active Substances Bill. Met Cherwell. New Clause for
Advisory Cttee had bn. drafted.
Ready to hold mtg. with both sides in H/Lds. to reach agreement.

[Exit W.W.]

2. Antiqui: Compensation to Widow.

P.M. Is there precedent for grant of compensⁿ in Antiqui case?

C.E. Clear tht. he did help to prevent escape.
Won't be related to pension of policeman's widow. Annuity
for £100 p.a. + £18 for each child to age 16.

[Enter J. Westwood &

L.S.]

3. Bankside Power Station.

H.M. Oil-burning will add substantially to cost. This shd. be disclosed in
debate – shows sincere effort to reduce damage to amenity.
Warning note re extra cost of oil-firing.
Parly. & public opinion is softening. Recommend we stand firm.
Sulphur: more diff. in coal than oil (? reverse order): experts can cope
with it: will add to cost.
Strategic aspects of power stations shd. be considered.

P.M. Have been.
Sound to have at least one oil-firing station on Thames. Cost may vary
with coal/oil cost.

H.D. Coal more likely to rise in price than oil.

J. My statement of facts in H/L. converted many peers who were not
party pris.
Satisfied we should go on with the plan.

A.B. Still against this: but don't recommend Cab. To resile from yet
another decision.
Suppose Fine Arts Commⁿ turn it down? Believe they will.

- P.M.
E.Sh. They will consider qua planning. That is our business not theirs.
T. of r. in 1924 and 1933 were clear: relate solely to design, not siting.
- L.S. Their t. of r. do empower them to recommend on siting tho' not to reject on that grd.
Diff. to justify change of decision now because no new fact has arisen. Cost was not a point made by the objectors. Generally, H/C. is behind us.
- [Exit L.S.
Enter M^cN. & J.Wilmot.
4. Level of Industry in Germany.
- M^cN. Summarised memo.
Have now reviewed, however, decisions of w. party in Berlin. If 11 m. tons accepted, we wd. have to raise levels in certain other industries. Wd. like auth^y to proceed with revising these figures on basis of coming back to Cabinet or O.R.C. if any Dpl. objⁿ.
- J.W. Endorsed this.
- E.Sh. Effect on Ruhr coal. 2½ - 3 m. tons requirement of coal for steel may rise to 7 m. tons. May affect French?
- M^cN. Any rise in level of industry will involve more coal. But coal output will limit pace at which we can raise it.
- A.B. Why not accept U.S. figure of 13½ m.? Security argument is untenable. Shall have to rely on inspection at the finishing end. Why not rely on that from outset. Commercial competition. Can a Socialist Govt. m'tain that this is the way to m'tain full employment.
- A.V.A. Security policy has bn. settled 3 years since. Was potential. Inspⁿ at finishing end wd. not alone be effective or enforceable.
- T.W. Sympathy with M/H. Shortage of steel. Absurd to be [Exit E.Sh. restricting B. output artificially. Starving world of raw materials instead of ensuring their right use.
- R.S.C. V. academic. No practical chance of G. producing anything like 10/11 m. tone for years to come. Real ques.: what shd. be their standard in 5/10 years' time. By then 10/11 m. tons from Germany wd. be enough to give adequate steel output for Europe.
- A.B. But U.K. working to 13/15 m. – with populⁿ little more than ½ of G.
- R.S.C. But in supply countries other than our own. Agree with U.S. & you will have gt. trouble with Fr. & Russia.

A.B. Why be hag-ridden by Fr. & Russia.
P.M. They have real cause for suspicion of Germany. Time we showed some sympathy with our European friends & not always follow U.S. lead.

A.B. Steel no longer important for war potential – bacteriological warfare. Don't therefore create focus for demagoguery in Germany.

H.M. Can review it again when they are nearing the new maximum. And we shall then know what sort of Germany.

M^cN. Object: to ascertain rep^{ns} deliveries – which we are interested in getting. And can be used more quickly here than in Germany.

H.D. With financial benefit.
Memo. agreed + x/. [Exit J.W.]

5. Procedure for Japanese Peace Settlement.

A. Issued invitⁿ for Doms. Conference. Australia asked simultaneously for mtg. in Canberra. N.Z. supported this.
Last week reported from Washington tht. U.S. Govt. might soon initiate discussions.
We think (E.B. agreeing) C.F.M. isn't appropriate for Japan at this stage.
Don't want U.S. to go ahead & prejudice issue.
Met Dom. H. Commrs. y'day: all Doms. v. much concerned, not to be elbowed out.
Evatt has suggested tht., if E.B. can't go to Canberra, cd. I go with M^cNeil.
Agreed we shd. ask U.S. to mark time - & allow Dom. talk to take place.
S. Africa now may be willing tht. Smuts shd. go to Canberra.
End/August & first 2 wks Sept. is only possible time. Ready to go with M^cN. at that time.
Good reason (Commonwealth) for having a mtg. in Australia.

M^cN. a) Only for exchange of inter-Commonwealth views.
b) Wd. like to consult E.B. before telegram goes.

H.D. Shd. try to meet Australian views.

L. Hope Govts/India & Burma will be asked to send rep^{ves}.

P.M. Depends on events.
Agreed: subject to E.B.'s views. [Exit M^cN. Enter J.G.]

6. Civil Service.

H.D. Man Power.

a) Service Depts. W.O. increases } 58.000 more than pre-war.
Adm^y. & Air Min^y. }

M/Supply employ 42.000, some of whom doing work done pre-war by Service Dpts.

This is out of line with strategic realities & also what we can afford.

P.M. We had special Ctt^{ee} on this - & a Rpt. which took it Dpt. by Dpt. This memo. is like an Opposⁿ speech on the Budget. Why didn't you bring up your comments in detail on the detailed report. We considered then many of these details.

H.D. Expressed dissatisfⁿ then. Raising it now because cost is rising.
Asking for decisions on wage claim.

P.M. Willing to have this up again on Ctt^{ee} report: but not in this general way.

H.D. Can't justify more pay unless smaller nos.

P.M. Why? If the claim is just, shd. it not be met whatever the numbers.

A.B. Ty. resistance to appl^{ns} for more staff for more duties.

P.M. All this was explained in detail in the other paper.

T.W. Can't accept arbitrary cut of 36.000 w'out knowing what services can be dispensed with.

H.M. Political dangers of figures in Appendix.

R.S.C. They are known.

C.E. Am ready to analyse 5% cut. But wdn't it be better to consider on the facts, which were investigated by my Ctt^{ee}. Example: Service Dpts. shift from Service clerks to civilian clerks.

The 5% wd. in practice mean 13% off a limited field in which you cd. cut.

As in paras. 3-5 of J.A.C.R.'s memo.

Willing to consider with H.D. & submit to Cab. agreed statistical picture of real drain on productive manpower.

P.M. Why stand in a white sheet because we are practising Socialism.
Bound to have more people employed by the State.
E.g. socialised industry, bulk purchase, economic controls.

H.D. But no waste.

P.M. Why didn't you prove waste to the Ctt^{ee}.

A.B. Start a counter attack on Unilever etc., who have admin^{ve} staffs.

H.M. Don't get mentality of defending inflated Civil Service.

T.W. More care needed in considering man-power implications of new policies

P.M. Won't get anywhere with generalised attack.

A.B. Can't we have investigⁿ designed to give us material for defence of C. Service.

P.M. Have a speech prepared for use in appropriate stage in H/C. This material can be made available to Ministers.
 Agreed: H.D. to discuss with C.E., whose Ctt^{ee} will then consider the matter further.
 [Exit R.S.C.]

Pay Claims.

H.D. authorised to settle claims a) and b) on basis recommended in memo.

J.S. On b), this stops at £900. Cdn't it go to the top.

E.E.B. Higher grades have never worked as little as 38½ hrs. Infra-dig to have an allowance. If pay insufficient, review on its merits.

Staff Amalgamations of M/N.I. and Assistance Board.

A.G. As in memo. - Agreed.
 [Exit J.G.]

7. Equal Pay.

A.G. Unanimous agreement not to implement the age-old policy of the Party – for solid practical reasons.
 But can't repudiate the principle too brusquely.
 No announcement before P.M. has bn. able to speak to T.U.C.
 Cdn't readily make statement in H/C. on morning of Recess. Draft annexed for statement after Recess.
 At Margate I would promise early statement.

P.M. The draft would need careful consideration.
 Various points with which I cdn't agree.

A.B. "Two forms of payment." Absorb one wave before we start another.

P.M. Why shdn't H.D. make the announcement.

H.D. I don't dissent. Settle after Margate.

G.T. If we re-affirm faith in principle, we shall encourage Burnham Cttee to consider this afresh. Announcemt. on lines of draft and of A.B.'s proposal wd. help me. For I cd. then say I wasn't at liberty to consider.

H.M. References in draft to "present" implies we will do it later. We shdn't imply that.

[Exit J. & A.B.]

8. Agricultural Losses Due to Floods.

T.W. Need for P.M. directive for future similar to that for emergency.

P.M. Not wise for Cabinet to give over-riding priorities.

H.M. Agreed. Message from Chairman/Materials Cttee re steel allocation. Took note of memo: Priorities to be discussed with L.P.

India: Constitutional Position.

P.M. Secrecy. No gossip – especially at Margate.
Summary of conversations with Viceroy.
Cabinet Mission Plan. Groups. Muslims have not, however, collaborated in C.A. & their attitude is also making Interim Govt's task v. difficult.
Clear now that C. Mission Plan won't work & tht. we shall have to hand over power to more than one authority. All Parties in India now recognise Partition is inevitable: but Hindus, when this recognised, press claim for division of Punjab & Bengal. Diffy. over non-viable areas e.g. N.W.F.
This plan for Partition results fr. discussions: & acceptable to the Parties so far as anything ever is in India.
Will be discussed with Indian leaders on 2nd June.
Explained main features of plan. Division of Bengal & Punjab: referendum in N.W.F: Sind (almost wholly Muslim). These wd. be succession States to which power wd. be transferred. Indian States: many Hindu States have adhered to C.A. Mysore, Travancor, Hyderabad are standing out & askg. for incorpⁿ in Commonwealth.
To have part of India in & part out of Commonwealth wd. be v. difficult.
Sikhs: 4 m. scattered thro' Punjab: in Hindu half 2 m. Sikhs, but nearly 2 m. in Muslim half. They may fight. Posⁿ v. dangerous. Communal massacres spreading from Bengal to Bihar & Punjab & N.W.F. Posⁿ is v. explosive.
Indian Army: organised on non-communal basis.
Finance: all-India structure: f. trade, customs etc.
Bengal centred on Calcutta: no real centre for W. Bengal if divided.

Last 2 wks. or so, situation changing because growing feeling of many Indians of diff^{ies} of "independence". Patel & Nehru now asking for immediate Dom. status for Hindustan & Pakistan. Jumal therefore will prob. now make a volte-face & say he doesn't want to have Dom. status.
Congress method of putting this across their followers: independence before June '48 & right to secede.
Also in Bengal realisation of diff^{ies} of division. Thinking in terms of Dom. States for independent Bengal – on basis of joint electorates for Hindus & Muslims. Sylhet in these circs. wd. have to stay with Assam because if joined to united Bengal wd. upset their communal balance.
Pakistan will be moth-eaten: but thoughtful Muslims wd. rather be alone in Sind Desert than with Hindus. Boundary Commissions

Two or three Doms. with separate Govrs. Genl.
 Unlikely they will want to secede if they reach this posⁿ.
 States: Paramountcy wd. be surrendered: they wd. have to make their arrangements with Pakistan or Hindustan.
 M. will try to get agreement. If both sides reject, will have to start again. If Muslim's reject, we shd. go on & impose it – incldg. Dom. status for Pakistan.
 How achieve legⁿ before end/summer? Complexities. Proposed Bill conferring Dom. status on our one or two or three Indias: annex G/India Act so far as applicable: empower new Indian Govts to amend it in its applⁿ to India: in its applⁿ in U.K. it wd. remain. Short Bill on these lines required as soon as possible.
 Can't offer Dom. status w'out guarantee we cd. implement it. Therefore saw Opposⁿ leaders who have promised to facilitate legⁿ so it wd. pass in matter of days before we rise for autumn. Essence is timing.
 Present diff^{ies} of Viceroy. Hindu & Muslim Ministers abusing powers for Party ends. Interim period may therefore require duplicate Govts.
 Need for speed.
 Splitting of Indian Army. Both sides want to keep enough B. officers and civilians too to enable them to carry on. This is one reason why they favour now Dom. status. One of Sikh diff^{ies} – for Sikhs & Muslim Punjabis live by serving as soldiers.
 In spite of diff^{ies}, this is most hopeful possibility fr. India for some time.
 Viceroy believes some bloodshed inevitable. Need to check it by most resolute action incldg. tanks & aircraft. Interim Govt. have agreed to this. Agreed.
 Position of India Office & S. of S. Right way to proceed is to make D.O. an Office of Commonwealth Relations covering I. & B. & also pres. Ceylon. This will need consultⁿ with Doms.
 Propose consultⁿ with Doms. on the Indian issues.

H.M. King?

P.M. Wd. cease to be Emperor of India. Title will be complicated.
 Need to make more use of word & idea of Commonwealth vice Doms.
 Need to review Comm. relations: modify Statute of Westminster.

E.Sh. Effect of Dom. status on Indians in S. Africa.

P.M. Won't be affected.
 Hopeful mood. But can't tell what may happen. Congress accept logic & are becoming more realistic. But Gandhi is incalculable.

H.M. Sounds almost too good to be true.
 Hope Opposⁿ will play on this Bill: Parly. congestⁿ if v. gt.

P.M. Have assurance in writing from W.S.C.

H.D. Appreciation for P.M., R.S.C. & A.V.A.

P.M. Credit is Mountbatten's. He took initiative. Wise now to give him gt. latitude, so that he can act at once.
Arrangements for announcement in Parliament and broadcast.
Really gives more time for unravelling – once Dom. status attained more time.
Agreed.

Note. N.B. absent ill from C.M.(47) 51 to C.M.(47) 70 inclusive = viz. 28.5.47 to 11.8.47.

1. Balance of Payments.

- H.D. Hoped 300m \$ for August. V. serious situation has, however, developed. At $\frac{1}{8}$. out of 3.750 we had drawn 2.750. – 1.000 balance. Was told no drawgs. needed 1 - $\frac{10}{8}$. 150 drawn on $\frac{11}{8}$. Expected another 15- about 20th.
But on Friday E.E.B. reported a run on sterling. Connect with Debates & Press comments: = effect on foreigners. They began to scramble for dollars. 175m. drawn in last 5 working days.
C.P. 227 of $\frac{5}{8}$ gave details of drain on dollars.
Proposal: stop the drain by rationing etc., As in para. 7 of memo.
Spoken to E.B. who wants keep U.S. Ambassador in touch. Askg. him to return from Paris by Monday a.m.
Results of this action – as in memo: para. 8 & 9.
- E.B. Argentine. If tracked pari passu with U.S., wdn't they be all right.
Inclined to send for their Amb. on equal footing with U.S.
Play on their pride.
- J.S. Also Canadian High Commr. C.E. to see him.
- E.B. French best able to steady Europe. Message thro' Duff Cooper at same time.
Eady's phraseology needs care. Not repudiating: not brkg. agreement: force majeurs compelled us to take this temporary action: maintenance of sterling as strong currency is main hope of steady world economy – necessary both in Europe & F/East. These therefore are precautionary measures & temporary in character.
This action might go far to avoid worst consequences of para. 9 & 10.
- H.M. First ques: must these measures be taken & now? Yes.
Second: is this adequate? Para. 5 – clamp down on sterling areas but slower with sterling area. Not sure it's right to go so slow with sterling area countries.
- E.B. What is convertible sterling balance (total) over next 6 months?
- H.M. Believe only 20% belong to non-sterling area countries. And of this many tied up. e.g. Argentine owes us 150m for B. rlways.
Brazil restricted: Portugal has agreed to tie up most of theirs. Rest is v. small.
Hence not practicable to go easy with sterling area countries.
- R.S.C. These figures are irrelevant because they aren't current sterling holdings.
- H.M. Main point remains.

Further we are exporting sterling a month.
Want assurances therefore tht. sterling area countries will be prevented from draining in excess of what we agree to.
Third: Past attitude. This shd. have bn. done 2 months ago. But H.D. told us convertibility was O.K. Shall now be told we shd. have done this before Parlt. rose – will even be said we deliberately waited till Parlt. rose. What is best answer?

P.M. We were assured by B/England this wdn't happen.

H.D. To end/June convertibility under Loan Agreement wasn't a problem.

H.M. We can say tht. in debate we indicated we were approaching U.S. on convertibility.
We must expect criticism from U.S. – raising this so suddenly & taking this action on eve of W.E.'s Mission.
Effects. All countries will conclude reconstⁿ has broken down & will leave to be lateral arrangemts. Strong countries will be shaken. Weak ones will suffer more. May be emergency Session of Congress. Soviet Union will exploit situation. Shock in Paris Conference.
U.K. imports. May pay some countries to divert supplies to hard-currency countries, or consume them themselves, rather than go on supplying us for non. convertible currency.
Publicity shd. stress Britain's long-term solvency & strength.
Switch to essentials for exports vice china dogs.
Wrong to decide on further import cuts.
But Dpts. with Ty. shd. report wh. items will become unobtainable & what can be done. Commodity directors shd. return from leave: & some who have left Service shd. be recalled.
Publicity. Statement. Cd. H.D. and I consult?
Have p'poned economics Press Conf^{ce} to Wed. Wd. like to hold it, with H.D. attending also.

Agreed.

Follow-up. Small body of officials incldg. Nicholson.?

Agreed.

Mechanism for B/Payments. Stats. not good enough. Machinery is inadequate. Shd. we not have B/Payments Staff – Ty, B/T., B/England & Econ Section. Cd. Harold Wilson have chairmanship?

E.Sh. What will effect be on U.S.A.?

- R.S.C. Cancellⁿ of contracts & turn over to non-dollar goods. Will decrease volume of U.S. exports. Not large enough to cause depression in U.S.A.
- R.S.C. Agree with H.D. on measures & E.B. on method.
After this temporary stop, Ministers will have to go (soon) to Washington. Tell them now we shall do so.
- P.M. Effect on I. & O. & Paris.
- R.S.C. No hope of I. & O. becoming effective before 1951/52. Won't therefore wreck it.
May make them think it's even further off.
U.S. now more disposed to reduce tariffs w'out quid pro quo on non discrimination.
- E.B. Paris. This acceleration has upset me. Germany: dollar Loan: & rise in U.S. prices: Convertibility & non- discrimination (working up well in U.S. Press): Paris conference due to report above $\frac{1}{9}$: 1. & O. Paris: I. & O.: Germany wd. have helped us to close the gap. Had bn. working towards this. Had intended to be ready to go to U.S. (with other Ministers) instead of U.N. – to take up financial issues. Aimed at $\frac{16}{9}$. In view of acceleration, must think again. But don't decide to send Ministers out before I can assess chance of success.
Have bn. advised we shan't get by Congress save on big comprehensive scheme wh., tho' dealing with U.K. as main trading nation, covers our neighbours too.
- Must have something in our hands at Washington. No hope in C.P.
232 quo coal. What about agriculture? Must have more concrete design of what we are going to do about our own industries.
Snyder-Munro disc^{ns}. Must have more cards in our hands.
- H.M. This is unilateral action. U.S. can resent that.
They can say: no more dollars.
Ques. What is best means of enlisting U.S. support?
And that is urgent. Can't wait for weeks.
- E.B. Don't believe they'll stop our drawings.
Depends how it's put to them. Presented as precautionary step.
If you decide to send Ministers to consult, dollars will be gone first.
- A.V.A. Doubt if timing is right. 25m. a day in last 5 days: 13 days before only $18\frac{1}{2}$ M. Don't know what claims next week.
How long will Eady talk before we can act?
If we have to take unilateral action, shdn't we act to-night?
For it we lose another 300m. in next $\frac{2}{3}$ days, we shan't have power to do the other things.
- H.D. W.E. must tell U.S. first.

- E.E.B. W.E. and Cobbold most anxious not to present U.S. with fait accompli. Wd. defeat negotiation.
Want to deploy situation: say what Ministers want to do: consult with them: perhaps give them 24 hrs. to think it over. They already think we haven't consulted them soon enough.
- A.B. Looking at problem wrong way. Asking for life-line not principles. Right to treat U.S. diplomatically. But delay weakens our posⁿ & strengthens theirs. In 2/3 days we shall be weaker & they can drive harder bargain. Said before tht. debate in H/C wd. weaken sterling: & it has done so. This will go on.
Approach to U.S. Rest of world in soup, in deeper, and U.S. will be later. U.S. economy can't be independent of world trade. The first blow at world trade = absence of dollar. We aren't dependents of U.S. but co-partners with them in aiding trade reconstⁿ. Because no dollars, run on sterling as substitute.
We must say all we can do is defend remaining sterling area of trade. I therefore favour informg. U.S. at once tht. if we allow run on sterling to continue we shall cripple world trade. Must therefore ration sterling areas as well.
This action shd. be accompanied by statement (Cab.) explaining that if we allow it to go on world trade will be w'out any currency to deal in. i.e. not for our own protection, but to m'tain world trade.
Ty. not giving us day-to-day clear a/c of our position.
Shdn't have bn. poss. for H.D. to say in H/C. tht. drawings are no more than current needs.
- H.D. But it's since the debate that this happened.
- A.B. Ty. advised us tht. it wd. worsen situation to block sterling. That was wrong advice.
B/England shd. give us more up-to-date informaⁿ
b) Don't be afraid of bi-lateral agreements where we can. Don't however talk about it because we are still aiming at multi-lateral ideal.
- C.E. Arithmetic: 175m. in last 5 days. Support A.V.A. To-morrow & Tuesday we must assume it's more. Want v. quick action.
At least, immediately after W.E. sees the U.S. rep^{ves}.
- H.D. Don't risk losing 700m. balance because U.S. cut it off.
Stats. V. diff. to get up-to-date figures – not easy to see how particular bills will go. Ready to seek further improvements willing to allow H. Wilson to try to improve statistical machinery.
Don't dissent from A.B.'s view.
Shall have to do good deal of bi-lateral trading.
- E.B. Don't risk U.S. cutting off remaining 700m. Credit. Better to risk drain of another 50m. on Mon. or Tuesday.

I shd. get Douglas back fr. Paris. Tell Eady I'm telling Douglas.
Then Eady shd. start in W'ton as soon as possible. – 10 a.m. W'ton
time. Wd. expect an answer Mon. night. Cd. then act on
Tuesday.

- E.E.B. 9.pm. on whatever day is best for announcement.
- A.B. We must be defenders of world trade not suppliants to U.S.A.
- H.M. If we “consult” U.S. & they ask for a week = then upsets them worse if
we go ahead & do it.
I wd. sooner we decided now to act on Monday.
- P.M. Endorsed A.B.'s view regarding Eady's approach.
- J. U.S. Govt. will find it diff. to consult w'out Congress. Wdn't it be
better to act first.
- E.B. No. Don't ask U.S. consent. Tell Eady to say we have decided to take
this temporary action: during this interval we will discuss with
you.
- E.Sh. Eady shd. discuss before we act. For v. dangerous to antagonise U.S.
- E.E.B. Worried at thought of acting on Monday: for-
a) Eady was anxious not to have to report a decision.
b) V. early – must discuss with Canada.
c) Cobbold won't join Eady till to-morrow: may have
comments. Cdn't Eady take this line:-
x/ Govt. have no option but to make temp. measure of control: has it
in mind to act Tuesday: thought it right to discuss with U.S. first.
- R.S.C. So long as we don't appear to be inviting U.S. consent, every courtesy
to U.S. is wise.
- Agreed as at x/.
- G.T. Effect on our people? Effect on human life here? Can we get this
over?
In such a way as to put heart into him, rather than reverse.
- E.B. If Argentine & U.S. aren't handled right, our meat ration goes.
We may have to get Argentine to rally against the dollar.
Must see a no. of Ambassadors & get them on our side – on Mon.
- H.D. On Tuesday.
- E.B. Will consult on timing.
- J.S. Argentine more important supplier of food than U.S.

Propose no further buying from U.S. in 1947.
 Dollars, but not U.S. supplies, are issue.
 Our getting imports fr. Argentine depends mainly on our getting the
 right kind of exports to them. Want machinery (? H. Wilson) for
 this incldg. direction of exports.

R.S.C. While home priorities for steel remain, there isn't enough to cover
 exports needed.
 Selectively cd. be greater if more steel.

J.S. Question that. It's the other way round.
 Must tie up our export p'mme with our import needs. When sterling
 becomes inconvertible, there must & can be more direction of
 exports.

H.M. B/Payments working Party isn't strong enough.

P.M. Formula for W. E.

A.B. Want to preface it by argument: shortage of dollars likely to be
 succeeded by shortage of sterling – and then world trade breaks
 down.

E.B. Don't talk of Ministers flying out –
 H.M.G. ready to enter further disc^{ns} with U.S. Govt. at the higher level
 in whatever way is found mutually convenient.

Action. Order to be made Tuesday. Announce 9.15 Tuesday
 p.m. written statement: H.D. & H.M. to draft & submit to
 Cabinet.

C.E. Effect on Doms.

Three groups.

a) Canada. Towers is going to meet Eady at Washington: &
 after that our High Commr. will deliver message to Canadian
 Govt.

Agreed { H.D. and C.E.
 { also speak to
 { Can. High
 { Comm in
 { London.

b) Australia, N. Zealand & Eire.

P.M. to P.M. telegrams required, announcing action &
 reasons for it, to first two.

Eire in same posⁿ but not h'to so helpful.

High Comm. Dublin to give statement to de Valera immed.
after public announcement.

- c) S. Africa. Gold. Loan offer & it's cond^{ns} must be re-examined in light of this situation. Dangers i) we may lose this loan. (ii) S. Africa may leave sterling area. Inform Smuts at once & promise further message re loan.
- d) India. Effect on their food. Must tell them.

R.S.C. They have a ration of dollars. Enough to get on with for some time.

E.E.B. Will have mtg. of officials to concert timing & arrangements for informing Doms.

Committee Structure.

H.D. Stats. Willing to have H. Wilson look into this.
B/Payments Working Party.

A.B. Shd. be more selective.

R.S.C. More for Planning Staff.

Agreed: P.M. to look into this.

H.M. Parliament. Shd. we re-convene?

H.D. Consider next week.

A.B. Go much longer: pending U.S. discussions.

2. Coal: Hours of Work of Miners.

E.Sh. As in memo.

Also note of talk with Horner.

Horner also said

- a) N.U.M. favoured procdgs. v. absence from work.
- b) Restriction practices – N.C.B. entitled proceed for damages. N.U.M. prep^d to w'draw Porter minimum so tht. man received only what he earned.

Guidance needed for N.C.B.

Another 1/= or $\frac{1}{6}$ p. ton wd. be involved if time & a half.

We therefore propose:-

- a) Sat. for single time. Snag: no incentive.
- OR b) For full Sat. shift time & a half on condⁿ they have worked full 6 shifts a week.

Time has come to be firm.

Horner agrees: but can't get men to agree to increased stints quickly.

We think it shd. be 11 days fortnight. – not every Saturday.

- H.M. V. disappointing. Miners are giving us nothing. The 3 other points were conceded when 5 day week was granted. No defence for Executive to say – then won't do it.
As for Sat. working – goes back on 5-day week, wh. miners & Ministers said was to increase prodⁿ. Don't like time and a half. I wd. sooner press for 8 hour day – as P.M. originally asked.
- E.Sh. The extra $\frac{1}{2}$ hr. won't help unless extra stint accepted.
Delegate Conf^{ce} next Thurs. I will talk to them.
But I'd prefer to ask for harder work, longer stints & 5 days!
- T.W. a) Extra $\frac{1}{2}$ hour when stint lengthened.
b) Elsewhere, alternate Sats.
Snag: too many unproductive workers for lace-workers.
- A.B. Ask for extra $\frac{1}{2}$ hr. as crisis contribⁿ.
Insist on extra stint etc. as honouring 5 day week.
Miners won't follow us unless Govt. are firm. Mining is now attractive enough to warrant N.C.B. sacking slackers.
Much more drive from Govt. is required.
- Agreed: N.C.B. to convey decision first: Ministers to see them if no settlement.
- G.A.I. Message of sympathy to be sent from Cabinet re Whitehaven disaster.
- Agreed.

1. Balance of Payments.

- E.E.B. Read text of Washington telegram 4542.
- P.M. Drain since week-end has bn. less than we feared.
160. Mon. for week-end.: 16 Mon: estimate 30 to-day.
- A.V.A. Then 24 hrs. delay might cost us 30m. dollars.
- H.D. Arithmetic: 30 m. or so risk against 500m. remanent of loan. Worth while. Political: cleavage in U.S. administration. Snyder is anxious to help (cf. first para. of telegram). Lovett, however, is awkward.
Advise W.E. another 24 hrs. allowed; but that is absolute limit – he must get the best he can w'in that time.
- A.B. Effect of conditions?
- E.B. Art. 8(2) (b). 1. Fund Agreemt. Art 14 permits countries in b/paymts. diff^{ies} to impose restr^{ns} on current transactions. Art. 8 (2) (b) is more in our favour if U.S. wd. agree to it.
Art. 3 on purposes: admission by U.S. tht. these were being defeated. This wd. be valuable to us. Art. 8 (2) (b) then = cover for letting us out.
- A.B. We may therefore be able to reach agreement with U.S. tht. purposes of Loan are frustrated. Then they can dispense with Congress.
- J. Give 24 hrs.
On amounts: everyone is expecting trouble. Can't we assume tht. all that's ready for conversion has gone?
- H.D. That's Bank's advice. But don't rely on it overmuch. For this is continuous process.
- A.B. What of remainder of Credit. Shall we able to draw only on conditions.
- H.D. No. Issue is only – can we draw on Loan only on notifications already made. If we get U.S. acquiescence we can continue to draw on Credit. 500 still not notified.
- E.B. Para. 6 of telegram. State Dpt. is trying to freeze the 500m. as a bargaining card. Tradition in State Dpt.
- H.D. Exact amounts of drawing $^{11}/_8$: 150. Notice of another 150 on $^{21}/_8$: and further 150 on $^{25}/_8$. Then we shd. have 500 left.

- E.B. Can't have that stop. Wd. frustrate our stand-still measures.
- Agreed: Telegraph to W.E. auth^y for final extension of 24 hrs.
- E.B. Then let Ty. give W.E. help on Art. 8 (2) (b) and Art. 3. Tell him we like that. Alas we can't buy U.S. acquiescence at price of blocking remainder of Credit.
- A.B. Cd. we incite Washington to deny statements that Snyder is pressing W.E. on B. economy? Telegraph. Prevent bad blood.
- E.B. Leave that to me. Will see what can be done.
- P.M. Must avoid people talking about 1931.
- H.D. Once we have announced our action, it will be easier to get right kind of statements made.
- E.B. Layton v. embittered. Chronicle & Telegraph v. bad.
U.S. have learned not to burn fingers with interference with other people's economic institutions.
- P.M. Equality of treatment of sterling area.
Figures given by H.M. were wrong.
Amount not more than 20 out of 100 for sterling areas.
We are therefore not puttg. bar on sterling countries – merely asking them to show restraint in drawing on dollars.
- H.D. Helpful action by Australia. Chiffley has made good use of P.M.'s letter & has announced cuts in dollar expenditure.
- H.W. Australia will soon be approachg. us for long-term wheat agreemt.
- H.D. Wd. welcome that: safer (climatically) than Russia.
- E.B. Diversion to India was to have bn. one harvest only. We have cont^d it for 2. Australia risking their future trade in cause of Commonwealth.
- A.B. Must be linked with assurances of receivg. our manufactured goods, both from Australia & Canada.
- A.B. Are we going to try to get U.K. – U.S. trade on commercial basis, by commodities, instead of filtering it all thro' Loan Agreement.
- P.M. We are considering it.
- E.B. Favour opening future markets over 30/40 per cent of market.
Bulk purchase with 60% of field: open market for rest.

- A.B. B. financing of W. Hemisphere was cont^d on basis of intermittent bankruptcies – wh. had no pol. significances because they were of individual capitalists. Now all loans are Govt. loans it's more dangerous.
- A.V.A. Danger of bulk-buying by Govts. Pol. pressure. V. grave in crisis. Futures markets over part of field – wd. need to be studied as long-term Commonwealth issue.
- T.W. Diff^{ies} in producer countries – because Govt. are buying & re-selling at higher prices.
- C.R.A. Make a study of bulk buying: timber & wheat.
- J.W. We have some good angles buying timber:
- A.B. Lets study default by U.S. on debt to Western World.
- H.W. Non-discriminⁿ. I.T.O. Conference.
 No prior approval before March 1952. Discriminate subject to posterior approval: & no diffy. in voting that down.
 Freedom to do what we like up to end of 1948 – conceded to French and must therefore be given to us too.
 Thus, up to end 1948 complete freedom to discriminate (under I.T.O. charter). From there to Mar. 1952 countries in b/p. diff^{ies} can discriminate subject to subsequent complaint & being told to stop. Our protection – a) vote it down. b) leave I.T.O. in 60 days.

1. Balance of Payments.

Telegrams read.

- H.D. W.E's proposal won't do. Apart fr. losing the credit for 2 months, it puts us under U.S. surveillance for 2 mos. - & we shall have to misbehave.
Letters O.K.
But can't have secret agreement.
Hold to decision re dead-line. Exchange letters. Add: offer not to x/ make drawings beyond those notified pendg. further consultⁿ with U.S. Govt.
Beginning Aug. 1000 m. left. Drew 150m. $\frac{1}{8}$ and 150 on $\frac{11}{8}$: notified 300 more for 25th Aug. Want to secure those. Don't therefore defy U.S. as in 3rd alternative.
Intend drawg. 150 early Sept. – 1st Sept.
- E.E.B. We said we wd. normally be giving notice now of this for $\frac{1}{9}$. But gave W'ton discretion to decide when we gave notice of this because of state of discⁿ.
- H.D. The secret agreemt. gives us drawings notified.
Para. 5 of tel. indicates U.S. might be disposed to accept my alternatives.
- R.S.C. But they didn't depart from para 4.
- H.D. They have sugg^d new para because we said we cdn't accept secret agreement.
- R.S.C. Ministers must go out to W'ton.
Hang on to lr. & words of 8 (ii) (b). What we want is consultⁿ enabling U.S. G. to "agree otherwise."
- E.E.B. Read draft of additional para.
- R.S.C. Add discussions under Art. 8 (ii) (b). That doesn't import Congress, as does consultⁿ under Art. 12. Must avoid latter.
- H.M. H.D.'s suggⁿ seems to fit with U.S. attitude. B. criticism: we have put ourselves at U.S. mercy.
Only alternatives: stand on lr. & take consequences. Wdn't get the dollars. And B. public wd. be annoyed with U.S.
- H.D. We cd. say U.S. wdn't allow more drawings w'out further consultⁿ.
- E.Sh. What is next ship? That must colour our action. Can't ignore that.
After end of Aug. we shall be out of dollars save 550m. at best.

We are dependent on U.S. Mustn't antagonise them: or take precipitate action save essential.
We shall have to make v. drastic cuts in imports etc.
Best course therefore to try for best agreemt. with U.S. for future. We are suppliant.
That's why I believe we must send Ministers. Must get a basis for discussion.

- H.D. Will be gt. need to decide on consequential action.
Disposed to agree with E.Sh.
Supplementary statement re drawings cd. be in separate letter.
- R.S.C. Much better in one document.
- H.M. Ministerial disc^{ns} wd. be in interval up to $\frac{1}{9}$.
- E.Sh. Want sense of urgency here – shock to B. public. Good on that $\frac{a}{c}$ that Ministers shd. go.

Agreed: Deadline action to proceed on $\frac{20}{6}$ at 9. p.m.
Reply to U.S. as at x/.
Try to get $\frac{1}{9}$ drawing covered.

1. Balance of Payments: Planning Board.

H.M. Planning Bd. getting restive because not consulted on short-term measure.
Can I have discretion to keep them informed currently – to keep them sweet.
Agreed: subject to care over ration cuts etc.

Miners Hours.

H.M. Mtg. with N.U.M. Thursday.
N.U.M. rejected extra $\frac{1}{2}$ hrs. Willing tht. every miner shd. work Sats. so as to enable each pit to work Sats.; but rejected the $7\frac{1}{2}$ for 6 payment condition. Offered, as alternative, discretion to managers to refuse to admit to Sat. work men who had bn. absent earlier in week for no good cause. We rejected that.
Told now, privately, tht. Govt. shd. write & ask for extra $\frac{1}{2}$ hour.
Ques: some pits can't work the $\frac{1}{2}$ hr. shd. these work Sats? Prs. better not to confuse it. Recommend we reject their Sat. proposal and ask them to consider again the $\frac{1}{2}$ hr.

E.Sh. My informⁿ: more substantial opposⁿ in coal-fields than in N.U.M. to the extra $\frac{1}{2}$ hr.
Believe N.U.M. will continue to resist the $\frac{1}{2}$ hr. & to insist on their cond^{ns} for Sat. working.
Stints: strike at Grimethorpe, Yorks. shows how much N.U.M. likely to get there. But if N.U.M. succeed with stints, rest^{ns} & absenteeism no need for extra hours. Redⁿ in absenteeism from 10% to 6% wd. secure our target.

E.B. Mustn't yield on Sat. proposal. Wd. be weakness. Their price for selling back the Sat^y was too high.

A.V.A. What happened at Delegate Conference?

H.M. Don't know. I left.
But facts shd. be known now, as Horner is makg. publicity.

T.W. Extra $\frac{1}{2}$ hr. useless in many pits w'out extension of Stints.

A.B. No concession.
Many pits where no restⁿ of stint = then workg. time wd. give dividend.
I wd. press the $\frac{1}{2}$ hr.
Write lr. re honouring 5 day-week agreement.
Pursue separately idea of ballot on $\frac{1}{2}$ hr. Put a time-limit = no more than 12 months & leave it to them to vote it off then. Go to miners direct; tho' N.U.M. wd. have to hold ballot.

- E.B. Put that orally, not in a letter.
- E.Sh. Dangerous. Adverse vote wd. be fatal.
I advise leaving it for a day or so. No letter.
- E.B. Convey it to N.U.M. that Cab. endorse what was said by Ministers on Thursday re rejection of their Sat. working proposal.
- A.B. And add that we press for the $\frac{1}{2}$ hr.

Agreed.

1. (Cont^d) Balance of Payments.

Our announcement hasn't caused expected shock to world trade.

- H.D. Was evidently more expected than we thought.
No country has yet adopted intransigent attitude re supplies.
Clear now tht. drain was due to certain countries hastening to cash in on dollars.
Credit to W.E. & Mission for success achieved – incldg. getting the lost \$150 millions in.
Tory Press. No ev^{ce} tht. U.S. has put their pressure

..... out of room 20 minutes

- E.Sh. Supporting comments by P.M., A.B. & others. Idle to suppose we can cut ourselves off sharply from dollar sources. Must continue trade with U.S.
“Exports of 140% or 160% over pre-war can be achieved only by cuts on our capital expenditure”.

- R.S.C. I want more informⁿ on this. To get more exports, we need more power – to get that capital investment is requ^d. Mustn't cut capital expenditure for sake of exports, w'out more informatⁿ & care.

- P.M. 3 methods: increase exports = increase home prodⁿ.
Must come to decisions fairly soon.

- A.B. These pp. assume tht. resources sacrificed by Govt. p'mme will be more prudently employed by private sector.

- P.M. No: we must be sure tht. proper use is made of resources freed.

- R.S.C. New export p'mme in 10 days.

- P.M. Want them quickly. For bad to announce negative w'out positive measures.

- A.B. Re-deployment not cuts: & shd. be presented as such.
- J.S. Can R.S.C. assure us increased exports won't go to countries we don't import from?
- R.S.C. Must go mainly on bi-lateral deals.
- a) Cuts in Food Consumption.
- P.M. Not on psych. grounds only – as in my brief.
- J.S. (i) Points. Discrimination v. dollar goods is being done in distribution. Shall also continue to up-point when necessary. Process started 3 months ago.
(ii) Hotels. Surrender ½ rations if staying more than one night.
- E.Sh. Then stop excessive meals for high prices – marche noir
- J.S. Private rooms mainly – diff. to police.
No quantities prescribed for e.g butter, sugar etc.
- E.B. Worth re-introducing game Order (?). J.S. can re-impose price control on game.
- J.S. Commercial travellers willing to accept hotels proposal.
- E.B. Will it save meat etc.?
- J.S. Not much.

Agreed: Adopt (ii) subject to making it 2 nights.

- P.M. Large dinners – 500 etc.,
- J.S. Limit no. of guests at public dinners.

Agreed

(iv) Meat. Agreed: Try to announce for 1/9.

(v) French Wine. Ty., F.O., B/T & M/F to consider.
Other luxury imports. Ty. & F.O. to consider.

- P.M. Food Subsidies. Can H.D. submit memo?
- H.D. I am in favour of this & ready to agree at once.
Favour doing this gradually.

..... Out of room again.....

Basic Petrol Ration.

- E.Sh. Cab. can do as you like?
- B. Don't resist this.
- P.M. License to end/year. New cars ordered.
- E.B. Extra staff: for supplementary rations.
- H.D. Favour abolition.
a) agricultural machinery
b) bargaining in bi-lateral deals to be able to offer oil & tankers.
- P.M. Export capacity of car trade?
- R.S.C. Special allowance for incoming tourists next spring.
- J.W. Prodⁿ can be absorbed by export.

Agreed: abolish basic ration.

Prices of Gas & Electricity

- E.Sh. As in memo.
- P.M. Object?
- H.M. a) To reflect increased coal prices.
b) To check winter consumption.
- E.Sh. Increased price of coke.
- P.M. L.P. Cttee to consider.

Agricultural Machinery.

- T.W. As in memo.
- P.M. Can't give A.I. priority w'out considg. implications.
Shd. be considered by Materials Cttee.
What is wrong with alloc^{ns}?
- J.W. Inflation of currency – more auth^{ies} than steel because fall in output in winter.
- H.M. M/S. shd. be given ev^{ce} if any of people getting steel w'out auth^y.

[Enter: I. Thomas

J.W. Machinery must be overhauled & new authorities issued.
L.P. to supervise review by Materials Cttee.

R.S.C. 200.000 t. extra being allocated. Cd. this be diverted to crisis uses like
this? Yes.

Colonies

I.T. Rubber Ask for redⁿ in %age of synthetic.

R.S.C. Done so; & U.S. raising %age of natural to 66²/₃rd.

E.B. That's more than pre-war.

R.S.C. Manufacture being reduced: so it won't make much odds.
Stock pile going to 500,000 t.
They've bn. responsive about this.

Cocoa

As in memo.

J.S. Not when we've cut tea } Agreed: C.O. & M/F. to
Consumption as pre-war } consider.
} Ty. being consulted.

I.T. Lead. Held up for lack of rlway.

E.B. * Cdn't we interest U.S. in capital development – private firm.

A.V.A. 130 miles standard rlway to link with ground nut rlway.
Have asked J.W. to consider, incldg. track & locos in W. O. store
in M/E.

P.M. Telegraph & find out what's there }
One man ¹/_c disposals – like Lindsell }
100.000 t. ground nuts at Karmo Nigeria because delays in delivery of
locos etc.
20 Vulcans arriving now in 48 vice 46.
* U.S. wdn't do it. Try Belgium.

I.T. Tin.
Expansion depends on dredges. And may be a world shortage in a year
or so.
Consumer goods above all.

[Exit I.T.

Housing.

- A.B. As in memo. Suspension of contracts.
Also stopped bldg. of houses for sale.
Sugg^d to M/W. new Regⁿ preventg. establ^{mt} of new firms of blders.
Shan't dishonour existg. contract, but will run down p'mme to
about 200,000 houses p.a. as a maximum.
But once modified p'mme is agreed, hope it will be honoured.

..... out of room again

Administration Machinery etc.

- a) C. Service Staffs.

Agreed. Extended + g ref.

- b) International Mtgs. e.g. Human Rights, Geno-cide, U.N.E.S.C.O.

- E.B. I'm sympathetic.

Agreed: I.O.C. to consider as in para. 4. No commitment to
50%.

- E.B. They are all Assembly commitments.
c) Allocation Cttee, Note taken.
d) Negotiations with Industry. H.M. to discuss with R.S.C. & G.H.
f) Ty. & Plowden.

- H.D. I would welcome this.

- E.Sh. Can Cab. have short memo. on Plowden's approach to planning}

- A.B. Endorsed this. Want description of machinery, also } Agreed

- H.M. g) Man Power. Don't think it's working. Cttee isn't working.

- G.A.I. If I am Chairman, I can re-convene it.
h) Progressing. N.B. to examine.

Agreed.

Standardisation of Motor Industry.

- J.W. As basic petrol is out, we can now force the pace.

- R.S.C. Satisfied with this.

Announcement.

- P.M. Need for care. Put these all together.
- R.S.C. Can't have export decisions for 2/3 wks.
- A.B. Effect on blders' ballot on paymt/results of any announcement of cuts
 in bldg. p'mme.
- E.Sh. Ready to have petrol announced end/this week.

Agreed: Carefully prepared announcement Wed.

1. Parliament

- H.M. H/Lds. mtg. to-day, contrary to wishes of Govt.
Have tabled 2 motions.
Discussed: objectionable & usurping functions of Parlt. as a whole.
Wish with P.M.'s concurrence to Salisbury saying this was constitutionally objectionable. Hall & I have since seen Salisbury & Samuel & m'tained that view.
Will they meet again during H/C recess. If so, shd. Govt. attend?
- H. Salisbury wasn't difficult: had thought Govt. wd. welcome debate.
We cannot agree to mtg. of H/L. at instance of Opposⁿ. S. said he must then make his posⁿ clear. He has seen Swinton & Twist if we will say we aren't prep^d to make statement on economic situation, he won't raise constitutional issue. But he will oppose notion to adjourn till H/C. meets again. Thus, I must state Govt. view on constitutional issue.
Pakenham's reply will be confined to explaining ques. raised re Orders.
Think we must oppose motion to adjourn only to 30/9. Tho' will have only 10 or so present. May I threaten that Govt. supporters won't attend.
- P.M. Divide. Say won't attend unless mtg. solely for discussing Orders.
- A.B. Logical consequence of this: H/L. must be subordinate to H/C. or disappear.
Diffy. of sitting days for orders etc. Time expires if either House meets & rights of H/C. to comment on an order may be denied if H/L. goes on sitting.
- H. H/L can't pray at to-days sitting.
- H.M. Thought each House counted its own days.
- P.M. L.Q.'s should consider this point.
[Enter Att. Genl]
- A.B. Record my objⁿ to Govt. spokesman attending to give any facilities to H/L when H/C is not meeting.
[Exit Hall & W.W.]
2. British Nationality Bill.
[Enter A.H. & I.T.]
- P.M. India?
- C.E. Start on basis tht. India will wish to be in same position as older Doms.
Agreed.

[Enter C.K.,
[Exit Att. G.

3. Control of Engagement Order

- G.A.I. Propose to start quietly: can put screw on later if required.
- R.S.C. Colton?
- G.A.I. Will give choice of mills within same town.
- A.B. Shall we make it clear there will be some direction of employers.
Diffy. can't direct a man to risk own capital. But can say you
will cut off raw materials from man who won't make what he
shd.
- R.S.C. Yes: I shall make that clear qua exports.
- A.B. Bldg. workers. Can evade this by becoming self-employed. Therefore
examine control of regⁿ of new firms. Want M/W. and M/L. to
consider.
- C.K. Are going into this already. Will consult M/L.
Doesn't prevent employer transferring man to non-priority jobs in
bldg.
In war we had Restⁿ of Transfer Order. That hole must be
stopped.
- G.A.I. Will look into that.
- H.D. Shd. be power to remove bldg. employers from register.
- C.K. Looking into that.
- E.B. Yes: & stop a new Wimpey! All the work between wars was done by
new firms. Take care. Play into hands of old guard.
Also M/W. shdn't administer because they aren't impartial. Wd.
prefer M/L. did it. M/W. subject to pressures from bldg. trade.
- P.M. Work out & announce simultaneously concomitant powers over
employers. Man Power Cttee (?) to look into this.
- Para. 3 (1) agreed – subject to above.
Para. 3 (2) agreed
Para. 3 (3) Direction away from home not to be applied to women,
with family responsibilities.
Para. 3 (4) & (5) Agreed.
Para. 3 (6) Form of appeal to be reported to Cabinet.
Broad principle: compulsion shd. be confined to priority work with in
a firm or industry.

Spivs and Drones.

- H.M. Can't we shut Pools down wholly?
- R.S.C. Trying to handle on basis of war-time concentration.
- E.B. Careful not to be too miserable.
Lpl. is main centre. Put some essential work there. 24.000 unempl^d
now in Lpl.
- H.M. Effort re money which is being expended on pools.
- G.A.I. Money spent there is non-inflationary.
Our idea is to register them under D.T. 58 A. We can then get at it.
Not pools only: wastage of effort in printing.
- A.B. Immorality of organised gambling.

Agreed: Take this power: then go on to concentration.

Clubs.

- C.E. V. gt. danger of corruption in Police if you give them this discretion.
cf. Mrs Mcorrcik & Serg. Goddard.
Mustn't use Police openly. Don't even want senior police offrs. to
advise.
Register: and let M/Labour provide own machinery for enquiry etc.

Agreed: Approve 2(c) - if it means anything.

Street Trading.

- C.E. Law doesn't apply to sale from lorries.
- G.A.I. But our plan wd. require legislation = M/L licensing individuals.
- P.M. Penalise the barrow pusher: but anyone can open a shop.
- A.V.A. Surrender to W. Womessley.
- E.B. And how do you make them work when you've got them.
- P.M. Look into street trading again. Doubt if it's wise.

Unoccupied.

- G.A.I. If you don't tackle a) shd. we bother with d).

- E.B. What is vacancy demand?
- G.A.I. Not more than we can fill by further use of Poles etc.
- E.B. M/L staff will have to be expanded by 7.000 or more to tackle these jobs.
- A.B. But how can you get “national effort” across w’out an effort to rope in the butterflies?

Agreed: Man Power Cttee to review all proposals re Spivs.

Poles.

- E.B. Para. 6 Keep none who won’t work. Deport to Poland.
There is no pledge by this Govt. re work of their choice.
Can be exaggerated. Told 5,000 recalcitrants: on examⁿ found only 3.000 or (500??) Most are working. Trouble has be T.U.’s who won’t have them.
More concerned about idle refugees. Wdn’t keep any who aren’t working. Deport the bouches inutiles.
- A.V.A. Leave it as recommended in para. 6 – last sentence – agreeing in principle that Poles must work or be sent home.

So decide: & Dpts. to work out details.

Para. 7 of memo. Pensioners.

- G.A.I. Will discuss with Ty. & M/N.I.
- H.D. Don’t like it.
- H.M. Nor do I.
- P.M. Don’t bring it up until Dpts. agree.

Employment in Managerial Capacity.

- G.A.I. T.U.C. asking whtr. this exemption shd. continue. I think it shd.
- E.B. Try to define it – to prevent bosses’ sons escaping.
- P.M. Put onus of proof on the man & have a tribunal.
Press Conference. Operations on ¹/₁₀

4. Housing: Priority for Miners and Farm Workers.

T.W. Disappointed by this. See few houses in it.

A.B. Why this enquiry at all? Only reproduces views of my Dpt.

P.M. Let the Ministers concerned examine this.

(Housing Cttee?)

[Enter Woodburn, Barnes

5. Export Programme.

R.S.C. Outlined aims of policy. Drew attention to conditions of fulfilment in para. 24.

P.M. How do you ensure tht. this output wins dollars.

R.S.C. Not dollars only now we are off convertibility: it's market by market.
Must negotiate with each supplying country bi-laterally.
This p'mme designed to get us maximum export to dollar markets.
But must now direct also to other supplying countries.

A.V.A. Risk of further restricting exports to Empire?

R.S.C. Not necessarily because we draw much from them. They complain, of course, of world-shortage of textiles: & they are getting higher %age than anyone else.

P.M. What machinery for directing exports?

R.S.C. Wilson Cttee on main policy. Overseas Negot^{ns} Cttee must be linked with that. For everyone wants e.g. semi-finished steel – a most unprofitable export.

E.B. Room for more dollar-earning by Colonies? They must have capital equipment first. Will this p'mme allow for that?

R.S.C. Yes. Might even be worth while to allow a dollar contract for e.g. rlways.

I.T. Textiles for Colonies. Only getting bare necessities. Won't work for money.

H.M. a) Is there a market (e.g. cars) for these products?
b) Will our export prices be all right.
c) Public shd. be satisfied tht. machinery will be there to ensure they go to countries fr. wh. we can get profitable return.

- R.S.C. On a) this is our best guess. Circs. may change. P'mme must therefore be flexible.
On c) we shall take power to control destinations – largely by agreemt. & extent will depend on degree of bi-lateralism & willingness of foreign countries to take the import.
- A.V.A. And what about prices?
- R.S.C. Order books are in fact almost full. Some items market has turned into buyers: & we've not budgeted for increase there.
- A.W. This was conceived as target. But at end/memo it becomes forecast. We haven't accepted it as such.
Disc^{ns} with industry going on. E.g. motor industry. Don't want this figure given to public now, esp. when consult^{ns} with industry not completed.
- R.S.C. Essential to give a task with figures in it. Otherwise we're back at "let export all we can". F.B.I. & industry share this view.
We must give a concrete aim.
- A.W. Aim, yes. But no promise we'll achieve it.
- R.S.C. Can keep it flexible: if our market fails, switch to another – ask one industry to do more if another fails.
Not pledging ourselves to achieve these targets.
- A.W. What of last sentence in para. 23.
- R.S.C. True. Must be so.
- E.Sh. Global target, yes. But re-adjustments w'in that total.
Memo. is based on assumptions a) markets & b) materials will be available.
Markets: if indust^{ies} asked to increase export p'mme must consider whr. you are going to get valuable return. Don't export goods using coal & steel in order to get wine & peaches.
- P.M. Decided ahead to cut imports of luxuries.
- E.Sh. May have to come back to multi-lateral.
But under bi-lateral system we must direct our production.
W'in global increase, no effective change in balance btwn. essential & non-essential prodⁿ. E.g. wireless etc. why not regard this as completely unessential for home market & stop prodⁿ to save materials etc.
- R.S.C. There is (p.1) a complete re-adjustment. E.g. increase cars 2^{1/2} times, but no increase in steel.

If we cut radar completely, you get price to a point at which you can't sell an export. And re-tool the factories for other prodⁿ.
Some re-adjustment of that kind may become essential later.

Specific conditions in Para. 24.

- H.M. (i) Coal. Which sectors go short?
- R.S.C. Presumably prodⁿ for home market. Or domestic coal consumption.
- E.Sh. This involves exceedg. budget figure for industry. To do 24¹/₂ m. w'in existg. coal prodⁿ: we shd. have to cut in other consumptⁿ.
i) Not out of gas prodⁿ because reduces supply of coke & cuts into steel.
domestic consumption is high.
ii) Domestic consumption. V. diff. to cut that.
- R.S.C. Then we must either forego exports & draw on gold reserves or cut domestic or try to give more industrial coal to export indust^{ies}.
- A.B. Must we not go fwd. on assumptions & re-adjust acc. to performance.
- E.Sh. But don't want another fuel crisis, esp. if winter is severe.
- A.B. But run-down of stocks doesn't become v. serious until end/winter.
May get longer hours in mining.
- P.M. B/T. must be able to announce plans to industry. He wants a definite allocation.
- E.Sh. Don't want to have to say now I shall cut domestic. Don't want to jeopardise domestic stocks now.
- R.S.C. Don't want you to do that now. Only ask tht., if necessary, we shall re-adjust to get this volume for industry when it's needed.
- E.Sh. Ready to re-adjust allocations if it is essential.

ii) agreed
iii) Coke & coking coal. Diffy. (new) is scrap. Are M/S doing all they can to get scrap here & abroad (Germany).
- A.W. Doing all we can in U.K.
Germany: booty free: rest in dollars. Our people think G. industry can feed on their ruins.
Can't give figure, however.
- R.S.C. No drive to recover scrap in U.K.

- A.W. More can be done.
- A.B. L.a.'s won't co-operate so long as dumps are to be seen un-collected.
E.g. ships in estuaries.

[A.W. Dump nr. Forth Bridge.]
- A.W. Ships are being cut as fast as steel-cutting capacity can be obtd.
- J.W. Scrap at paper mills.

Agreed; M/S to submit report to P.M. on existing organisation
& possibility of getting more drive into it.
- E.B. Is it wise to leave this to their industry
- A.W. Was thought during war that best form of organⁿ was thro' trade.
Also on measures requ^d to get more from Germany.

iv) Steel Allocations.
- R.S.C. 6-12 mos. time factor for manufacture. This period allocⁿ reflects
exports fr. end '48.
- B. Existg. priorities settled after much thought. Hope they won't be
modified w'out examⁿ.
- T.W. Increase of 100% in agric. machinery. Can't be done at expense of
home market. Factory capacity is there for both. But materials
shd. go first to home needs.
- P.M. Allocations must be reviewed.
- R.S.C. Some priority p'mmes may have to be cut into.
- E.Sh. Coal/oil conversion will have to be cut into anyway.
- P.M. Materials Cttee must have some discretion as regards priority p'mmes.
- H.M. Re-allocⁿ will be diff.
i) Rlway wagons may have to suffer, R.S.C. says. But this is
bottle-neck in coal & steel.
ii) Generating stations. Wd. also affect production.
Can H.D. and Marquand do any arbitrating required after the re-
allocation has bn. made?
- P.M. Yes.
- A.B. Is this to be done before investment p'mme has bn revised.
Is export requirement to come first & everyone else must confirm?

P.M. Re-allocation to facilitate exports & dollar-saving, even tho' some home p'mmes may have to suffer.

R.S.C. This & dollar-saving must be a first charge.

E.B. No escape fr. conclⁿ that exports etc. get what steel they need and other p'mmes divide what is left.

P.M. M/H. can have his appeal at a proper time.

H.M. v) Authorities for use of Steel.
Enquiry in hand.

E.B. Use powers.

P.M. Must be an enquiry.

R.S.C. Couldn't we have report in 14 days.

H.M. Joint exam^{ns} with F.B.I.

Agreed: but report in 14 days.

G.A.I. vi) Textiles = Man Power
Not above other indust^{ies}.

R.S.C. In Lancs. & Yorks. must have the preference – to reach the targets.

E.B. Accept the principle but transfer to M/L. paper.

I. vii) Clothing Ration
Shd. you give the warning publicly?

R.S.C. Yes: want to put industry on its mettle.

A.B. Why not put it: everything above an export quota will go to home market? Work it out positively.

R.S.C. Yes: all I want now is auth^y to reduce to this if necessary.

E.B. Ask for 100% increase: then so much for export and not for home trade.
Approved, subject to its being re-cast positively.

R.S.C. viii) Staggering Hours.
Because of women workers.

E.Sh. Will provoke similar claims from other industries.
Wd. also add 6% to load. Can't get target unless all conform.
Better to try bringing plant into opⁿ at diff. hours & other expedients.

- G.A.I. Prefer tht. R.S.C. shd. instruct his rep^{ves} on Bd. to press for it.
Don't have over-riding rule. Leave it to local arrangemt.
- Agreed: R.S.C. to have some latitude to get variations thro'
Reg. Bds.
- B. ix) Commercial Vehicles.
Does this include buses?
- R.S.C. Yes.
- B. Our services are brkg. down.
- R.S.C. Must try to meet that by increased output.
Home market have bn. having 60% of output.
- B. Can't we look at this again.
- P.M. No. Allocate better what you do get. And increase output.
- A.W. Give us materials & we can increase output.
- A.B. x) Diversion from Home Market.
Glazed tiles are being dispensed with in housing here so as to export to
Argentina. But may I be assured they won't be used for private
p'mme?
- R.S.C. Yes.
- A.W. Risk of closing down w'out makg. good alternative use. E.g. cutlery.
Care of tourist purchase.
- xi) Already approved.
- xii) Postponing Home Programmes.
- A.B. i.e. no tuberculosis in Argentina at cost of tuberculosis at home.
- H.D. At L.P. Cttee M/Ag. agreed to gradualism.
- A.W. Held up anyhow for motors.
- P.M. I will consider the particular case of milk.
- Otherwise approve in principle.
- xiii) Approved.

xiv) Regional Organisation.
A.W. Doubtful about this.
G.A.I. So are we. They mustn't touch supply of labour.
C.K. So many Reg. Ctt^{ees}. D.I. Panel cd. do it.
R.S.C. Nothing to do with that.
P.M. Same people – different task.
R.S.C. M/L. shd. be included. Agreed with that amendment.

xv) Packing Materials.

Agreed.

xvi) Publicity.
E.B. Hope R.S.C. will stress point tht. no suffering need be endured if industry will give 10% increased output all round.
R.S.C. Yes.
B'cast same evening.

Agreed.

[Exit A.W., C.K.]

1. (resumed) Parliament.

P.M. Read opinion by A.H. General on ques. of time running.
Then A.B.'s point was a good one.
It shd. be put in argument.
C.E. To-day's mtg. constitutes a precedent, in itself.
If H/L. establish w'out protest a right to meet when H/C. isn't they will cut down rights of H/C.
We shd. legislate at once to put this right.
A.B. Then Pakenham shdn't speak at all.
H.M. What did Jowitt say? Deprecated H/L. mtg. but said he cdn't stop them & wd. be told what Orders had bn. made. He does not want debate on merits.
P.M. Why shdn't Hall include that in his speech?
A.B. That makes it a Govt. Statement.

H.D. He can say “nothing to add to Ldn. Gazette & I don’t propose to make any statement on behalf of the Govt. Their Lordships will have seen Orders in Ldn. Gazette.”

Hall re-entered & was informed.

6. Coal: Extension of Working Hours.

E.B. This memo. wd. let me down completely – on what I said to N.U.M.

E.Sh. Who started all this? H.M. & E.B. proposed another $\frac{1}{2}$ hr. I always knew that was hopeless.
But it led to alternative of Sat. working.
Later, Cab. instructed me to ask them to re-consider extra $\frac{1}{2}$ hr.
Sugg^d since we shd. try to get parties together. The N.U.M. havg. rejected H.M.’s appeal for extra $\frac{1}{2}$ hr. In Executive only I vote majority v. it.: but at mtg. much larger majority. And N.U.M. won’t look at extra $\frac{1}{2}$ hr.
E.B. had said somethg. about time & a half.
N.C.B. y’day gave way a bit. N.U.M. will consider each miner to work alternate Sats.: & assist in getting organised shift.
My position. I didn’t initiate either of these proposals.
You can’t get extra $\frac{1}{2}$ hr.
You must therefore take this method of Sat. working or abandon whole thing.

H.M. E.Sh. believes in 5 days. Better have that.
But we must stand firm on the 6 for 5. Can’t concede that.

E.Sh. Grimethorpe: now a dispute betwn. those men & branch of Unions.
N.U.M. want no intervention. No arbitration.
No justificⁿ for attacks on N.C.B. Fact is: 3 men appointed (inclgd. 1 official) to examine stint.

T.W. Argument of local Cttee.
a) assessment wrong.
b) didn’t examine the face at all. Lots of them want to go back, but afraid of one another.

E.B. Shd. have secret ballot vote.

E.Sh. Nat. Ex. going up en masse.

On extra hours: no further offers.

7. Economic Situation: Representations by F.B.I.

Agreed. L.P. to inform F.B.I. by letter.

8. Meetings of International Fund and Bank.

- H.D. Little will happen at formal public mtgs.
On annual rpts anyone can suggest Bank & Fund shd. do more for
econ. crisis. Will encourage that idea. But p'ess twds. practical
action must be made in private talks.
Don't want these mtgs. to cross wires with Paris.
Saw Synder last night – v. friendly – will do all he can. Will pursue
these matters with him. And will report later.
- E.B. Approached me y'day (U.S. Ambassador). Paris report nearly ready.
Facts startling – worse than Marshall thought.
Want me to ask Paris to screen figures etc. de novo.
Said no. You've asked for this.

[Absent, on account annual leave, for C.M. 76 and 77th
Meetings.]

1. Lord Mayor's Dinner.

P.M. In view of rest^{ns} have considered ques. of Dinner.
They intend to reduce nos. to 300 & little food. Normal is 750.
Unbroken for centuries. Pity to stop it.

J.S. Agreed.

R.S.C. See that announcemt. made in advance. J.S. to arrange that.

2. Wedding Present for Princess Elizabeth.

P.M. Grandfather clock W^m IV. or Amboyna wood table. I prefer the table.
P.M.'s advice accepted.

3. Burma: Constitutional Position.

L. As in memo.

P.M. Treaty arrangemts. are going well. Thakin Nu will come to sign
on 17/10.
Good constitution – framed quickly.

A.B. Will they be de facto in Commonwealth?

P.M. No. They regret it, but can't help it.

R.S.C. They might come back later.
Agreed.

[Enter C.O.S. & Service Ministers.]

4. Defence Requirements.

A.V.A. Balanced forces at £827 m. cd. not be afforded in present
economic sitⁿ.
Nor wd. they have yielded man-power contⁿ.
Net redⁿ of 514.000. Redⁿ of 150.000 at 31/3/48. And 100.000 on
prodⁿ. Cpd. with H/C. figure of 7 months ago there will be
increased release to civil work of 250.000.
Acceleration of run-down m'while. Army: 85.000 in June quarter.
Nearly 2/3rds in first 6 months.
Snags. Para. 8 assumes liquidⁿ of commitments. If these don't
materialise we shall have to review. But Cab. shd. take this risk.
Cost: £710 m. in first memo. to D. Cttee. Not confirmed. But will

- seek every saving possible. But if man-power plan app^d that will govern vol. of expenditure v. largely.
Trying to find balanced Forces at level of £600 m. in normal year.
Internat^l & pol. risks involved. E.g. para. 19: dockyard towns will cause pol. troubles. But in present circs. country can't afford more.
- P.M. Para. 19 was only indicⁿ of possible consequences. Doesn't follow that all these will have to be done.
- A.V.A. Can't delay decision on these if Serv. Ministers are to make their targets.
- H. We must put action into effect. We shall come down to March figure. Much of para. 19 must therefore be put into effect at once. Cab. shd. appreciate pol. & internat^l effects. E.g. we are abandoning Pacific – commercial and pol. consequences. Not, however, comm^d to all para. 19 action.
- N.B. More rapid run-down in '47' means discrimination betwn. trades up to 10 groups.
- C.A.S. Recomm^{ns} based on assumption – no war in 5 yrs. These forces aren't balanced or fit for war in any sense. Will take years to tidy up.
Problem: age-length of service implications: commitments. No margin for unforeseen commitments.
- H.D. Support proposals.
a) Econ. situation. Disappointed at rate of run-down to 713.000. But accept tht. we can't.
b) Man-power decisions. Not to be assumed tht. all para. 19 consequences are inevitable. Room for economies e.g. in static force. Also 300.000 civilians employed – cuts then wd. balance finance.
c) Reserve posⁿ on finance at £700 m. (?).
- E.B. Re-organise quickly – for prestige reasons.
Reserve my position. I can't support exports while w'drawing Forces fr. everywhere.
In studying economies, encourage Dpts. If they save somewhere they shd. have a chance of using it elsewhere.
H.D. has never given credit for use of Services to relieve civilians. Want such savings presented properly in future.
How much of the 700 m. is substitute for civilian wages?
H.D. has never given a figure of dollar savings from our foreign policy & its military support. Nor savings fr. German occupⁿ & p.o.w. We only get one side of balance sheet. Public shd. be told.

- Want to think now, not in terms of cutting down, but of bldg. up a new Army etc. Offence is years ahead of defence. Makes it diff. to determine.
- P.M. Importance of proper presentⁿ to Parlt. Distinguish terminals. Show value of work done in bomb clearance etc. Show how much civil staff requ^d for increasg. rate of demobilⁿ etc. Re-consider form of Estimates.
- H.D. Anxious to have facts presented properly. All I wanted to make clear was tht. I don't now accept £711 m.
- E.Sh. Expenditure on new prodⁿ. [New warships. H. No.] 5 year assumption. M'while re-orgⁿ in weapon prodⁿ. Cd. we not defer new prodⁿ & concentrate more of expend^{re} on research?
- A.V.A. It is on this principle we are proceeding. Research people not yet ready.
- E.Sh. 400.000 in R.O.F.'s
- A.V.A. Now 350.000 industrials all told.
- P.M. Estimate of labour power used in prodⁿ for Services – not no. of bodies in R.O.F.'s. We have cut off much new prodⁿ. Limited to prodⁿ for research & to m'tain essential capacity. Research expend^{re} higher than in any peace-time year.
- A.B. Strategy being uncertain, tactical weapons can't be settled. Research therefore must be fundamental. Common to industry.
- A.V.A. Must also continue operational research.
- A.B. 300.000 civilians. Were they formerly in uniform?
- A.V.A. No.
- P.M. Will break this down to show what they are doing.
- C.E. Man Power Ctt^{ee} is looking at both uniformed & civil personnel.
- A.V.A. 138.000 Civil Servants.
- G.A.I. Announcement. Release p'mme Jan/March. Overseas command, can't do it unless told at once. But then will leak before Debate on Address.
- F.W.B. We do warn secretly in advance.

C.A.S. Must be public announcement.

A.V.A. By 11 or 12 Oct. at latest. And not Groups as whole-discrimination among trades. Must therefore be publicity. Will make it as late as poss. but must be done before Debate.

H. Pacific. Can't run down unless we notify Commands at once.

F.W.B. Issue = shd. M/L. make public announcement. We can let Commands know at once. Explain later.

P.M. Better to explain at outset.

E.B. x/ Let A.V.A. agree form of announcement with Service Ministers & M/Labour.

P.M. Some announcemt. must be made before Parlt. meets. Must therefore explain. Agreed at x/: in principle there must be some explanation in announcement.

A.B. Re-grouping training camps. May throw up some new accommⁿ. Squatters risk. Let civil Dpts. know before camps vacated.

P.M. Already agreed.

[Exit C.O.S. Enter B.]

5. Petrol Rationing.

E.Sh. As in memo. But tourists to have old ration, before recent increase.

F.W.B. End/war leave petrol is on a par with demob. leave. Pledged in effect. Will end by Apl. '48. Small amount. Want that continued. Less than 85.000 galls.

P.M. Black market attraction will increase nos. who draw it.

R.S.C. Make it discretionary – a wide discretion. Agreed. (?).

N.B. Want concession a) up to Nov. 30 for men comg. fr. long periods periods overseas. b) reasonable discretion in allowances.

E.B. Tourists. Favour continuing the allowances. Leave it as it is now.

E.Sh. Defer a decision? about 6 wks.

E.B. That wd. satisfy me. Agreed.

A.B. "Deny it to B. & give it to foreigners." Realise what this means.

N.B. Easy to explain. Currency-earning.
[Exit B. & Service Ministers.
[Enter J.W., H.G. & H.M.]

6. Control of Steel Distribution.

H.M. Proposals a) Holiday b) Cancel back-log c) New currency.
Favour c).
i) Type of new authorisation: coupon or check: now being considered.
ii) Inspection. Appoint^{mt} of no. of inspectors to travel the country &
watch working of scheme.
iii) Prohibition of over-authorisation by Dpts. Ministers must see that
officials don't do this.
iv) Old orders must be re-scrutinised, from angle of new situation &
cancel those which are no longer important.
v) Tighter control of end-products by Dpts. Stress para. 5.
With strong money demand you can't hope to enforce this
scheme.
vi) Collaboration with major steel-using industries thro' their trade
associations. Must have good will of industry.

J.W. Agree.

R.S.C. Agree.
1/4/48 late date for new currency. Shd. have liked it earlier.

J.W. So wd. I. But we can't.

A.B. Experience in M/H.

H.M. Will use it.

H.G. Agree. But it's a diff. business.

T.W. Considered earlier delivery of special products?
Or not cancelling all back-orders? Set them v. later alloc^{ns}.

H.W. 6 months' delay. During that, shall we get proper priority?
Can we get steel firms to help m'while?

H.G. Will discuss with R.S.C. and H.W.

G.T. Over-authorisation. Offenders will get advantage in next 6 months?

H.M. No. Will have to re-authorise out of new allocations.

J.S. Stressed para. 5. re inflation. Importance of reducing monetary
demand for less essential products contg. steel.

H.D. Then support me in unpopular action.

1. Parliament.

H.M. Home Secy. to be Deputy Leader of H/C. vice Greenwood.

2. Budget.

H.D. Auth^y, in principle, to have autumn Budget. To cover increased taxation measures. And auth^y to say so soon.
Wd. be as short as poss. to save Parly. time.

P.M. Must do this.

A.B. Ty. shdn't be allowed to put in odds & ends. Must be on the Floor.

H.D. No mopping up provisions. Agreed.

3. Anglo-Iraqi Treaty.

E.B. As in memo.

N.B. Satisfied this wd. do for air bases.

H.D. New financial points to be discussed with Ty.

A.V.A. Agreed. Agreed.

4. International Meetings.

E.B. Can't be too rigid. Importance of mtgs. changes. This shd. be taken only as a guide.

H.M. Disappointed at result. Many mtgs. in hard-currency countries.
UNESCO. has 18 mtgs. planned & a world conference.

E.B. Agree: but it might turn out to be important link – if pol. and economic organ^{ns} founder. cf. Cominform.

G.T. Have cut our delegⁿ to 50%. Will propose conference every 2 yrs. instead of annually.
Accept Annex B. so far as I'm concerned.

A.B. L.a. conferences – e.g. trams – are being discouraged.
Remember too dollars we earn by conferences held in U.K.

T.W. Drain on Govt. staffs.

H.M. Too many Dpts. represented.

H.D. Ty. will be helpfully tiresome if Cab. so desire. Approved.

R.S.C. Remember our influence comes fr. strength and competence of our Delegⁿ.

N.B. Endorsed that. Results last year – increased food production in other countries.
H.D.'s proposal approved – on basis of due balance between latter considerations.
[Enter J.S.]

5. Trade Negotiations: U.S. Requests on Preferences.

H.W. New compromise offered. S. Rhodesia is one of main importance. And U.S. rubber concession is important & immediate. Discussed with F.O., C.R.O. & M.C.A. Inclined to accept subject to some changes. Tobacco can be accepted subject to long-term contract wh. we want anyway. But shd. not offer Colonial concessions - & that raises ques. what sanctions we can use v. U.S. failure on rubber. Intend therefore to seek a sanction on a U.K. import e.g. canned fruit. Doms. shd. be informed in advance. Reply shd. go thro' Inverchapel.

R.S.C. Wdn't have done this except for rubber concession. That wd. be a great help, however. Brk-down because unreasonable U.K. attitude wd. be harmful to U.S. & Canadian relations.

T.W. Para. 15 – meaning?

H.W. Further consⁿ shows long-term contract wd. outweigh.

N.B. C.R.O. are sure they will be content if we promise long-term contract. U.S. must be informed of that in advance.

A.V.A. Only personal offer from a deputy. And Clayton is in bad state of mind. How shall we raise it?

R.S.C. Inverchapel to Marshall. Clayton put the breakdown on the political plane by coming to E.B.

A.B. Support the proposition. But diffy: Clayton wants a scalp & will m'tain it's better than in fact it is.

E.B. Safer therefore to keep it with Marshall. Preferences must contain a political element.

H.W. May have small trouble with Canada.
Agreed.

6. Economic Recovery of Europe: U.S. Assistance.

R.S.C. As in memo.

P.M. Ques: what strings?

R.S.C. That must await developments.

J. Include paras. in [].

E.B. Agreed.

A.B. Hope we aren't going to draft. R.S.C. in Press conference foreshadowed more cuts. Shdn't we be looking at U.S. purchases again? Are we still buying tobacco? Why?

P.M. We are now examining just that.
Agreed – with additions.

7. Government Bulk Purchase: Food & Materials.

P.M. As in memo.

J.S. In extreme scarcity bulk purchase is inevitable to control imports & select sources. Had to go back to it e.g. in fruit. Whatever the merits.

R.S.C. No case for alterations in present circs.
Agreed.

8. Bacon Ration.

J.S. Strike in Canada. Ration must come down to 1 oz. And in 6 wks. we shd. have to suspend altogether.
Unfortunate on top of other food diff^{ties}.

P.M. Cause shd. be clearly stated.
Alternative sources?

- J.S. None in short-term.
Declined to pay ridiculously high Danish prices. That was only 15%.
Note taken.
- [Enter Gaitskill: Strauss: Key.
Barnes.]
9. Priorities.
- P.M. As in memo.
- G.S. Practicable to add agriculture, but not exports, to P.M.'s list.
- R.S.C. If we add any more, it loses all meaning.
Recommend review of whole ques. Prs. only coal machinery shd. be
given special priority. Wd. prefer to do nothing m'while.
- C.K. Airey House. Can't get materials for beams. This holds up bldg. for
Farm-workers. Also concrete sleepers because 20/3/47 mentions
only steel rails & can't get steel for factories for concrete
sleepers. Want it clear that subsidiaries are covered too.
- R.S.C. Ques. of progressing, not priority.
- H.G. Shd. have expert enquiry. V. complicated.
Coal may be special case because fundamental to all.
Mistake to make any announcemt. before studied.
- T.W. Then we shdn't make big policy announcemts. w'out knowg. how
to carry them out.
How long will this enquiry take?
- H.M. Satisfied somethg. more flexible than P.M.'s priority list is essential.
Allocation vice priorities.
- P.M. Must change this: but v. quickly. Must be a finer method.
- A.B. Favour abolishing priorities because suggest nothg. else matters.
Progressing is right method & direct Govt. purchase where
that is essential. Pursuit organisation is what is required.
- A.W. Firms can't discriminate after priority list. They want guidance.
Organisⁿ requ^d to progress more than now wd. be v. large.
- B. Need to watch deliveries as against allocations. That is trouble.
- R.S.C. That was covered by Cab. approval of new steel scheme.
- G.T. Don't continue or add to priorities until new scheme worked out.
For priorities prevent system from working.

G.A.I. Must have priorities for labour. That is in hand.
 No announcement yet. Agreed.

[Exit all invitees to date
 [Enter 2 Service Ministers.

10. Prize Money.

H. As in memo.
 R.A.F. taking 25% by agreement. Doms. & Colonies also participating.

P.M. Pity this archaism wasn't abolished between the wars.

R.S.C. Will now be abolished finally?

H. Yes – in this same Bill

P.M. Must be in Bill.

H.D. Annex: para. (b). Mustn't be suggested Ty. settles – there must be agreement with Doms.

H.M. Ques. of place in programme is for H.P.C. & F.L. Ctt^{ee}.
 Agreed.

1. Marriage of Princess Elizabeth.

J. Salisbury has suggested wedding present from H/Lds.

P.M. No precedent. Don't think it wise. Discourage it.

2. [Legislative Programme.] Reform of House of Lords.

P.M. H/Lds. still under Parlt. Act, but time is passing. They mayn't be so reasonable, esp. if bye-elections begin to go v. us. Can we leave it until they are troublesome.
Shd. we introduce this Session the short Bill reducing to one year the period for wh. H/Lds. can hold legⁿ up.

H.M. H/Lds. have behaved well. On what shall we found the indictment?
Our p'mme implied we wdn't act unless they were tiresome.
Even so, nervous about next 3 sessions. Wd. like therefore to clip their wings.

J. Ques. of political strategy. Timing of trump card.
If we play it before they have given us cause, we play it too soon.
If we don't have a Steel Bill this year, they cd. block it next. But wd. they, bearing in mind the effects of such action at a Genl. Election.
I advise waiting therefore.

R.S.C. It wd. re-open wide ques. of H/L. reform.
Two stools {not emergency Bill because no emergency arisen.
{is this then our idea of full H/Lds. reform.

T.W. Relieve H/L. of headache and give it ourselves.

A.B. Back-ward boys mtg. last year (?) considered we wd. have to do it this Session.
Case for doing this on merits anyway.
Parlt. is de facto a single Chamber. Make it so de ????.
Believe also it wd. be welcomed. "Revising" work cd. be better done if element of challenge removed.
If we don't this Session draw H/L. teeth, our supporters will assume we have abandoned hope of any more natⁿ measures in this Parlt.
Discipline in H/C. will then go.
Thus a good political substitute for Steel Bill.

- R.S.C. Agree with that: but the simple Bill won't fit that argument.
When that Bill is passed, H/L. will be fully entitled to use it –
which they are now doubtful about it.
- A.B. Can't remove powers of H/L. altogether. They must therefore have
some time in wh. to consider legⁿ. Say 6 months or end of
Session, whichever is longer.
- C.E. This ignores fact tht. we don't know what they will do when their
power begins to be effective viz next year.
Thus, support A.B. – save that I don't want H/L. reformed.
So I favour the short Bill.
- P.M. Remember the backwoodsmen – out of Salisbury's control.
They might use their power to force earlier Genl. Election.
Do it now, before we've lost a Bye-Election.
Do it now, when no controversy has arisen with H/Lds.
- H.D. Do it this Session. Reduce period below one year. Don't suggest
we believe in bi-cameral legislature anyhow.
Will have to Parlt. Act it thro'.
- J. Acquiesced.
Presume we can re-consider length of period.
- A.V.A. Expedient? Look at 6 natⁿ measures which H/L. have passed.
Situation envisaged in Face/Future hasn't arisen.
Might then not be claim for Elections – no mandate for this.
Support J.'s view tht. this isn't right tactical time.
- R.S.C. After this Session we can't Parlt. Act it thro'.
- A.W. Steel people will give us long & stiff fight. If you want Steel Bill
next year, you must clip H/L. wing this year.
- T.W. Then they deliver themselves to us – havg. taken the initiative against
us on steel, for wh. we have a mandate.
- E.B. Introduce short Bill & defend it with argument tht. you must be able
to pass legⁿ in a Session – business-like approach. Don't do it
on basis of quarrelling with H/Lds. If you want to do this, put
it fwd. on that ground.
- N.B. Favour legⁿ.
- G.T. Support E.B.'s view.
- H.W. Support legⁿ.

L. Fear that if you re-affirm H/L. powers in this way they will use them.
Don't think they wd. use existg. powers, even v. Steel Bill.
If we are going to clip their wings, I wd. provide tht. their power to
amend shd. be conditional on H/C. consent.

A.W. Wd. encourage the Labour supporters.

J. But may upset moderate opinion, when there has bn. no provocation.

A.V.A. Support that v. strongly.
Agreed { Legislate this Session. P.M. to mention to the King.
{ M.G. Ctt^{ee} to consider form of legislation.

3. Legislative Programme.

H.M. 95 days for legⁿ – of which 10 now required for fresh Finance Bill.
Estimated time for this p'mme = 82 days (as against 85 available).
Now H/Lds. Bill has to be added.
And legⁿ now unforeseen will inevitably occupy some time.
Strain on Members. Complaints to Whips from 50% of supporters.
Thus, additions must be compensated by subtractions.
a) Gas vice Iron & Steel.
b) Restrictive Practices – Opposⁿ support, & related to economic
situatⁿ.
But cd. be done by D.R. for a time.
c) and d) – as in memo.

R.S.C. Nat. Research Trust Bill?

H.M. Hope to get it through.

P.M. a) Gas & Parlt. Bill this Session. Steel next Session.

A.B. W'draw my pressure for Steel early, in view of decⁿ re H/Lords.

G.S. Wd. be wrong to on with Steel Bill in view of admin^{ve} diff^{ies} of my
Dpt. But want early statement saying it is going on next Session
& why not this. Cd. P.M. say it in Debate on Address?

P.M. Yes – in course of that Debate.

G.S. May I spk. in advance of King's Speech to two sides of industry?

P.M. No: can't anticipate K.'s Speech.
c) Agreed postpone Motorways & Milk.

J.S. Can Milk Bill be published?

- P.M. Seek auth^y from Legⁿ Ctt^{ee}. [Exit Gaitskell.
- d) Legal Aid Bill.
- J. Important because vol. system is drying up, as this Bill known
 to be coming.
 No legal aid in Co. Ct.
 Cd. it start in H/Lords?
- H.D. Why not leave it in “if time permits”.
- b) Restrictive Practices.
- H.W. Long-term rather than short. Not crucial.
 Accept “if time permits”. Agreed.
- G.A.I. Can I swap over Training & Emplt. for [Exit J.S. and G.S.
 Factories.
- P.M. Consult L. President.
4. King’s Speeches.
- Prorogation Speech – approved subject to amendments.
Opening Speech. Detailed amendments approved.
- A.B. Want a reference to housing.
- P.M. After discussion – insert it in Prorogation Speech. “In pursuance of
 Ministers have pressed on with housing.”
 R.S.C., H.M. & Health Ministers to settle a formula.
- J. Legal Aid Bill.

1. Parliament.

- H.M. No line yet about Opposⁿ tactics.
Much business to be done by ³¹/₁₂. Hope finish D/Address by Wed.
week.
Wed: motion to take Private Members' time.
Leave it is P.M. & me with Ch. Whip to work it out.
- P.M. Get on to economic affairs quickly. H.D. to explain past: R.S.C. to follow.
Far too much talk – leakage. Statement over wk-end by M/H. shdn't have bn. made.
- A.B. Said nothing fresh.
- P.M. Timing. But Press knew. Tribune announced it first.
- H.M. Element of surprise has now bn. lost.
- A.B. Anyone cd. have guessed the Parlt. Act point.
- P.M. Timing – points to King's Speech.
- A.B. Then have investigation into Observer = who saw Massingham?
- P.M. Select Cttee on proposals for R. Marriage financial settlement. H.D. will submit proposals in due course. (not be to recorded).

2. Amendment of Parliament Act.

- H.M. As in memo.
Stressed – “retrospection” effect of amendment.
Successive Sessions. Can be met by inter-calating a short Session. Only Session which can't be thus protected is 1949/50 Session: must watch Leg^{ve} P'mme for that.
- P.M. This is reasonable method. Can inter-calate addl. Session.
- A.B. Anti-climax to have H/Lds. a full year.
- R.S.C. Only a year from 1st 2nd Rdg. in H/C.
- C.E. And must be assurance tht. points raised in H/L. will be considered by H/C.
- A.B. Will this cover all Bills passed by H/C next Session?

H.M. Yes.

H.D. Applies from one Parlt. to next.

A.V.A. Any objⁿ from the King?

P.M. No.
Proposal approved.

P.M. Line in Debate: simple measure for shortening delays by H/Lds.
Can quote W.S.C. in debates on Act of 1911.

G.T. Say this isn't our last word on H/L. reform.

E.B. Don't foreshadow strengthening H/Lords.

P.M. No need to say this is our last word – and I won't say so.
Agreed: no words to be used wh. imply that.
we believe in reform of H/Lords.

C.E. Made clear on Bill of 1911 that Act of 1911 procedure can be used for
amending Act of 1911.
Agreed: only a general indication of scope of Bill to be
given in Debate on address.

[Exit W.W.
[Enter J.S. & Pakenham.

3. Balance of Payments

H.D. Para. 2. Dollar drain at £17m a week. Wk ending {4/10 = 73m\$
Since ¹⁵/9 sold £50m gold & shall have to sell more {11/10 = 59
m\$
Using drawing power on I.M.F. - \$180m (£45m) since 1/9.
Buying £20m gold fr. S. Afr. this year.
In spite of all, reserves at end /47 will be down to £500m.

Para. 3 & 4. – effect on Dpt claims.
If that went on, long before end/48, the convertibility posⁿ wd.
have arisen again – f. countries wd. demand dollars or gold.
Cdn't contemplate that.
Apart fr. any other action, must have quick decⁿ to cut Dpt.
requirements of imports.

Para. 20. Aim is to reduce by £175 m.
Suggestions. Decided last week to instruct “stop-buying”
tobacco, until further notice. Shall get some saving on that.
This shd. be publicly stated.
Endorsed recomm^{ns} from paras. 20 to 30.

Ford remains. Have discussed with R.S.C. Don't want to cut food. But if we don't now, before end/48 we shall have to impose much heavier cuts & shall be at mercy of U.S. Propose redⁿ of £75m in dollar food. No objⁿ to makg. good what we can fr. non-dollar sources, particularly as likely to be favourable trade balance with non-dollar world. About ½ of the £75m represents foregoing increase in existg. rations. Also (para 34) nutritional posⁿ in second half of '48 nutritional posⁿ wd. be no worse than now. Para. 32: total (100m) w'in wh. saving of 75 cd. be made. R.S.C. and I suggest = full saving on sugar: meat ration shd. stay at 1% (16m vice 38): bacon etc., as recomm^d: cheese no change (5m less): eggs as recomm^d. This gives 73m vice 100. Don't press for more than cut of £73m on dollar food. Tobacco: propose not to resume U.S. purchase w'out Cab. auth^y. Hope for 30m\$ saving from this in '47. And, if cont^d in '48 (para 18), instead of £31m from U.S. or £31 – 3 m (para. 23) = £28m. – cd. save up to £28m. But B/T. shd. report on this.

J.S. Cumulative effect of these cuts following on those already made – 2nd & 3rd para. of 291. Can't exaggerate consequences. My science adviser's view is in this memo. W. Jameson's in C.P. 294. I support those views. Apart fr. nutritional consequences, consider (p.2) effects on rationing system. Bound to lead to progressive deterioration. Potatoes as well as bread: hunger incentive now to brk, thro' system. Shall get to Continental condⁿ by end/48: money will be able to buy what is needed. Ques. of opinion: but that is mine. Can you get output from under-nourished population? My alternatives. There are alternatives, tho' mine mayn't be the best. Food cuts = wrong approach. Calorie figures wd. have to be quoted. Shd. have to admit we were sinking below minimum. No assurance we shall recover in 2nd half of '48: doesn't follow we shall be able to buy all the food in our p'mme – we never have bn. able to do so up to date.

[Exit H.M.]

J.S. Films & tobacco. 28m. on tobacco & 8 on films wd. give 31. Balance cd. be met by diversion of exports to dollar countries and/or reducg. home supplies, even clothing. Food shd. be higher priority even than clothes. Failing these, raw materials going into home prodⁿ.

R.S.C. This picture exaggerated. B'down of rationing argument. No reason to suppose we can't get back in 2nd half '48. – e.g. food from Russia. System operates now: why not then? Calory content. These figures assume £75m cut.

Only alternative sugg^d by J.S. is increase dollar export. The memo. already assumes an increase of £45m in '48. Don't think it realistic to assume more.

No real alternative save films & tobacco.

Figures assume 100% nalⁿ of export p'mme. Can't take further risks on that.

Mustn't be driven into posⁿ of having to accept U.S. aid on any terms. £200/300m is prob. lowest reserve on wh. you cd. operate sterling area.

My only doubt is whr. this p'mme goes far enough.

Food: because this is biggest dollar p'mme by far.

- A.B. Calorific consequences if, as now proposed, meat & cheese remain unchanged?
- R.S.C. Tobacco: cessation of all purchase wd. enable current consumptⁿ. to go on for 12 months. Thereafter wd. reduce consumption to 20%.
Saving in p'mme: £7½m on this year.
- H.W. The £11m for first ½ of 1948 may be double counting.
Defer decision.
These figures have high margin/error. My enquiry showed that.
Margin is greater than prospective saving on food.
Meat: cut wd. be psychologically drastic.
B/T. wd. find it diff. to defend cutting food below present levels while we send so many exports to non-dollar world.
Also, why have any whisky in U.K. at all while we can sell to U.S.
Wd. like therefore to go on talking to industry re increasing exports to U.S.
Steel: even less may be available than reckoned in memo.
- P.M. Margin of error – may go either way.
- H.W. Yes: but of the order of £70m a quarter, on b/paymts. as whole.
- J.S. 200m. switch fr. dollar to non-dollar. V. import. we can do it all.
Most unlikely therefore tht. we shall recover calory level in 2nd half '48.
P'mmes are auth^{ies} to buy. Most unlikely we can get the lot.
- P.M. Yet you assume B/T can do more than p'mmed on exports.
- R.S.C. Food: calory figure is related to p'mmes. You didn't then expect to realise them.
- T.W. Worried over bacon ration. Miners.
Don't be to quick to abolish tobacco & whisky – psychological consequences there also.
Defer final decisions. Look at it again.

- G.A.I. Disastrous to cut food. Complaints already tht. men can't work extra hours because lack of food.
Anyhow, if we must, let this be final & last reduction.
Must then look upwards.
- T.W. M/F estimate of 50% cut in potatoes is too gloomy.
Our crop only 80% of last year.
- J.S. 14% redⁿ in total supplies. But domestic consumer gets cut from 5 to 3lbs a week.
- A.W. Tobacco: cdn't we reduce consumption to 50% now to avoid straight finish at end/48.
- R.S.C. How?
By purchasing moment we shall be better able to judge food & export position.
- J.S. 28 on tobacco & 8 on films + no steel available – would give you the 75 wanted.
- R.S.C. But films: means closing 80% of all cinemas because involves prohibiting all showing of U.S. films.
- E.B. Wonder if we assume enough fr. scrounging out of non-dollar world.
Can't we agree that £75m be saved: and leave it to ingenuity of Dpts. to decide how, all collaborating?
Disturbed at what B/T said this morning.
Examples of other sources of food.
a) Eire. Why are fat cattle going to Belgium?
b) Denmark. In spite of v. high prices – we are in extremities.
Can't starve for sake of not offendg. N. Zealand.
c) Re-open negot^{ns} with Russia.
- Agreed: Must find saving of 175m.
- A.V.A. Margin of error much more likely to work against, than for, us.
E.g. shall we sell all these exports?
Shall we avoid all dollar expenditure on Germany?
If we have to cut, better soon than heavier cuts later.
But agree with J.S. on admⁿ of rationing. Already people in country are better off than in towns – symptom of what occurred in Germany etc. Raids on country resources will break the machine.
- J.S. Alternative sources
a) might be right to pay Danish prices.
b) Eire, if we paid same price as to U.K. farmers.
c) Re-open negot^{ns} with Russia & pay their high prices.

H.D. R. not a non-dollar source, unless you can pay in goods she wants or get her agreemt. not to ask for gold.

P.M. What do M/F think a reasonable reduction?

H.D. £37m cd. be done without cut on existg. rations. [Re-enter H.M.
only cut on p'mmes involving improvement?
Sugar. Was 8 until recently: & I was doubtful of its wisdom.

J.S. Loses cheap calories. We've got the sugar: doesn't yield a saving.

R.S.C. But shall have stocks at end of period.
Canned meat. Wd. reduce it to 1.500 t. a month – negligible.

P.M. Can't we sell more exports to Canada to earn the bacon?

H.W. Some more, certainly: but prob. not £28m.

E.B. The essential things to keep in, on food, are bacon & canned meat.

R.S.C. Don't balance decⁿ to save imports now against hope of selling exports later. Actual expenditure.

J.S. Then all 175m must come from import cuts?

R.S.C. Yes.

C.E. For 2 mos. people have bn. expectg. somethg. drastic.
Fatal to make some statement now & have to cut more drastically later.
Must say the worst now. Hope anything new wd. be improvement.

J. Endorsed that view.

H.D. Anti-climax of July & August. We misjudged the public psych. then.

R.S.C. Havg. taken decⁿ on tobacco, we cd. cut out the canned meat cut.
(viz; not to resume purchase until further notice)

P.M. Bacon: must be m'tained as now.
Must therefore try to adjust Canadian contract.

J.S. Eggs: can't be stored.

H.D. Must re-negotiate contract.

Programme approved, as amended.
R.S.C. authorised to make announcement.

4. Investment Programme.

- R.S.C. P'mme of finished houses 140.000: in constⁿ reduced by mid '49 to figure corresp. with that. Then I wd. be satisfied.
- A.B. Agree must be some reduction. But planners pessimistic re run-down of stock. Completion is going faster. About 50% are roofed. P'mme comg. into balance more quickly. Last month started 4.000 new: but approvals fell by 11,000. Deflation continuing. 15.000 p.m. is grave redⁿ. P'mme of 140.000 is too low, however. Suggest review June '48 = m'while p'mme will be brought into balance on assumptions in this memo, viz. 140.000.
- R.S.C. Then when do you reach 140.000?
- A.B. I don't want to go below 180.000 p.a. Ready to consider in June '48 what rate shd. be in 1949.
- R.S.C. This is only a way of p'poning decision until next June! Must decide how many we shall build in '48.
- A.W. Accept objectives – saving material & man-power. But hard decision may prevent us fr. completing houses wh. wdn't use more labour etc.
- R.S.C. That point abandoned by my covering note.
- A.B. Can't now cut 1948 p'mme = only actual bldg. How control starting of houses "approved".
- R.S.C. By materials.
- A.B. 340.000 houses under constⁿ. None to be stopped?
- R.S.C. No.
- A.B. Then that = p'mme for 1948.
- R.S.C. But I can't give materials for more than 140.000. The issue of timber will be limited to 140.000 houses. That wd. allow finishing of houses in which all timber already built.
- A.B. V. well. But review on merits in '48.

Industrial Bldg. As approved by Prodⁿ Cttee.

A.V.A. Can't be committed to-day to further 15% cut. Will consider it.
Will M/H. collaborate with Ser. Depts re housing for Services?

(covered by my note. R.S.C.)

Defence Research. Can I appoint Sub-Cttee with M/W.

R.S.C. And a Planner.

Agreed: subject to the points noted.

1. Parliament.

Business for this week & next.

2. Parliament: Committee of Privileges.

- H.M. V. diff. & important.
A.G.'s view: main ques. if no breach of privilege, no action open.
Believe him to be wrong on this. Not necessary to take the point wtr. it was ques. of privilege. Disgraceful conduct is judgmt. of H/C. – even on misdemeanour (cf. Bottomley) it's not automatic on conviction.
Party mtg: may be privileged if related to specific piece of Parly. business. This wasn't & unwise to claim it.
Dangers of going too far – a) don't want it extended to smaller mtgs b) don't want to exclude courts c) might be a duty to disclose somethg. scandalous.
Fasten therefore on the money & hold it's disgraceful conduct.
- P.M. Any precedent for disgraceful conduct apart from a conviction?
- H.M. Believe so.
- R.S.C. Must be conduct as a Member.
- H.M. Yes, but not in relation to performing duties as a Member.
- A.B. Articles openly published in own name wd. not be disgraceful.
- H.M. A.G.'s case is based on Sandys. But that was in relⁿ to specific piece of Parly. business.
Argument for not penalising journalists is that they aren't M.P.'s.
But House shd. warn them for the future. Motion in para. 14.
To lay down the doctrine.
Limitation of Ct^{ee's} function. Think they are takg. too narrow a view of their functions. Wise therefore to remove doubts, as in 16.
Tho' original Motion has gone too far.
- J. V. diff. point. Don't think disclosure of Party mtg. is breach/privilege.
If no such breach, is his dishon. conduct in his capacity as M.P?
V. diff: but inclined to say "yes".
Much to be said for being content with reprimand – in view of doubt & diffy.
- R.S.C. Para. 13 Motion. First part is clear – affront to House.
Second: this is not offence with wh. he has bn. accused &

hasn't had opportunity to answer. It is a 2nd breach not yet tried by Ctt^{ee}. Ctt^{ee} shd. have come back to H/C. & reported the further offence.

- H.M. Many precedents – offence to give misleadg. ev^{ce}.
Ctt^{ee} saw him again & he had chance to clear himself with them.
Can also spk. to H/C.
- R.S.C. Then put it as aggravation of 1st offence, not as 2nd substantive offence.
Third: “informⁿ about Parly. matters” v. wide. Obligⁿ of confidence not to Parlt. Was to Party. Wd. apply if this is correct. Wasn't disclosure about Parly. matters.
Better therefore say this man has not behaved as a M.P. should.
- A.B. It is the clandestine sale that matters. He obt^d informⁿ qua M.P. & sold it clandestinely to a newspp.
- R.S.C. Accusⁿ shd. be obtaing. informⁿ fr. other M.P.'s – that is why it is conduct “tending to destroy mutual confidence betwn. M.P.'s.”
Substitute “from other M.P.'s” for “about Parly. matters”.
- H.M. That wd. apply to informⁿ about Derby winner obt^d from one M.P. by another.
- A.W. Isn't anything breach/privilege which obstructs Members in doing their duty – incldg. fear of being betrayed to Press.
- P.M. Goes much too far. Wd. apply to ridiculing a man in his own constituency.
- A.B. Add: “from other Members in his capacity as a Member.”
- R.S.C. After Allighan, “in his capacity as a Member corruptly accepted payment for the disclosure of informⁿ obtained from other Members of Parlt. under the obligⁿ of confidence.”
- J. That wd. open discⁿ wtr. this was in his capacity as a Member.
- R.S.C. So wd. “about Parly matters” – and on less secure ground.
- H.M. Will consider part 3 in light of discussion.
- A.B. Second para. Is it wise to press this? X-examⁿ by K.C.'s on Ctt^{ee}. He had no legal defence.
- R.S.C. Wdn't matter if had told the truth.
- A.B. H/C. doesn't like persecution of individual Member.
- H.M. This is clearest point of all.

Penalties. Allighan.

- H.M. There will be strong feeling in favour of at least suspension.
Must distinguish in favour of Walkden. Reprimand & severe
 reprimand doesn't mark distinction enough.
Suspension fr. now till Easter recess is about right.
Likely to be criticised as too light.
- N.B. Make penalty as stiff as poss.
- R.S.C. Short of suspension, will be laughing stock.
- A.B. Public exposure is enough.
Suspension penalises the constituency.
- G.T. Opinion in constituencies – much shaken by this. Must make an
 example of him. Must mark enormity of his offence. Shall
 lose public confidence otherwise.
 Agreed: Severely reprimand and suspend, without salary.
 A.B. protesting.

Walkden.

- H.M. Reprimand wd. be enough.
- P.M. Is W. guilty at all? Ctt^{ee} put it on b/privilege.
- H.M. We shd. have to put it on “3rd para.” grounds.
No motion before us yet.
- N.B. W. has bn. on dangerous courses. Tried to get contract for firm
 incldg. his son - & threatened me, when at Air Ministry.
Needs a severe shock.
 Agreed: Reprimand only.

Heighway.

Cab. Paper: copies to A.G. before debate. Approve – reprimand.
Clk to H/C. after debate. Paras. 14 and 16 approved.
 (P.M. to settle)

[Exit W.W. Enter J.S.]

3. Food: Potato Supplies.

- J.S. Grave situation. Don't pretend this scheme will be satisfactory.
 Rationing imposs. because home-produced food (95%) &
 sources not sufficiently w'in our control.
- Also, grave burden on whole rationing scheme.
Calory intake, with other cuts, down to 2.675. Hope R.S.C. won't

deny in H/C. that this is disastrous level

- R.S.C. I won't speak of it as "disastrous".
- J.S. Nutritional experts will say so, backed by Govt. publ^{ns}. And consequence of disastrous decision to make these cuts vice tobacco, films.
- P.M. Isn't scheme likely to break down? Wide variations in potato consumption. Retailers control. Rural sources etc. Shd. we assume this responsibility? Voluntary scheme?
- R.S.C. Wd. mean none at all left by March or April.
- E.B. If Govt. buy the pots. can't we have offl. control of distribⁿ?
- R.S.C. Cd. this be linked with bread ration – same differential for pots. as now for bread.
- J.S. On a full rationing scheme.
- R.S.C. Why not on distribution scheme, too.
- J.S. By asking retailer to give the same as for bread.
- R.S.C. That's what I meant.
- J.S. Greengrocers unused to rationing. More diff. to do it.
- J. Can't we regulate supply to shops.
- R.S.C. Must then have some control from shop to consumer.
- J.S. 175.000 holdg. stocks for commercial use.
- A.V.A. Crop isn't lower than 1931. We then coped by size of riddle, & vol. trade agreement re issue. Trade handled this before. Only diff^{ce} is shortage of other starch foods.
- T.W. That makes a fundamental difference.
- A.B. This calory redⁿ is calamitous. We can't conceal it. Jameson, if asked, must tell the truth.
- R.S.C. I can't dodge makg. a statement.
- A.B. This, on top of other cuts, will have depressing effect. Public won't accept our priorities. Not satisf^d tht. our earlier decisions were taken on firm figures.
Heavy workers are heavy potato eaters. Everything reduced at same

time.

- A.W. Potatoes aren't there.
- P.M. Must link this with bread. If you cd. lift bread rationing at same time, this wd. do.
- H.M. No time for handling public presentⁿ if R.S.C. has to announce to-day.
Why not foreseen?
Blow to public morale?
Shd. link with abandonment of (shoddy) bread-rationing.
- E.B. I accepted the other cuts as cuts in food from dollar area. Hope they will be so presented. Can change later if b/paymts. looks better.
This, so far as we can see, is the worst. And we go on trying to do better, from alternative sources.
- J.S. Now limited by Ty. total for food fr. non-dollar sources.
- H.D. Ready to raise those limits, after negotiation betwn. Ty. & M/Food.
- E.B. Wd. prefer to say R.S.C. & H.D. to fix adjusted ceiling & methods of increasing supplies from non-dollar sources.
- P.M. Why not link bread & potatoes?
- J.S. Risky, even if we cd. be sure consumption of flour wdn't rise above old levels. Might be 10.000 t. p. wk. extra. Might run out before Austr. supplies in spring. Danger period cd. be Feb/March. Safe with another ¼ m. tons e.g. from Russia.
Present stocks about 10 wks. – 11 incldg. flour.
- E.B. Need for further study, before decision.
- P.M. Can't you reduce loss on farms, shortage etc?
- T.W. Will be lower this year than normal.
Consumption on farms. Has increased. Can't stop it.
- P.M. Trouble if urban dwellers know farmers are feeding to animals etc.
- N.B. More hay?
- T.W. But less grass.
- C.E. Early announcement will cause a run on potatoes. What steps to collar the pots?
- J.S. Controls on clamps & movement already taken.

C.E. I'm told there is serious run already.

J.S. Agree – sooner the better.

A.W. Waste. Need for public appeal.

G.T. Link bread & potatoes. If we can de-ration bread when we ration bread, wd. avoid diffy. We shall soon know wtr. we can do that.

H.W. Agreed. Before we decide can M/F. give appreciation of cereals future.
Cd. we get it fr. Russia.
Cd. we afford dollar wheat, by more exports.
Offered more on Mon. – not taken into a/c.

N.B. Appeal for economy might check any run on pots.
People have got out of way of war-time economies.

P.M. { Postpone decision re potatoes until we can see
Agreed. { clearer prospects of de-rationing bread.

A.B. Public will know pot. rationg. is near – and will lose prodⁿ on that a/c.
Want Monday's decisions reviewed.

T.W. Even last year's crop is 3 m. tons higher than pre-war.

P.M. We can say we are balancing potatoes & bread.

E.B. Rationing is the easy way – have more diff. ways out been fully considered.

J.S. Caution in talking of “starch foods” – for sugar is one, & we've decided to cut it & increase stocks.

Discussion re-opened of Monday's decision re dollar foods.

A.B. Those decisions relied on assumptions re steel imports, further expansion of our exports to U.S.

H.W. Wd. be ready to gamble on further expansion of exports.
B/payments document prepared v. quickly. Stats. go in to Ty. w/out Minister's approval. I may be able to get more out of timber etc.

H.D. Psychological point. Face the worst at once.

A.B. Whitehall campaign to shock working classes into working.
Don't believe in storing sugar.

- A.V.A. Margin of error – what of the drain? Exports: dollar expenditure in Germany. W'out somethg. in hand, you will be in a v. serious position.
- J.S. Accept need of £175 m. saving. But don't believe order of priorities is rational. This is being done to shock working-class opinion into working. That is view of officials.
Monday's decision to stand. A.B. recording misgiving?
dissent.

1. Illness of Minister of Transport. [Enter W.W.
P.M. N.B. to supervise M/T. L.P.S. to give a hand with C.R.O.
Minimum notice to Press.
2. Parliament.
H.M. Free vote on Rpts of Ctt^{ee} Privileges re Allighan etc.
Business for next week.
W.W. Vote (29/10) on abolition of Basic Petrol Ration.
Whips were on the doors: closure promised for midnight, but
Members seeped away & some declined to vote v. the Prayer.
H.M. Must deal with this at Party Meeting.
E.B. Will there be same trouble over Engagement Order.
H.D. Supporters must face need for supporting unpopular decisions.
H.M. Pressure for Party mtg. to discuss financial posⁿ. H.D. has met
Finance Group: he thinks it wd. be dangerous to meet Party on
eve of Budget. Liaison Ctt^{ee} are pressing for such a mtg. & I
promised to refer to Cabinet.
H.D. Have put reasoned diff^{ies} to Carol Johnston: said I shdn't be able to
say anything. Ready to have a mtg. with Party, but not on eve
of Budget. Will speak to Party afterwards.
P.M. Quite clear this can't be done immediately before Budget.
A.B. There will be Party mtg. next week - & we can't stop them talking
about finance.
They don't want a statement by H.D. They want only opportunity of
telling him their views.
P.M. H.D. is sufficiently in touch with Party views, by informal methods.
Objⁿ is to formal mtg. of Party – giving impression tht. Govt. are
takg. instructions from the Party.
A.V.A. Last point is specially serious in respect of Budget.
P.M. Current of views between Party & Cabinet shd. be continuous.
Don't therefore stress the formal mtgs.
Party shd. be asked not to discuss this on eve of Budget: & if they
insist on doing so H.D. shd. not be there.

3. Parliament Act Amendment Bill.

- H.M. Bill attached.
Parly. time-table – illustrative. Final decisions later, e.g. by F.L. Ctt^{ee}.
- J. Explained point of proviso.
H/L. powers re delegated legislation. Can't insert that if we are to keep to our time-table. Doubt if there is any substance in it.
Thought Cabinet shd. know.
- H.M. Agreed – wd. lengthen the Bill. If Bill establ^d single Chamber govt.
for delegated legislⁿ wd. lend colour to criticism.
- A.B. Memo. re delegated legislⁿ shd. be circulated to Cabinet. Agreed.
- A. a) Orders: posⁿ v. diff. now from 1911. Shan't achieve our purpose unless Bill does extend to subordinate legⁿ.
b) Had wished other matters to be considered.
“Nothing shd. be said to imply Party favoured retention of reformed H/Lds”
That is unrealistic. For introdⁿ of this Bill does acquiesce in continuance of H/L. with these abbreviated powers.
Shall be asked – is this all? Reduce to 6 mos? Single Chamber Govt? This Bill will commit us to H/L. as now constituted with these limited powers.
I wd. like therefore to associate this with reform. Abolition of the hereditary right to come & vote. Believe we cd. get some agreed solution on that. Cd. limit the right to issue writ of summons.
Irish Cab. to consider memo. on this point before we go fwd. with this Bill.
- R.S.C. Don't accept (b). Act of 1911 didn't have this effect – cf. its preamble.
This Bill doesn't commit us even to refraining from abolishing H/L. altogether.
- C.E. Labour Party in 1911 moved for deletion of preamble words because they favoured single Chamber Govt.
This Bill may provoke Lords to produce their schemes of reform.
Let initiative come from them.
We shdn't make any suggⁿ tht. we are ready to discuss with them means of makg. H/L. more sensible.
- P.M. Support C.E.
Deny that this amendmt. implies acceptance of the institution.
- A. That may be logical: but in fact inference will be drawn.

- R.S.C. Enough to say – H/Lds. as now composed until altered.
- P.M. All schemes of reform open to objⁿ they leave Tory majority in H/Lds.
Initiative must be left with H/Lds. on reform.
[Exit W.W.
Enter J.G.]
4. Law Reform (Personal Injuries) Bill.
- J. Proposal is not logical – a compromise. Justificⁿ: benefits derive in part from insured person's own contributions.
Informal assurance that T.U.C. will accept that.
Monckton Ctt^{ee} were more logical.
- J.G. Appears like giving some money to wrongdoer.
But otherwise we shd. be party to actions – might be driven even to initiating action v. employers.
- E.B. Approved societies did: for not everybody can belong to a T.U.
That course will not in future be open. Some citizens will therefore be without help.
- R.S.C. That is argument for Legal Aid Bill.
- A.V.A. Satisfied that a services point can't be met. But shd. be on record that I raised it. (W.S.M. has a note of the point.)
- H.D. Don't see any means of meeting this – tho' I sympathise with A.V.A.'s point.
Main point approved as in memo.
- Statute of Limitations.
- J. Varying periods 6 yrs – 1 yr. Monckton Ctt^{ee} recommended 3 yrs.
But l.a.'s haven't had chance of putting their views. The extension may be serious for them. Shall be pressed on this when Bill is discussed. Shd. we appoint a Ctt^{ee} to consider this from a wider angle – personnel to be agreed by me & L.P.
- A.B. What wider angle?
- J. Monckton Ctt^{ee} was asked to consider only relations betwn. employer & workman. They also left Scottish posⁿ open.
If new Ctt^{ee} reported in time, provision cd. be included in later stages of this Bill.
- G.T. Favour a Ctt^{ee}. But l.a. associations have in past bn. hotly opposed to any extension. Don't be optimistic about getting recommⁿ in time for inclusion in this Bill.

A.B. Agree: but pity it wasn't done earlier.
Agreed: Ctt^{ee} to be appointed.
[Exit J.G.]

5. Man Power: Registration of Street Traders.

H.M. As in memo. Arguments for action on spivs & drones. Per contra believe this is dynamite: street-traders are ticklish subject. Much noise & sentiment over them. My view: leave it alone.

P.M. Cdn't you cover street-traders in Genl. Order applying also to clubs & pools?

G.A.I. That is only alternative.
But why let drones regⁿ be voluntary & these compulsory.
Strong feeling.

E.B. Where?

G.A.I. In T. Union circles.
Try to cover all who aren't regular or in contract of service.
Must have a go at this. Tho' won't be much use when we get them.
Don't want it said tht. we never even tried to cope with this?

R.S.C. Unfair to stigmatise street-traders as criminal class.
General order is preferable – tho' not practical to enforce, doesn't matter because point itself is psychological, not practical.

C.E. W'out power of arrest, police wd. be in ridiculous posⁿ.
Agreed: Reject separate order.
Insert in genl. Order & bring to Legⁿ Ctt^{ee}.

[Enter R. Williams.]

6. International Bill of Human Rights.

G.A.I. As in memo.

E.B. Stand firm v. compulsory labour. Must assert the principle.
Want M/L. and F.O. to agree a statement to be made – justifying present action on grds. this is still due to war.
Don't mind I.L.O. lookg. at it. But wd. prefer to come down on this quick & avoid prolonged wrangle.
Russia not in I.L.O. Shdn't they be faced with resolution in forum where they are?

R.W. In formula, don't use phrase "Col. territories".
There are 8 areas where comp. labour in force.
Words "exceptional cond^{ns}" will cover our case.

- R.S.C. I.L.O. have already discussed & provided a let-out. No need to go there again.
- C.E. Jury Service: aiding civil power if called on to do so.
Are these w'in "compulsory labour".
- R.S.C. Prob. not. Anyway there is provision covering this in I.L. Convⁿ.
- N.B. Agree we shd. urge a formula & get it adopted. But thereafter wise to refer it to I.L.O. (who are expert on this). It will come back later. Viz., reference for advice.
Dom. Govts. to be informed.
- H.M. Is this realistic?
C/Engagemt. Order before H/C. We know we ought to do more.
Does anyone think this resolution will induce R. to behave.
This is humbug. Anyway, I deny as Socialist that State shd. have no right to direct citizens.
Waste of time & dollars.
- N.B. I.L.O. Conv^{ns} have reduced the evil of forced labour.
- E.B. I don't accept view tht. Socialist Govt. shd. direct citizens like cattle.
Conditions in S. Africa 25 yrs. ago - & what I.L.O. did to improve that situation.
We are in econ. diff^{ies} to-day. But hope we shan't always be.
I cdn't support econ. doctrine which permanently depended on direction of labour.
Influence of I.L. work even on our attitude to India & Burma.
No objⁿ to referring to I.L.O. for advice.
- A.V.A. P. 3. para. a) Wd. like to be consulted on form of words.
- P.M. Prefer the definition in Art. 2 of Forced Labour Convention '37.
- E.B. "Human rights" provisions have bn. included in Peace Treaties.
Want an international code v. which to check behaviour under those provisions.
Agreed: a) F.O. & M/L. to discuss working.
C.R.O. & C.O. & M/D. being brought into consultation.
b) If they don't like reference to I.L.O. our rep^{ve} be instructed to put up at once our formula.
- [Exit R.W^{ms}

7. I.T.O. Geneva Conference.

Variation approved.

1. Criminal Justice Bill.

[Enter W.W.]

- H.M. Discussed at Party mtg. Wed. No objⁿ to introdⁿ of Bill w'out provⁿ re death penalty. Between 2/3rds & ¾ however favoured abolition. Ministers' speech (J., C.E. and I) made some impression: tho' the mtg. knew there had bn. differences of view in Cabinet. Advise tht. we arrange it be not raised in Ctt^{ec}: can come up on Report: Govt. wd. then state their view & leave decision to free Vote. Ques. whether Ministers shd. have free Vote.
- C.E. Endorsed this a/c of mtg.
Bound to be raised. Strong body of emotional feeling for abolition.
Wd. be heavy vote in favour of abolition.
- T.W. Were repercussions in Germany & Colonies mentioned?
- H.M. No.
- A.B. Expressed view earlier that these ques's. (e.g. divorce etc.) shd. be left to free Vote. We have no knowledge tht. other Members haven't. If free Vote, travesty tht. Govt. shd. not be equally free. Thus, endorse H.M.'s recommⁿ save tht. Ministers shd. be free, too.
- A.W. What of Govt's responsibility for law & order.
- P.M. Govt. must take responsibility for consequences.
- J. Have read ev^{ce} given to Barr Commⁿ. All Prison Govrs. save exp^d views tht. abolition wd. involve grave danger of extended use of firearms & had formed tht. view fr. convers^{ns} with criminals. Govt. must ask then do we still favour abolition even tho' satisfied these might be consequences? I answer: c'dn't favour it if so satisfied.
But free Vote on a moral issue.
- H.M. Govt. must give advice. Otherwise impression of weakness.
Is public opinion ready for this change?
- R.S.C. I c'dn't ever vote against abolition.
- H.M. Cabinet cd. take a decision & advise. Tho' Ministers wd. be free to abstain.
- P.M. 1) Moral issue – personal opinion. 2) Effects of abolition – matter for argument & judgment.

Wd. be possible (tho' difficult) to admit Cab. opinions divided tho' we gave official Govt. advice.
 Cd. we have a Private Members Motion to get views of H/C. – on the principle?
 Cd. we have the arguments in Cab. pp? We aren't fully informed.

- A.B. No diffy. in getting amendment moved.
 Motion wd. expose to criticism re Private Members' time.
- H.M. I agree: amendment on Rpt. Stage isn't different.
- P.M. I think it is: for on a Bill Govt. more obliged to take a line.
- W.W. Prefer amendmt. on Report.
- C.E. If raised in Ctt^{ee} I cd. get it p'poned until Rpt. For advocates of abolition want to be helpful on procedure.
- P.M. Tories might do it.
- G.T. Must consider politics too. Public opinion is not clearly in favour of abolition – esp. at this time of high crime.
 This is political dynamite.
- A.W. In Scotland only one hanging for years: but reprieve for that case wd. have provoked riot in Glasgow because fear of gangster groups.
- P.M. Let us have a paper on the arguments }
- H.D. Includg. note of Barr Commission. }
- General views: some means must be found of allowing a free Vote. [Exit W.W.]

2. Cereals: Bread Rationing.

I. Wheat.

- J.S. Conclⁿ: we just haven't enough to warrant de-rationing, but v. important to set bread free when we control potatoes as clearly we must.
 Thus, ask for auth^y to buy the 400.000 t. wh. wd. enable me to de-ration bread.
 Alternative sources.
 Russia: conclⁿ of satisfy. agreemt. wd. also relieve coarse grains situation. For a) barley/oats harvest much worse than expected b) none in W. Hemisphere to buy, with dollars allocated.
 Argentine: crop won't be in until Jan. Wdn't sell before end/47.
 Wd. be affected by course of genl. negot^{ns} with Argentine.

- U.S.A.: might get it, but doubtful if they cd. give it us for purpose of de-rationing bread, when pressure to supply other countries much worse off.
- Potatoes: prospect no better. Cd. buy 100.000 t. fr. Canada at £1¼ m. in dollars.
Want large acreage of potatoes next year.
- P.M. Annex I para. 2.?
- J.S. 5886 is what we asked I.F.C. to allow us. They prob. won't give us as big an allocation. But exporters aren't bound by I.F.C. "recomm^{ns}".
5082 is effective figure of what we expect to get.
- P.M. Canad. shipmts?
- J.S. Critical period: April. Ques. of tonnage to lift from Vancouver
- P.M. Is diffy. procurement or shipping?
- J.S. Both.
- P.M. Wd. the alternative sources help if diffy. is shipping?
Shipping can't be limiting factor for U.S. supplies.
- R.S.C. The extra 400.000 is suggested so as to avoid diff^{ies} wh. wd. otherwise arise if shipping were not available in proper time etc.
- E.B. Cdn't timber shipments fr. W. coast be stopped in interest of wheat.
Ldn. docks clogged with timber. Cdn't food be given higher priority than timber?
- H.W. We have agreed to suspend timber shipments for 3 mos.
Being considered at offl. mtg. this a.m. Other consid^{ns} arise of course incldg. effect on Can. trade negot^{ns}.
- A.B. Does this mean redⁿ of p'mme?
- E.B. No: only timing of shipment.
- A.W. Divert to Leith, Grangemouth & Bo'ness.
- H.W. It isn't port capacity mainly, its shipping.
Agreed: M/T. to switch to wheat fr. W. coast.
- J.S. It wd. be helpful if shipmt. cd. be raised from 60.000 to 100.000 t. p. month.

Australian Contract.

- H.D. a) Wd. P.M. send personal message to Chifley.
- R.S.C. He knows all about it: it's political fight because Wheat Bd.'s position.
- A. Chifley & Pollard favour abolishg. some pretensions of Wheat Bd.
They wd. like a crack at it.
- R.S.C. Consult High Commr. in Ldn. first.
- J.S. May I suggest to Beasley tht. P.M. is willing to telegraph.
- H.D. Tell him P.M. is going to do it.
- E.B. Let P.M. send for Beasley = & discuss it with him. Agreed.
- A. b) Quantity. 30 m. bushels in memo. I was told it wd. be 50 m.
- J.S. Diff^{ce} is how much comes to U.K. & how much to areas for which U.K. buys.
- A. No: minimum figure allowg. for dependent countries was 50 m.
This figure in memo. represents a redⁿ by Wheat Bd.
- H.D. Then let P.M.'s message cover quantity too. Agreed.
- J.S. Estimate of harvest is rising.
But these additions won't help until next year. Because of rate of shipment. No possibility of increasg. early shipment. Anyway 100.000 t. p.m. clearance from ports is most Australia can do.
- H.D. Why not quicker build-up?
- J.S. We are urging them. Shdn't rely on it.
- E.B. Lifting enough by liner?
- N.B. Will enquire.
Lifting 11.000 p.m. now. But at cost of extravagant use of shipping & prs. U.S. chartering.
- R.S.C. These figures of shipmt. shd. be translated into arrivals.
- E.B. Improvise – go all out – non-dollar wheat and freight.

{ P.M. Let R.S.C. consider wtr. liaison betwn. M/F. & M/T.
Agreed. {
 { H.D. Wd. rather have dollar ships carrying non-dollar
 { wheat.

T.W. Don't think we are out of the wood merely by getting thro' early part of year.

Argentina.

H.M. Have we a machine wh. is really getting down to concerting business with Argentina. Shdn't we send a Mission? Gavin.

E.B. Mission about to leave.

H.D. They are takg. no dollars pro tem. in order to buy the rlway & trams. Have p'poned on that a/c sending a Mission.

H.W. Will prob. be headed by Paton, once head of U.K.C.C.

J.S. Support H.M's view. Not optimistic. Miranda threatening to shut off exports e.g. maize. Must bring it to a head. This is more important than any other negotiation. Hope will be given priority both in personnel and cards.

H.M. Gavin again.

E.B. One at a time. This is b/paymts. and trade. Don't mix Gavin up in that.
 Delay h'to due to B/T. desire to be sure what exports we can guarantee.

H.W. Agreed with E.B.

Russia.

H.W. Propose to re-open twds end Nov.

E.B. Convertible sterling. Stalin doesn't want dollars. Don't offer convertibility.

R.S.C. That is agreed.

N.B. Important to Canada too: when re-negotiating bacon.

H.D. Rule must be: no gold or dollars for Europe.

- J.S. De-rationing won't be affected by total. But by increased rate of shipment.
Must have another 400.000 t. by end/crop year.
- A.B. Diffy. – for dollar reasons we try to get more fr. longest-haul source (Australia). Thus, we seek 400.000 t. quickly from a nearer source.
General view: can't see clear enough to know wtr. we shall be able to de-ration by end '47.
- P.M. Stocks. Are the assumptions too conservative?
- R.S.C. Table II shows them tapering right off by June. That is danger point.
Agreed: Can't re-ration now.
- H.D. No dollar commitment now for the extra 400.000 tons.
Dollar diffy. is too acute.
Agreed: Look for extra 400.000 t. in Australia or in Russia: not in dollar countries.
- N.B. Passionate anger in India if we de-rationed bread.

II. Coarse Grains.

- J.S. Barley is only hope – fr. Russia – to offset crop failures.
- R.S.C. And a bit from Yugoslavia & Roumania.
- H.W. And they want steel, heavy electrical plant etc., - all things which everybody wants.
- T.W. Crucial importance of coarse grains to agriculture p'mme.
Russia is big source: go for that.
- H.W. May get somethg. out of Yugoslavia: prob. not fr. Roumania.
But from Curtain countries won't take consumer goods.
Ask. all the time for war potential goods.
- A. Barley: p.13. Is more for distillers & maltsers really wise?
- T.W. This is coming fwd. on another paper.
- P.M. No commitment.
- H.M. Kitchen-waste salvage?
- J.S. Cd. get 100.000 t. of Australian barley. Ty. wdn't authorise purchase at price asked. Now have auth^y but price still higher.
Decision shd. be confirmed re exceeding ceiling.

III. Potatoes: Rationing.

- J.S. Must introduce on Mon. next. Generally agreed.
Rate: 3 lbs. to start. 2½ lbs. wd. be easier to defend
in spring. Also de-rationing of bread may come later.
- A.W. Form on other cuts was to go down to bottom first & improve
later. Agreed. 3 lbs.
- J.S. Can we have Cn. potatoes? £1¼ m. in dollars.
- H.D. Against existg. dollar wheat. Agreed. M/F. to discuss with H.D.
- T.W. Acreage for 1947.
Proposal of J.S. is impossible. Over-insurance.
Let R.S.C. discuss with T.W. and J.S. Agreed.

3. Sugar.

- J.S. Submitted to warn Cabinet.
- P.M. Why a flat 25% on each?
- R.S.C. Better to keep jam as now and let cake go lower.
- H.M. Ice-cream can go wholly. Why not let M/F. use discretion.
- A.B. My advisers say it's unwise to reduce energy-bldg. food now.
- A. Nutritionally dangerous.

1. Parliament.

H.M. Business for next week.

2. India.

P.M. Situation touch & go. Nearly fighting. Some ray of hope.

N.B. Exchange of refugees in Punjab going much better. No attacks.
Police doing well. Now floods over, going better than expected.
Hyderabad: Monckton staying on another 10 days. Some hope
of agreement.

3. Civil Aviation.

H.M. May be awkward Debate over Nathan + personal aircraft.

E.B. No. employed in R.A.F. was 14 on ground. Civil: greatly in excess.
Parly. Secy. badly cornered. Shd. be looked into.
Activities of Air Bds. will cause trouble. Can't hope to make every
route pay. Cross B'tol channel route stopped on basis it alone
won't pay.
M/C.A. putting up v. long answers to P.Q.'s.
Then Nathan's tour on top of it. Sounded v. bad.

H.D. N. spoke to me before he went: important trip: special aircraft.
Surprised at cost, after the event.

E.B. No H/C. sense in their dealing with P.Q.'s.

A.B. Don't be panicked. a) Is M/C.A. not to fly on routes he is trying to
organise? b) Shd. M/C.A. go by surface routes? c) On public
service he wd. be displacg. other passengers. d) What of
W.S.C.'s expenses e.g. in going to S. France at end of war.
Compute cost of that.

A. Supported A.B.'s view. Minister shd. go & see for himself. Nothing
to apologise for.

H.M. S.I.M. Ctt^{ee} can consider the points about the Boards.

P.M. { I will see M/C.A. re Parliamentary situation.
{ S.I.M. Ctt^{ee} to consider ques. of administration
{ of Airways Corporation.
{ Staffing of M/C.A.

- G.T. Wider issue. We are being attacked for spending money which
Tory Govts. spent as a matter of course. And from Front
Opposition Bench.
- H.M. Seek wider opportunity on adjournment: & let A.B. speak.
- H.W. Cd. P.M. consider ques. of flight of small planes for Govt. use?
Use of private charter planes v. expensive e.g. last summer.
- N.B. R.A.F. don't want too heavy a commitment for civilian V.I.P.'s
But they do it well (Transport Command) & cd. do some.
If not, Bds. shd. run a flight – on model of Transpt. Command.
- H.D. Bds. shd. take this up. B.O.A.C. not v. loyal to idea of public service.
- A.W. H.M. might look into behaviour of B.O.A.C. in seeking to frustrate
Govt. decisions.
- P.M. We must discuss these ques. further in presence of M/C.A.
After consideration by S.I.M. Ctt^{ee}.

C.M. 86(47).

11th November, 1947.

1. Budget.

2. Palestine.

E.B.

Aug. 1st agreed by Defence Ctt^{ee}.

No telegram in yet re this a.m.'s prev. a/c.

Approve this in principle – clear draft with A.V.A.,
C.J. and P.M.

1. Parliament. [Enter W.W.]

P.M. On 20/11 signing of Registers – 3. p.m. P.M., H.M. & C.E. have to sign.
Means we stay till 3.30. of Marriage.
Bride leaves 3.50.
H.M. can leave earlier for Business Statement: or someone else do it.
Business for next week. [Exit C.E. and A.W.]

2. Parliament Bill.

A. Composⁿ of H/Lds. Read draft answer to P.Q. by Samuel.
H.M. Cond^{ns} a) Bill to limit powers of H/Lds.
b) Govt. wd. consider memo. on composⁿ if put up by other Parties.
If we offer conference, they will ask us to p'pone Bill.
P.M. Will look at proposals: but not promise to confer.
Limit answer to – won't consider until Bill passed.
A.V.A. Say: "not at this stage".
E.B. x/ Will consider any rep^{ns} when Bill is thro'. First recalling P.M.'s offer.
Agreed: on lines of x/. Terms to be settled by P.M.
A. will submit memo. on conditions.

3. Civil List. Princess Elizabeth.

H.D. Precedents all in favour of some further provⁿ on marriage. Feeling in Labour Party tht. this is not proper time for this.
During war H.M. accumulated surplus on Civil List because no ceremonials.
H.M. willing tht., if Parlt. makes some provision, these surpluses be set against it – so no net addⁿ to public cost.
Procedure wd. then be – H.D. to introduce Royal Message saying – H.M. being anxious tht. this provⁿ shd. be made in such a way as to impose further burden at present time, is willing to make available sums fr. Civil List savings to set against the provision approved.
Then Select Ctt^{ee}, with me in Chair & P.M. a member, which wd. hear ev^{ce} fr. Controller of Household & Private Secretary to H.M.
Then Ctt^{ee} wd. consider & I wd. submit proposals.

Shd. begin this procedure before Marriage e.g. Tues. next. Set up Ctt^{ee} but let it work after Marriage.
 Sounded Opposⁿ. Liberals agreeable to any proposals. Tories want assurance of some time-limit.
 Hope to avoid Debate before appt^{mt} Ctt^{ee}.
 Want now to inform Tories what line of message is: say actual amount of provision wdn't be announced until Ctt^{ee} work completed.

P.M. This gets over most diff^{ies}.

A.B. Debate later. Our people will ask – is H.M. entitled to this surplus. But keep it on basis that, if we have Royal Family, must keep it in proper state.
 Get Select Ctt^{ee} business thro' v. quickly.

E.B. Asked if Don Juan can come over for wedding. Cousin. Said no objⁿ if H.M. wants him.

P.M. Shd. we advise H.M. it wdn't be wise?

E.B. Have seen them all save Communists – drawn protests from Franco. Am ready to answer any protest. Let them all come. We have support of U.N. resolⁿ – as against any protest from Franco.
 Endorsed E.B.'s line.

[Enter H.G.]

4. Wages Policy.

R.S.C. Brought up because mtg. with T.U.C. Mon. Also coming award to miners. Believe this must be prevented fr. startg. another cycle. Tried in this draft to show a) our view on minimum and new basis of relativity acc. to importance b) new Nat. Tribunal. It is, however, a) to which I attach most importance. Either public statement: or basis for our discⁿ with T.U.C. In earlier disc^{ns} we were handicapped by lack of policy. Can we at last clear our own minds & use it as basis at least for discussions if not not for propaganda.

G.A.I. Accept the purpose. Ques: method.
 New cycle is starting. Some "relative" unjustified: others are diff. to oppose.
 T.U.C. are thinkg. – some movemt. to meet us.
 Practical diff^{ies} as in memo. Para. 2.
 (1) as memo. Communists trying to break T.U.'s by unofficial strikes.
 (2) As in memo. Also, wd. it be proper for Govt. to refer to the new Tribunal ques. settled betwn. parties in a lower Court.
 (3) As in memo. Are we going to follow 14th century Statute of

- Labourers in forbidding payment of more than x.
- (5) Labour is askg. if we increase prodⁿ by 10% who is to get the profit?
 - (6) Better (pour rire) reduce wages in non-essential industries.
Men willing to accept lower wage in secure job. cf. peace in docks since de-casualisation.
- Suggestion: another way. T.U.C. likely to call conference of Executive in December. A.E.U. are suggestg. Govt. shd. intervene.
Let us propose a Govt. spokesman there to put issues & give a lead.
T.U.C. can't however bind individual Unions.

H.M. Discussions in L.P. Ctt^{ee}. Sympathy with both views. Something must be done. Higher wages & shorter hours mean a) no one will gain because prices or subsidies will rise. Some of the undermanned ind^{ies} are victims of cycle – cf. roadmen & farm-workers. b) Our exports must be at competitive prices. Managemt. must contribute too. But workers are drawg. on overdraft. Buyers market will knock us.
T.U.C. can't make this sort of offer to Govt. Too much for Govt. to make public statement on these lines. But Govt. shd. put proposⁿ to T.U.C. Possibly alternatives a) this draft b) proposal tht. Govt. put economic facts to both parties in negotiations and Tribunals. c) T.U. leaders & Ministers to exercise restraint. d) Possibly, as threat, mention statutory wages stop.

P.M. Can agree on genl. posⁿ & need to stop spiral.
Ques. really is what we can do.
Obj^{ns} well put by M/Labour.
Find it diff. to support idea of Central Tribunal – wd. bring Govt. in wages arena.

E.B. Is there a case for any action?
Is there any inflation in standard wage rates to-day?
What has happened since 1940 – narrowing of gap between top & bottom of list of standard rates.
Posⁿ of T.U. leader with stat. maximum. Impossible.
Standard wage £4-5 a wk. Real wage lower than '39.
During war increased incentive paymts enormously.
In Germany we have fixed wages & prices. Result: no chance of getting any incentive arrangement. Workers doomed to slavery.
Dockers: 19/= a day basic rate. But 110% of pre-war output.
If output continues to rise, are you to say that because c/living hasn't risen they are to get no more.
1921-26 all these things were tried.
True, classifⁿ (relativities) shd. be changed.
Roadmen. Agric. risen from 34/= to £4.10.0.
Roadmen £2.5.0 to £4.12.0.
Not therefore pre-war gap that has caused posⁿ. Tho' I agree

- we haven't got due equilibrium.
 What is present turn-over of labour? V. small, in spite of dislocation of war & reconversion. 200.000 p.wk. out of 18 million. In U.S.A. they get 100-150% p.a.
 M/L. progress twds. stability. Why shd. Govt. itch to get into this? Whatever you do, you won't touch management – who will still be able to get more remuneration somehow.
 Preservation of our liberties depends on free negotiation of wages & liberties of T.U. movement.
- A.B. Much in what E.B. said about exaggeration of “excessive wages”.
 Remarkable degree of stability – thanks to T.U. responsibility.
 But relative levels – E.B. doesn't get this right. Small turnover is not healthy sign when we want to change distribution of man-power. It is too easy for some sections to get wage increases e.g. clerks & municipal workers. We want more mobility.
 Can't have economic plan and laissez-faire attitude to wages.
 I submitted proposal earlier: consider what we can do about public sector of industry – where the normal play betwn. worker & employer interest doesn't operate. We cd. say that where Govt. have direct interest they must have a right to come in on wages. E.g. building, where both sides can agree to take millions fr. Exchequer: also l.a.'s thro' grants: possibly wherever there is a Govt. subsidy.
- T.W. Automatic increases on relativities. Must make diff^{ies} of that clear.
 Favour putting these diff^{ies} to T.U.C.
- E.B. Cab. has had no ev^{ce} tht. wages are inflated, or tht. under-manned ind^{ies} lack workers because wage diff^{ies}, or tht. wage standards are too high.
- G.T. Support E.B.
- A.B. Will Cab. ever accept posⁿ tht. Govt. are employers tht. we are running planned economy.
- P.M. Immediate ques: what line do we take with T.U.C.
- R.S.C. Problem is how do we make wages fit in with planned economy.
 Under-manned ind^{ies}: clearly wages is one factor.
 If we take E.B.'s line, no point in discussg. with T.U.C.
 If we go on with these discussions, we must know what we are aiming at.
 Put in my memo. to crystallise ideas – not wedded to these.
 Last talk with T.U.C. was most embarrassing because Cab. had no policy.
- E.B. No one has told me which are the under-manned industries?

G.A.I. May I produce list of pending claims, for Monday. Put the facts
down for discⁿ with T.U.C.

1. Resignation of H. Dalton: Demand for Select Ctt^{ee}.

[Enter W.W.]

- P.M. V. gt. loss to Govt. V. gt. sympathy (agreed).
Enquiry. Nothg. to enquire into. But Tories intend to press it.
Letter from H.D. – hope you will allow Ctt^{ee} w'out
hesitⁿ if Tories press for it.
If we refuse, will look as tho' we have somthg. to hide.
Propose to say: no dispute over facts but if wanted won't resist.
- H.M. Discussed with P.M. & W.W. Friday a.m.
There is a case for other view. Tho' H.D.'s personal view makes it
awkward.
First instinct: this was Tory effort to hit a man when he's down.
No reason to believe anythg. else in it.
Our supporters may think we are on the run – leavg. H.D. to the
wolves.
Might rally Party to take that line.
If, however, other alleg^{ns}: we cd. agree to Ctt^{ee}. Put onus on them to
show what Ctt^{ee} has to enquire into.
When Ctt^{ee} meets, may be some awkward points. Ministers cdn't v.
x/ well be members.
Shd. conduct of journalist be subject of enquiry? Is it worth while
to have enquiry into that?
- E.B. What t. of r.? Limited to this incident?
- R.S.C. From H.D.'s angle better have it settled. Otherwise, gossip will get
out of hand.
- J. Support this v. strongly. Knock on the head idea tht. there is
somethg. behind it.
Put onus on Tories: but let them have it if they insist.
- P.M. Will say H.D. wd. welcome it.
- G.T. x/ Some Minister shd. be on Ctt^{ee} – to watch interest of H.D. & Govt.
- A.B. Agree with P.M.'s view. Say: can't see purpose of it, but if Tories
want it we will readily give it.
Seek early chance of social mtg. with H.D. e.g. Cab. give him a dinner.
- T.W. Stop our people from starting a debate on it.
- C.E. Genl. feeling of sympathy – W.S.C. was right in his magnanimity
on Thurs. p.m. Cd. P.M. allude to W.S.C.'s attitude?
- N.B. May be something in Press point.

- P.M. Procdgs. under Off. Secrets Act (v. both H.D. & journalist) are a matter for L.O.'s – not for Govt. or Parlt.
 Agreed: as in P.M.'s proposal.
2. Savoy Hotel Strike.
- C.E. Dispute for about 2 wks. Not a large propⁿ of workers are in sympathy.
 Lewis M.P. has tried to enlist sympathy other Unions, esp. those with Communist bias. One of aims is to carry dispute into Wedding week.
 Savoy generates own electricity – needed for water & sewerage. If oil supplies cut, hotel cdn't work. Last week, Wed., 2 lorries arrived: Lewis talked to both drivers: first delivered the oil: second was going to do so when pickets lay on ground behind lorry. Driver not prep^d to injure pickets and drove away. Police removed: no power to arrest picket unless offers violence.
 Posⁿ: unless oil delivered by to-day hotel wd. close. Ldn. drivers have refused. Sunday a.m. 3 lorries came from Lancs. before day-break. Pickets again lay down, were removed – more than once. Crowd. 3 offrs. drew truncheons – 2 or 3 people v. slightly injured incldg. Asst. Secy. C.S.C.A., who was acting as volunteer picket.
- G.A.I. Trouble for many months. Nat. Arbitⁿ Tribunal advised P. shd. be re-instated. Savoy said this was illegal: & High Ct. have since upheld that. They offered to pay his salary for a time & have in fact paid £175: now sacked him.
 Lewis then called them out. More have gone on working than have come out.
 M/L. have appt^d court of enquiry. Union then decided it's unoffl. strike. Lewis, tho' official of Union, counselled strike. Then Wontner wrote threateng. dismissal: & in view of that Union made it official strike.
 Trouble due: Lewis and Wontner: both unwise.
 Volunteer pickets – mainly from Communist T.U.'s.
 P. planted there by C. Party. Said to have bn. interned 18 B. H.M. Prob. as Italian, not 18 B.
 Court/Enquiry shd. finish v. soon. Wontner has agreed to accept its report. T.U. haven't. But believe they will.
- C.E. May be raised in H/C. to-day by Private Notice Ques.
 My line, to W.S.C. h'to has been: no part of Police duty to take sides in industrial dispute, but shall keep traffic flowing on highway.
- A.B. Danger if C. Party get control over Ldn. hotels. Managers open to blackmail. Centre for espionage etc.

- E.B. Danger of Moscow stirring up trouble because our refusal to come in
 with their political line. Timed to Nov. mtg. of C.F.M.
M. threatened Bidault with this, in effect, when we wdn't agree
 with R. on Marshall Plan.
Labour Party must be on their toes – esp. in strengthening T.U.
 posⁿ – and standing out v. unofficial strikes.
- A.B. Won't get so far in U.K. as in France & Italy. T.U. weapon wd.
 break in their hands. Their influence, if over-called wd.
 disappear.

1. Foreign Affairs.

E.B. Palestine – may turn out well.

C.J. Both reports will go to Ctt^{ee} at end/this week.

E.B. U.S. trying to get us to support their plan in disregard of work of Ctt^{ees}.

[Enter H.H.M., G.S., C.K.,
H. & H.G.]

2. Steel Priority System.

H.H.M. Offl. Ctt^{ee} satisfied tht. workg. of new steel scheme wd. be hampered if any substantial amount of priority steel. But P.M.L. symbol so widely known it can't be w'drawn hastily. Yet must add agric. and export.

Hence compromise scheme, wh. must be judged as whole.

Begin by increasg. priority steel, but taper it off until confined to bottleneck items when new scheme comes in.

Ministers concerned have agreed this in principle.

On draft statement comments by A.V.A. and M/S. which I have accepted.

Statement promised in H/C. by R.S.C. Propose to make it to-day.

P.M. Why mention timber in para. 2? Agreed: restrict this to steel. Is it clear enough tht. importance is still attached to p'mmes? Shd. you not say, import saving & exports are of equally importance as others.

A.B. Any need to mention atomic energy in para. 1. Anyhow, object to list. E.g. mention of transport – too wide.

T.W. Invitⁿ to Dpts. to give sympathetic attentⁿ to needs of agric. Don't ask for priority now.

Agreed: amend para. 1 as shown in my copy.

H.G. This assumes new scheme will work well. When will it come in?

H.H.M. April 1st.

H.G. In 2nd & 3rd quarters of '48 will alloc^{ns} & deliveries match exactly?

H.H.M. V. nearly.

H.G. Review new scheme before end of 1st qtr. of '48.

- R.S.C. Must be subject to continuous review. Any Minister can ask for revision at any time. Agreed.
- A.B. Pin-pointing of special needs.
- R.S.C. This will be done.
- H.W. Discourage mass demands for priorities.
- N.B. Will para. 5(d) exclude use of symbols for transport after June?
- H.H.M. No.
 Agreed: Revise in consultⁿ with R.S.C. for statement Thursd.
 [Exeunt above: Enter W.W.
save Hall.
3. Parliament.
- H.M. Business of next week.
4. Budget Leakage: Select Committee.
- H.M. P.M. will take Debate.
 Liaison Ctt^{ee} have considered. M. Webb wants to pursue ques. of newspapers' action behind the scenes.
 x/ Propose to add "all" the circs: and "relating to or assoc^d with". That widens scope of enquiry. Tory Motion limits it to disclosure. Shd. be Govt. Motion: diff to put Whips on for Opposⁿ Motion.
- R.S.C. y/And omit also reference to "is a Star correspondent" – if you want to get the scope widened. viz. stop at 13th Nov.
 Motion agreed with modifications x/ and y/.
 Govt. Whips to be on.
 Date to be arranged with Ch. Whip.
 Ctt^{ee} of 15. Chairman fr. Labour side. Precedents are against Ministers being on Ctt^{ee}.
- [Enter A.H.]
5. Criminal Justice Bill: Capital Punishment.
- C.E. Extremes not likely to be swayed by argument.
 Hope we can arrange to settle by vote on Floor. Even if we tried to keep Whip on, we cdn't make these vote.
- P.M. Govt. must advise on effects on law & order.
- C.E. Realm of prophecy. Effects foretold when death penalty to be abolished for e.g. sheep stealing. Foreign countries – no ev^{ce} of increase.
 Don't think a case has bn. made out tht. risks wd. be increased.

- P.M. You must have a view as Minister i/c Bill.
- C.E. I wd. say no suff. reason qua effects to vote v. abolition.
If Private Member I wd. vote for abolition.
- P.M. Then what shd. Ministers do?
- A.W. Can we advise H/C. there is no risk in abolition.
- C.E. No statistics to show tht. abolition in f. countries has led to increase
in crimes.
Traditional view of police & “experts” has always bn. wrong.
- A.W. a) Murder is peculiar.
b) Norway & Sweden can’t be cpd. with Glasgow or Ldn.
Gangster crime. What of U.S.A.?
- P.M. I assume a diff^{ce} of opinion in Cab.
Only ques: what line shd. Cabinet take?
- A.B. Leave it free to Ministers – but Ministers not to take part in debate.
- H.M. Diffy: criticism tht. Govt. shd. advise H/C. – either on merits or
on timing of the change. Cd. keep clear of merits on basis tht.
this is no time to do it – because of post-war circs. & unknown
state of public opinion.
Not imposs. then to allow free Vote. But Govt. wd. give some advice.
- P.M. Responsibility of Govt. to the country – to give advice.
- H.M. Must watch public opinion – not convinced tht. it wants this change.
- A.W. Danger of too many abstentions. Wd. be grave if abolished by a
v. small vote of H/C.
- E.B. Trial & error. Why not suspend for 5 years?
- C.E. That is prob. what amendment will propose.
- E.B. Don’t want suspension before 1950 because of post-war unsettlmt.
Shd. you do it now? Try it in a year’s time.
- T.W. Free Vote. But ask C.E. to advise p’ponement for 2 years on grounds
of no mandate. [Genl. view against using mandate argument.]
- A.B. Why shdn’t H/C. express a view? Why shd. Govt. dragoon it?
Our concern is merely to avoid having this decided by H/C. in
a way which brings Govt. into disrepute.
Let C.E. put pros & cons objectively. Ministers free: but not to speak.

- G.T. Party angle. We are Govt. Tories will exploit differences in Cab.
Public opinion: have found no-one who thinks it right to abolish now. Recommend therefore "this is not the time."
- J. Support that view. Increase of violent crime.
Home Secy. can do this by universal reprieve.
Leave open the ques. of doing this in future.
- R.S.C. I cdn't vote in favour of prolonging it. Wd. want liberty to vote for abolition.
Agree Ministers shdn't speak.
- A. Wdn't H.M.'s line meet you? Govt. advice to p'pone.
We shd. give that advice to H/C.
- P.M. Govt. can advise H/C. to p'pone: but say we aren't putting on Whips.
- H.M. Consequentials – Colonies, Germany, mil. offences & espionage.
- A.B. That raises basis of objⁿ. I don't mind c.p. in more primitive civilisations.
- N.B. Rising standards re sanctity of human life. We haven't now got that rising standard. This therefore is not the time.
Diff. to abolish in Colonies. Abolitionists in H/C. will want it abolished there. Also Germany.
- C.J. No demand for any change in law in Colonies.
Ques. wd. arise only in limited no. of Colonies – for no action cd. be taken w'out consent of Leg^{ve} Councils.
Support point about social background.
Col. wd. have to be regarded as special case.
- H. Strong Service view. Wd. involve some alteration – for civil offences.
But we shd. want death reserved for mil. offences.
Shinwell agrees. We press tht. this be kept a separate issue.
- P.M. View: 10 : 5 in favour of "Time not opportune."
Give that advice. But allow free Vote of H/C.
Ministers shd. not speak against Govt. view.
Shd. they abstain from voting?
- A.B. Must we sacrifice everything?
- E.B. If I felt strongly I shd. claim right to vote.
- R.S.C. Think we shd. have the right to vote.

H.M. Constitutionally wrong to register divided views.
Abstention shd. be enough.

A.B. That is right. Was wrong to impose original decision on us.
But we can't divide in diff. Lobbies.

R.S.C. Ministers must then be free to resign.

P.M. Labour Party have already given much latitude on matters of
conscience.

C.E. Diff. to force junior Ministers to abstain.

P.M. Are we prepared to drive Ministers out of office on an issue
like this?

G.A.I. Duty to constituents?

E.B. If H/C. has a free vote, why not Ministers.

C.E. I shall have to vote in acc. with my statement. That will be v. my
conscience. Other Ministers who favour abolition will abstain
& it will be noticed. Is that any better than allowg. them to vote
v. Govt. line.

A.B. Unity of Cab. isn't really imperilled by dividing votes on this.

A.W. Why haven't you objected to death sentences carried out since 1945?

J. Diff. to allow Ministers to vote v. the advice given by C.E. on behalf
of Govt.

P.M. Precedent: 1931. Bill for Sunday opening. } Ministers voting
1932. } against.

A. Not a ques. of Party politics. No objⁿ to Ministers voting freely.
Divⁿ in S. Entertainments Bills didn't upset Cab. solidarity.

N.B. Junior Ministers wd. be in a hopeless posⁿ.

A.V.A. Agree.
Shd. have bn. happier to vote together. But in these circs. I believe
we shd. allow a vote.

A.V.A. Serv. Dpts. shd. consider effects on death penalty for mil. offences.
[Exit invitees save W.]

6. Savoy Hotel Strike.

C.E. Incident of Mon. night (2.15 a.m.). Lewis M.P. arrested –
obstruction of oil tankers. 19 men & 4 women arrested.
Demonstrations threatened 18/11.
Saw Lewis 7.25 p.m. Mon. Warned him tht. highway wd. be kept
cleared – he went off & did this.
May be efforts to demonstrate on day of R. Wedding.

1. Food: Christmas Bonuses

- J.S. 6^d meat: 1½ lbs. sugar: 4oz sweets.
Less than 1946: but all we cd. do. [8^d meat : 1½ sweets for
young & old: cakes & turkeys – 1946]
Cakes: no good because flour rationing.
- E.B. Not worth doing for Gravesend.
- J.S. Will announce in ordinary course next week.
- R.S.C. Relate meat to increase from Eire.
- A.B. Still more sugar?
- J.S. Cdn't distribute more.

2. Foreign Affairs

Council of Foreign Ministers.

- E.B. Not optimistic about C.F.M. Likely to break down. No advance on
Moscow. Rumours re strikes fomented by Communists. May be
tried here.
- G.A.I. x/ Being done here already.
- E.B. Not on same scale as in France & Italy.
Saw M. last night: said nothing: hinted Soviet Union subject to threat
but didn't answer when I said "by whom". Tactic: when about
to move, complain tht. others are threatening.
Problems cd be settled save for ideological drive.
Czechoslovakia now going to be swallowed.
Ruthless drive to eliminate middle parties.
- T.W. Publicity here & in Europe.
- E.B. Pretty good – U.S. station at Munich.
But I haven't encouraged anti-Comm. drive. Rather putting over the
new social democratic Britain. Can get that into R. to which we
are still b'casting: know it's doing good. We shdn't have much
chance in competition denunciation – tho' we may be driven to it.
- A.B. But Comm. Party of G.B. is not carrying out Moscow policy – as in
France. Beware of x/ = don't suggest our unofficial strikes are
instigated from Moscow.

- H.W. Troubles in U.K. caused by Trotskyites not Communists.
- A. Is communism growing in T.U. movement?
- E.B. Getting control – thro’ office.
- N.B. Labour Party are tackling that now.
- H.M. Can Genl. Council get on to this – and restore the “black circular” which they w’drew.
- G.A.I. Ldn. Trades Council now under Comm. control. Believe T.U.C. might now restore the circular which they had to w’draw at the time because prestige of Red Army.
- E.B. Fear R. may play this game too long & provoke war thro’ U.S. loss of patience.
- A.B. Leon Blum = pressure of 3rd force: will be reaction in France v. Commⁿ and swing too far, on to de Gaulle’s side. That is point which we shd. press. Re-action to Fascism will be worse for workers. Their hope is in central Party. We shd. stress that more & more openly.
Dangers of the 2 alternatives.
We cd. rally people behind that.
- E.B. Cd. Cab. meet specially to take stock of our position? After C.F.M mtg.
Have bn. waiting to see whr. that wd. break down.
Working party: not of officials this time.
Then carry T.U.C. & Party Executive with new policy.
- P.M. Yes: as soon as we know how C.F.M. is going.

Palestine

- E.B. Told our Delegation to abstain from voting – on the 2 solutions.
This is consistent with our earlier attitude.
U.S. not worried over Arab re-action. But I am.
Before we settle our next step, must know how vote goes.
Can’t accept U.S. attitude of expressg. views & still refusing any mil. assistance.
- A.B. We shd. discuss. Are we going to facilitate creation of auth^{ies} to fill the vacuum we have.
- P.M. As soon as ques. emerges from the Cttees.

Japan: Peace Treaty

- E.B. We agreed to U.S. proposal for 11- Power Conf^{ce}. (14 incldg. India, Pakistan & Burma) with $\frac{2}{3}$ rds majority. Chinese put in proposals [conflicting with Sino R. Treaty: on wh. R. claim Chinese were comm^d to unanimity rule.] for Conf^{ce} with unanimity rule.
Now told U.S. have accepted that – contrary to own original plan.
Evatt won't agree unless he has right of veto or is allowed to exercise U.K. veto (!).
Must settle this week.
- N.B. A & N.Z. strongly support voting rules agreed at Canberra.
India too.
We must fight to the last for Canberra Rules.

3. Select Committee: Allighan Case : Motion affecting Press.

- H.M. Motion warning Press – on Allighan Debate. Read Motion.
Propose to stet: up to “displeasure of this House.”
Second part of Motion wasn't popular.
Propose to substitute “& may, if House thinks fit, be deprived of any facilities wh. he may enjoy w'in precincts of House for such period as House may determine.”
- A.W. Why not leave penalty to be determined when it arises.
- J. Yes: this might give impression this was most they had to fear.
- A.W. Suggest a limit on powers of House.
- R.S.C. Shdn't Motion make it clear it's a breach of privilege.
- P.M. Can't extend privilege by Motion.
- A.B. Do party want to go on with this?
- H.M. Yes: Must have means of dealing with bribes.
- Agreed: Leave first part. Second part indicating merely that House will then act as it thinks fit.
- A.B. Shdn't we have formula circulated?
- H.M. V. well. Memo for Thursday.
- T.W. P'pone debate until after by-elections?
- H.M. Yes, if convenient.

4. Balance of Payments.

- R.S.C. Mainly for informⁿ. Nothing to add.
- N.B. Want co-ordination of informⁿ to work well. But must be 2-way.
Can C.R.O. give Doms. full picture of U.K. position.
- R.S.C. At Liaison Cttee – preferable than by documents.
- T.W. Effect of Marshall Plan?
- R.S.C. Shall have to reconsider.
- H.G. Imports of inessentials. Diff. to export coal which we are short here.
Can explain in terms of essential imports. But not so easily if there are inessentials.
Nowadays few countries can afford inessentials. Our aim shd. be to encourage increased prodⁿ of essentials.
- R.S.C. Accept that general objective.
- H.W. But in particular cases we can't avoid "conditions of sale" wh. involve acceptance even of luxuries.
- S.G. Then at least explain it when we must do it.
- T.W. Flowers.... (shouted down!)
- A.B. And explain it in advance: publicise essential & inessential together.
Export of coal must be handles with v. gt. care – emphasising what we get in return. Otherwise, strikes in pits: "the miner is a highly political animal."
- A.V.A. Para. 15. Near balance save for rest of sterling area.
V. awkward if we have to carry that alone.
This is main lesson of memo.
Drive for more exports to dollar area: what effect, if at some time switching supplies away?
- R.S.C. Plenty surplus to buy in dollar areas when we can afford it.
- A.V.A. Non-sequitur in this policy.
- R.S.C. Coal. Pledged to 6m. to Marshall countries. Doubtful if we can get essential in return for that. Eire, Denmark & Sweden we are using coal to get food & timber.
- A.B. Will Welsh miners send coal to de Gaullist France?
This is dynamite. Will give Communists a real opening in our pits.

- P.M. That is the argument of U.S. public who don't want to send dollars to support a Socialist U.K.
- R.S.C. We can get Marshall coal v. some useful imports fr. Marshall countries.
- J.S. P'mme burdens official machine – direction of exports, bi-lateral negotiations. We are missing food chances because not enough officials to do all negotiations at once. Lost 300.000 t. of Danish butter y'day because not ready to undertake wholesale negotiations.
- R.S.C. Ques. of finding means of reducing Danish prices.
- J.S. 48.000 t. available in '48; and we may lose more.
We are being held back.
Ask for latitude to do some piecemeal buying in these circs.
Denmark owes us £35m – even if we paid high prices we cd. take it out of that.
- R.S.C. Mustn't throw away our cards before we begin to bargain.
- J.S. No power – Danes can sell elsewhere at this price. We lose no cards.
We did it for eggs.
- R.S.C. But at a more reasonable price.
Ty. think purchase at this price will weaken out genl. bargaining position.
- M/Food to consult with R.S.C. on this.
- A.B. Can't there be priority in these negotiations?
- R.S.C. There is already.
- J.S. Need to re-inform central machinery.
- H.W. Central machine is working v. well. Dpts need strengthening.
- R.S.C. Agree – strengthening is regu^d.
- N.B. Para. 12. want man-power & drive behind that.
F.A.O. cd. do more.
- R.S.C. Not diff. Doing nothing.
- E.B. W. Party on oil. How is that going?
Is Anglo-Iranian Co. doing all it cd.?
We cd. use oil as effectively as coal for Marshall Aid.
Too much readiness to accommodate U.S. companies.

- H.G. No ev^{ce} of restriction agreemts. etc.
Main trouble is steel. Allocⁿ made cripples expansion p'mme.
- N.B. Tankers. W. party of M/T and Adm^y now trying to accelerate repairs.
- E.B. Are the Govt. owned cos. playing suff. part in bi-lateral trading.
- R.S.C. Am examining that.

[Exit J.S. & H.G.]

5. Emergency Laws Bill: Billeting Powers.

- A.B. Opposⁿ may raise powers of billeting. May I guarantee tht. their
powers will not be used for persons directed to emplt.
- A.W. Impracticable in war.
- A.B. Have refused to guarantee limited to specified classes.

Agreed. Assurance may be given.

1. Parliament

Business for next week.

Budget

R.S.C. Advertising. Propose to drop this proposal – on basis that newspp. will offer much of their space for Govt. advertisements.

Parliament

H.M. Query arises over Ullswater's memoirs re position if H/L. merely fail to pass. We are examining this.

J. Cd. provide tht. Bill shall be deemed to have bn injected by H/L. if not passed by them 3 days before end of Session. But wd. draw attentⁿ to defect in Parlt. Act & might cook this Bill.

Cabinet Meetings

A.B. Cttee Tues. Wed. Thurs. on my 2 Bills.
Can cab. meet otherwise sometimes?

P.M. Mondays at 11.0 & Thursdays – as from week after next.

Leakage of Information.

H.M. To-day's D. Worker. Will take this up with Liaison Cttee & Party – say we are determined to find out who it is & shall w'draw the Whip.

A.V.A. E.B.'s speech – to be revealed during C.F.M. is v. serious. Treason rather than privilege.

E.B. All statements at Party mtgs. go to Soviet Embassy.

2. Parliament: Motion about Journalists.

H.M. Issue: this isn't privilege & action must therefore be w'in courtesy invit^{ns} by Parlt. to journalists.

R.S.C. Prefer 2nd formula. "Proceed against" suggests procs.

T.W. Is it "offered" payment? Better "made".

P.M. Then you exclude offering: would apply only to agent who paid.

H.M. Anyway, 2nd part doesn't arise unless M.P. has bn. found guilty.

Approved. 2nd formula.

A. What is area of privilege? (Para. 6)

P.M. This is ungentlemanly conduct short of privilege.

[Exit W.W.
Enter C.K.]

3. Requisitional Land & War Works Bill

R.S.C. As in memo.

A. Terminal. Wd. ceiling be added to compensⁿ entitled to at beginning.

R.S.C. Doesn't arise: ques only of amount payable on dilapidations at end of lease. Wasn't entitled to anything at beginning.

G.T. Diffy. tht. lease is coming to end.

R.S.C. That wd. affect, not amount of compensⁿ, but division between tenant & ground l'lord.

G.T. E.g. house with 15 yrs. to run: requisitioned for 7 yrs. Benefit if its restored goes not to tenant.

R.S.C. You've paid rent for the 7yrs.

A.V.A. Wd. also save them expense on dilapidatⁿ.

C.K. Diff^{ies}: Houses requ^d & turned into flats. Owner might want re-instat^{mt}.

R.S.C. That wd. be a waste: & compⁿ is not on basis of re-instatement. Compⁿ must be based on values lost.

A.B. Land?

R.S.C. Not covered at all.
Must be done – to continue Service requisitioning.

A.B. Don't say compensⁿ for lack of access to keep land in good condⁿ.
Otherwise, we open door to endless claims re foreshore.

A.W. Betterment of land requisitioned. Will this prejudice our rights to recover betterment?

- R.S.C. No.
- T.W. Ag. rents up by only 10% - as v. this 60%
- A.V.A. No service diff. over rent. Argument over terminal compⁿ.
But Service oppⁿ w'drawn.
- Memo. approved. [Exit C.K. Enter J.S.]
4. Food Prices.
- J.S. No strong views. All methods will hurt. All give us some margin re price increases.
Tea: v. unpopular, but wd. de-subsidise entirely - & we have bn. subject to blackmail by export taxes in India & Ceylon.
- H.M. 2oz. a week ration: money involved for family isn't large.
- N.B. Pakistan may impose additional tax.
- A.B. Wasn't here at Budget Cab. But don't like this middle course
Sentimental speeches re o.a. pensioners.
- T.W. £70/75m. must be found. Shdn't we spread it over wide area than this.
Butter is below pre-war price. Bacon price increase on top of reduced ration. Put bacon up a little & put the rest on butter & milk.
- G.A.I. Effect on c/living index: 101 to 107. Increased 3.27. Sugar price increase = beer = purchase tax = will involve some increase anyway. At least 106. [Food section alone from 101 to 112].
Then coal, gas, etc., next month.
Four wage rates still linked to index – boot/shoes=coopering: waterproofs. Not important in themselves = but will provoke demands fr. others.
- R.S.C. Cab. auth^d H.D. to fix & announce ceiling of £392m.
To do this, there must be some increase in food prices.
Food = 3.27 rise in index. About 3 points wherever you do it.
I wd. prefer a spread. Table B seems better to me.
Tea is politically sensitive.
Must mean 5½^d p. wk. & about 3 points on index, however you vary it.
- N.B. Import taxes on tea shdn't be met from subsidy. But we shd. tackle that in financial negot^{ns}.
- T.W. Table B. But more on eggs & less on bacon.
- P.M. When?

- J.S. V. soon, if we are to keep under 392 this fin. year.
- R.S.C. Don't care – for a week or so.
- E.B. Understood we were at 392: not, as now, over 400.
Cdn't R.S.C. accept 400 as a ceiling.
If we increase tea prices, wd. like to increase ration.
What about the subsidies on agric. prodⁿ? Shd. prefer to see these
increases spread over all subsidies.
x/ viz. 400m and spread evenly over all.
- R.S.C. a) 392 = rate for an annual total.
Comm^d to sticking to that rate. Bef. end/year paymts. made will
exceed 392.
b) Ag. subsidies. 26m out of 390. To reduce those wd. merely
increase price demanded by farmers.
- T.W. Prices fixed in Aug. on 4yr. p'mme. Took a/c of subsidies.
Any redⁿ of subsidies will have to go back on price.
Wd. mean re-opening the 21/8 announcements.
- E.B. T.U. leader: makes agreemt. re wages = 2 mos. later value of that
money is changed. This memo. seeks to save £70m: & will cost
£4/500m in wages. Is that good business?
And 1/- on wages comes to 2/- or more by time it reaches
consumers.
Timing – fatal to do this at Xmas. Right time is approachg. spring.
Much easier to do it then.
Appeal to R.S.C. to consider again – on basis of x/.
Further: negotiating now with Canada: may be able (if we Micawber
for another four months) by the spring to do better. Hope for
some increase in tea ration by then, also. Sugar stocks also a sore
point. Some little adjustment: so that when prices rise we give
more in quantity.
- A.B. Sugar – Party is v. angry.
Ready to agree to sacrifices if really necessary.
But price increases will cause disturbances in industry after industry.
These increases are bound to provoke a series of wages demands.
Maximum friction – unofficial strikes.
Timing = support E.B. Psychol. effect of winter.
Strikes are in the air because France.
Increases, if any, shd. be in spring Budget.
- R.S.C. Wasn't supposing these wd. all go on at once, with full publicity.
But before next Budget we must stabilise expend^{re} on food subsidies.
Have told Ty. to think of stabilisation at round figure of 400.
Ready to re-consider list on Basis B.
May M/F. and I re-consider, in light of discussion with a view to
getting these on gradually over next month?

J.S. Bound to make some increases. But want to link announcemt. with
improvent. in quantity. At this level. cuts are worse than price
increases. Want therefore to press for Canadian bacon & eggs &
sugar: & let price increases accompany that.

{ Discussion adjourned: M/F & R.S.C. to produce a wider
{ table B.
{ Some to be filtered in.
{ Jam with the powder – increased ration.

G.T. Calories. Don't mean anything to most people. Stop talking about it.

A.V.A. How much relates to dollar expenditure.

R.S.C. None.

1. Parliament Bill

- H.M. Have consulted Home Secretary & S.G.
Read letter to Jowitt.
Recommended Cabinet to take the risk.
Common sense view is that Speaker wd. find a way of giving his cert.
- P.M. Agreed: and less said about it the better.
- A. Salisbury has said to me – the 12 mos. in Bill is not a year of Parly.
time. e.g. Transport Bill not recd in H/L until July (?)
If a final difference on it, counting Recess etc. then wd. have
been only 3 mos. Parly. time out of the 12 mos from 2nd Rdg. in
H/C.
This indicates tht. H/L opposⁿ don't want to throw Bill out.
They are feeling their way towards an excuse to pass it.
This is argument for not incldg. amendment on H.M.'s point.
- A.B. Recess is time available for composing differences.
- C.E. We can cure trouble in last Session by proroguing one month after H/L
have received it. Then hold another Session in which Spker can
give his certificate.
- Agreed: Do nothing & don't talk about it.
- A.B. Worried – in general. But, leave it alone.

[Exit W.W.]

2. Economic Affairs.

Production & Stocks

- R.S.C. Para. 8. Increasg. improvement. 14.4m average for Oct.
Wool tops = remarkable rise Aug. – Oct. Figures given.
- Stocks. Coal 16.7m vice 15m target. Made export poss.
Started with bunkers saving ½ m. p. wk.
Next: catch cargoes e.g. to Eire = totalling 30.000 t. p. wk.
to countries with wh. we have made trade agreemts.
- Scrap & pig iron. V. serious. Turns on settlement of Anglo. U.S.
zone. E.B. has done all he can.
- E.B. Cd. you buy more scrap from S. Italy?
- R.S.C. Will enquire.
- P.M. Home scrap?

- R.S.C. Yes = Cttee has explored & that shd. go ahead faster now.
- A.B. Under-water cutting?
- R.S.C. Yes.
- R.S.C. Overseas posⁿ. V. serious indeed – worsening.
 Para. 13 figures 53.4 vice 61 in Sept. Apart from this steadily increasg. deteriorⁿ.
 Para. 15. Prices. Free markets now v. small therefore bulk purchases & sensitivities. Yet taken as index for deals e.g. Chicago Wheat Market. Australian wheat contract concluded at over 2 per ??? as cpd. with 1.55 for Canada – Chicago price over 3. cf. also Danish butter.
 And as prices of imports rise, we are told our export prices are too high – cf. for Canada.
 Canadian negot^{ns} will come out badly for us.
- P.M. What is answer about markets?
- R.S.C. None: until we get more goods on the market.
- H.W. It's worse. Chicago price is lower than some free markets.
 \$4.80 in Argentine.
- A.V.A. Who can afford these prices?
- R.S.C. They are v. small quantities offered & bought.
 Diffy. is not bulk purchase: it is sticking to idea of world market price vice costing (!)
- A.B. Doesn't world want our goods?
- R.S.C. Not as much need as for food. And U.S. can undercut us on consumer goods & capital goods.
- A.W. How can they pay U.S.?
- R.S.C. Don't yet know how they will pay. Shd. have a better entry into those markets.
- A.B. Only short-term remedy is for us to push what people want.
 Can we look again at coal?
- R.S.C. We are doing that. Shan't increase stocks. And in Jan. shall be able to run them down.
- Drain on Reserves. Nov. 57.3. Going worse than thought.
 About $\frac{1}{3}$ rd sterling area: $\frac{2}{3}$ rd U.K.
 New adverse factors

- a) Germany: prob \$40m.
- b) Canada: prob. up to £100m. in dollars additional liability viz 158 instead of 58.
- c) Belgium & pos. Sweden: we are havg. to pay under gold clauses.

This will make it even more diff. to get to £25m.

We think it wd. be unwise to fall below gold reserve of £500m.

Might shake confidence & produce a run.

By end /47 (with Can. dollars) we shd. have £440m, all told, in gold & dollars. Drawing at present rate wd. bring us below 500 early in '48. Average of 34m. p. wk. (vice 55 as now) wd. last to June '48. Rate of 44m. to end May'48. This assumes £180m assets fr. S. Afr. Loan & unfreezing of U.S. Loan.

Sterling and drawings – another uncertainty. India & Pakistan (esp. former) may spend quantities of dollars in S. America for food, under pressure of famine.

Outlook for 1948 is v. grave therefore and getting worse.

- H.M. Glad this informⁿ circulated.
Earlier, A.B. & I. thght. Ty. & B/E stats. weren't adequate.
What happened?
- R.S.C. Stats. were imperfectly kept. H.W. has sugg^d improvements.
- H.W. Reported on 20/9 to H.D. Thought he was going to send it to H.M. & A.B.
- R.S.C. I will do that.
- H.W. Surprised how much guesswork there was. Cdn't recommend many short-term changes.
Now rate of drain is quickly ascertained. But where money is going can't be ascertained quickly. H.D. was going to ask Serv. Dpts. to improve.
Also rest of sterling area v. slow.
- R.S.C. Now appt^d liaison cttee with them. Hope it will work out better.
- E.B. Liaison with Service Dpts? Can't find out whr. they are spending wisely.
Scope for economy. Continuing check needed vice old Ty. control.
Want a new attitude by C-in-C's overseas.
- R.S.C. I will consider this.
- Publicity.
- A.B. a) Shd. we not have sustained publicity re movement of world food prices – to show this isn't indigenous. Cd. B.B.C. give them regularly?

- R.S.C. Not the bi-lateral agreement prices.
- A.B. b) Propaganda in food-producing countries?
- R.S.C. Not so easy – e.g Austr. Wheat Bd. regu^d by legal dec^{ns} to sell wheat at a fair price.
- E.B. This is temporary. Danger of running up other costs to an extent which keeps prices up. E.g. in U.S. the talk has put wages up by 20%.
- R.S.C. Also you will tend to make other countries to demand equally high prices.
- A.B. Selective publicity answers that. Don't advertise Danish prices in N.Z.
- E.B. The Govts. may be sympathetic: but you wd. raise feelings of farmers behind them. E.g. in N.Z. Truman's efforts have not checked the rise.
- R.S.C. We can put the terms of trade = our export prices & import costs.
- P.M. Remember Govts. of N.Z. & Austr. depend on urban votes. Don't arm selfish sections in rural areas.
- N.B. Same is true in Canada.
- General Conclⁿ. This needs thought. {R.S.C. to consult with E.B., A.B., H.M., N.B.
- A.W. Germany: c'dn't our Forces live on the country? Engineering division to export.
- R.S.C. My figures assume this. Grounds for some measure of optimism.
- A.B. India & Pakistan.
c) Shdn't we get India to mobilise their gold reserves? They cd. do quite a bit that way.
- N.B. Our Financial Delegⁿ will raise that. Also drawg. on I.M.F. Also loans for capital projects. Food prospects better than thought.
- A.B. Can't we have a report on that? It's not a financial operation. It's political & religious.
- Prices & Finance.
- R.S.C. Marked fall in Govt. securities. No precise reason assigned. Reduction in no. of notes in circulation. Unexplained.

- A.B. Ought we not to consider a new issue – to catch hot money.
- R.S.C. Haven't rejected that.
Improvemt. in rate of National Savings. Gave figures.
Odd that this came simultaneously with note issue change.
- A.W. Cd. R.S.C. advise people on best method of Nat. Savings viz. which type of investment.

Transport.

- R.S.C. Congrats. to rlways for improvemt. in turn-round of wagons.
Good if P.M. wd. refer to that.
- N.B. New wagons carry more. This isn't brrght out in Memo.
- A. Wagons under repair.
- R.S.C. Asked Percy Mills to go into this = it's now moving.
- A.B. 1944 Group of friendly business men – incldg. Geo. Dixon of Wingates.
Much capacity for wagon repair in private firms. Val Critall says if Reg. Bds. had the duty of organising this they cd. do much.
- R.S.C. Idea of this has bn. put to Percy Mills.

Form of Documents.

- H.M. a) No mention of Agriculture or Food. Their part in the Plan shd. be covered in future issues.
b) Targets. Cd. we see performance against approved targets.
- R.S.C. Thinking of that: but they are 1948 targets.
- H.M. c) Cd. some more targets be evolved? Cotton & wool e.g.
- R.S.C. They have bn. given 20% & 10% respectively.
- G.T. That won't do as incentive to various parts of cotton etc. Shd. concentrate on yarn end: to ensure continuity of supplies to finishing end.

Man Power

- G.A.I. 194.000 addl. on exports cpd. mid/1939.
From June/Sept. 50.000 fr. munitions.
We believe 74% rise in total labour force on exports.
Shd. be able to hit mid '49 target with no more increase in labour.
M/L shd. agree on this with Planners.

Para. 3. Net loss turned to balance in 1st wks of Nov. and slight net gain in 3rd week (850).
Cotton spinning: figures are looking much better.
9.000 brought into textiles since C/Engagemt. Order.
Cotton: overtime = Union is not co-operative. Must keep pressure up on this.

G.T. Esp. as these are car-room workers – at beginning end of industry.

Publicity (resumed).

A.B. “Work or Want”. In 1948 (early) we can talk of progress in 1947.
Can’t we use ??? -types for this?
Move over from threats to performance.

R.S.C. This is being done in Reports to the Nation.

H.M. “Work or Want.” campaign is off. New line is more positive.

[R.S.C. invited H.M. to look into this one.]

3. Japan: Peace Treaty.

E.B. Summarised earlier sugg^{ns}.
Now Molotov’s suggⁿ of C.F.M. in Jan ’48 in China.
Propose we stand by Canberra rules.
Argument re past. At Yalta R. wasn’t in Jap. war. But secret agreemt.
between F.D.R. & Stalin, later signed by W.S.C. But no record
of C.F.M. being given auth^y to settle peace with Japan.
This means a definite break with R. over F/East.
Alarmed, however, at inconstancy of U.S.A.

Agreed: Adhere to Canberra Rules.

4. Civil List: Provision for H.R.H. Princess Elizabeth & Duke of Edinburgh.

R.S.C. Now E. has 15,000 & P. nil.
50.000 p.a. requ^d to m’tain right standard.
Propose 10.000 for P. another 15.000 for E. And get contribⁿ of
100.000 from H.M. which wd. carry the provⁿ for E. for 7 years.
May I try to get that accepted by Select Cttee?

A.B. Present it mainly as cost of household – expense allowance.

R.S.C. 9/10^{ths} is tax free.

5. India.

Turn for the better. 3 day's cordial discⁿ to be resumed Labour 6/12.
Refugee settlement in Punjab going better also.

1. Palestine.

- E.B. Memo. explains itself.
Want auth^y to instruct Cadogan to negotiate with Lie & Commⁿ –
to keep them back while we draw. We are respons. under this
scheme until May for law & order & for immigration. Must
clear immigrants from B. territory before 1/5: & may need
Cyprus accommⁿ for Army.
Telegrams to Arab States – askg. for no organised upset while we
are still responsible.
Transfer of assets etc. Legⁿ will be needed later.
- R.S.C. V. complicated econ. ques. Pal. in sterling area: can't hand it over as
such.
Must exclude it before we go.
Currency based on sterling reserves.
Cadogan will have to negotiate these pts. with U.N. – for no
Successor Govt. to deal with.
- E.B. Yes: U.N. will have to distribute assets between 2 States.
Wd. welcome Ty. points – headings – to add to Cadogan's instruct^{ns}.
When he negotiates he will have to have a team.
- R.S.C. Will do this thro' O.N.C. Agreed.
- A.V.A. Concur in this memo. which rests on Def. Ctt^{ee} plan.
Recomm. 4 to be expanded – best poss. agreemt. re stores not
evacuated. [Enter W.W.]
- E.B. Let that also be put to O.N.C. Adding mention of “stores” in
original inst^{ns}.
- A.V.A. C-in-C.'s said they cdn't handle immigration. Admy. now willing
however to do their best. Prevention: trans-shipment at
Haifa etc.
- C.J. Risk of importⁿ of arms as well as immigrants at Tel-a-Viv.
- A.V.A. Diff. to forecast what will happen in interim period.
Syria's attitude looks menacing. Ministers promise to demonstratⁿ.
- C.J. Arab States generally are not encouraging disorder.
- A.V.A. Campaign in B'brook Press for immediate w'drawal of our troops.
Shall have to be firm on this.
- A. Para. 8. 150.000 t. stores left behind. Who will get these?

- E.B. Want independent check on this. Special organⁿ requ^d.
- R.S.C. Need to see tht. right stuff goes first. Military won't know.
- A.V.A. Will convey Cab. views to S/S. War. Firm decision on this.
- J. Risk of large-scale gun-running. Prs. with U.S. help.
- A. Who will Cadogan negotiate with?
- E.B. The U.N. thro' their Commⁿ.
- R.S.C. Diff^y will be they will have no legal powers e.g. to take over contracts.
- C.J. This was debated & legal ques. were brushed aside by Assembly.
Security Council can be invoked.
Memo. endorsed.
2. Parliament: Business for Next Week.
1. (resumed) Palestine.
- C.J. Outbreak in Aden. State of emergency proclaimed. RAF levies in control.
- E.B. Let M/D. consider re-enforcement from Egypt.
- P.M. Endorsed this.
- A.V.A. Might send a cruiser.
- N.B. M/E. cd. fly a battalion in.
- Dom. Govts. to be informed of our plans – incldg. India & Pakistan.
2. (resumed) Parliament.
- H.M. Parlⁿ Labour Party want to discuss next week –
Rel^{ns} betwn. Govt. & back-benchers.
“ Transport House
P.R.O.'s A M/Informⁿ.
This last: theory tht. one Minister can dominate Dpl. publicity.
I propose to resist this. Agreed.
- Ldn. Socy. Compositors propose ban on overtime fr. to-day, in spite of J.I.C. Conciliation Ctt^{ee}.

This means Parly. printing will be dislocated & with it business of House.

Cd. M/L. intervene?

G.A.I. Employers ready to negotiate with Unions as a whole - & unfortunately have indicated readiness to make concessions. But L.S.C. and Scots hold out – to preserve Ldn. differential. Ldn. employers won't negotiate: & they then took overtime line.
Am now in contact for employers have referred to N. Arbitⁿ Tribunal. The Secy. is in Germany.
Effect will be irksome. But 24 hrs. a month for each man is maximum anyway.
Propose to meet Executive of L.S.C. [Exit E.B.]

H.M. Letter from Speaker. This makes position worse.
Speaker will pass responsibility on to us.

G.A.I. Will stress these points. Will spk. again & more forcibly.

3. Civil List.

P.M. R.S.C. wants room to go up by another £5.000. viz., 45.000 in all.
Agreed.

2. (resumed) Parliament.

A. a) Parliament Bill: will pass H/C. next week.
May I p'pone procdgs. in H/L. until after Xmas?

P.M. Yes.

A. b) Control of Engagement. Will be trouble in H/L. Demonstration likely.
They will try to get in on Emergency Laws Bill.

C.E. Same in H/C. Opposⁿ will draft it in whenever they can.
Don't believe it reflects public opinion – or makes any impression.

J. Bill must be obtained by 31/12. Awkward if delayed by H/L. on this account.

[Exit W.W. Enter Service Ministers
T.C.P. & M/Supply.]

4. Services' Land Requirements.

- A.V.A. As in memo.
Suppose White Paper will be presented by P.M.
Ques. handled by interdep. Ctt^{ee} under T.C.P.
Had supposed early date because War Works Bill Frid. Not now
being taken. Present therefore Wed. next.
T.C.P. to hold Press Conference. E.Sh. to be present (Cab. decision!)
L.S. & E.Sh. cd. deal with any debate demanded.
- P.M. D.p.'s on para. 48.
- A.V.A. Yes: will substitute "people compelled to leave homes".
- A. Para. 20. Arguments re Scotland. a) is a v. weak statement.
Mil. shd. be able to cross ground, whether it's even or not.
Shd. be re-considered.
- A.V.A. Main trouble: transport & missing days.
- W.O. Answer to this criticism is in para. 22. Country isn't represent^{ve}
& youngsters.
- P.M. Put a), b) & c) into one sentence: and follow on.
- A.W. Much of this argument can't be sustained. Even weather is better
than in many parts of England.
Cut out the reasons: for they will satisfy no-one.
- W.O. Also training for T.A.
- P.M. Say that, then.
Agreed: re-draft para. 20 to-day.
- J. a) Para. 29. Don't specify 702.000. Gross it up to 700.000.
b) Graph at end is puzzling. Why doesn't black show differentⁿ
betwn. types of land. Agreed: no change.
c) Para. 31. Doesn't show effect on forestry. Omit "and Forestry"
from heading. Agreed.
- T.W. Para 40. Shd. say these figures aren't immutable.
- A.V.A. All subject to negotⁿ for acquisition under stat^y procedure.
- P.M. Only says "needs." Not final.
- G.S. M/S. now want another 1.000 acres in Cumberland. Para. 33.
- P.M. Only approximate: leave it.
Agreed, subject to these points.

- C.E. Alteration of Mil. Lands Clauses Act. Serv. Dpts. promise but do
 nothg. Will T.C.P. attend to it.
- L.S. Have put it to L.O.'s.

1. Local Authorities: Voting by Co-operative Society Members.

- A.B. As in memo.
Inadequacy of power of dispensation.
Rep^{ns} from Co-ops. P.M. shd. not receive a deputⁿ at this time
because wd. tie our hands in dealing with any amendment.
Must make it clear, if we act, tht. we aren't weakening law on
preventⁿ of corruption.
Propose to accept arranged amendment.
- H.M. L.P. Ctt^{ee} considered: disposed to think it right: but may cause a row
on basis we are favouring co-op. friends. Small traders etc., may
say we are discriminatg. in favour of our pol. supporters.
M/H. shd. say in debate tht. co-op. members must be careful & fair.
But risk is ideological – not corrupt favouritism to Co-op.
contracts but unreflectg. enthusiasm.
- J. V. dang. principle. One share in a co. disqualifies e.g. a Judge.
if he doesn't disclose.
- A.B. Co-op. members wd. also be requ^d to disclose interest.
- J. Further diff^y: discriminatg. betwn. Co-ops & ordinary companies.
- G.A.I. Put it on basis of practical diff^y: so many l.a.'s with v. large no. of
Co-op. members.
- A.V.A. No special favour to individual member of Co-op. in Co-op. getting
contract.
No objⁿ to private contractors on a Council opposing direct labour
activities of Council.
- P.M. That isn't the same point.
- C.E. Justifⁿ = impract. of carrying on. e.g. Scunthorpe, where all members
but 4 were Co-op. members & they had to deal with planning
issue affectg. Co-op. premises.
- P.M. Can you give parallel concession to share holders in C.O.S.?
- A.V.A. Diff: because membership of limited liability co. is limited.
- P.M. Doesn't alter fact that when they are members they have an interest.
- G.T. Can't we give it all round to people whose interest is not more than
£200 – in whatever kind of company – on declaration of
interest. [Exit C.E.]

R.S.C. Wdn't matter if he had only one vote.

P.M. If you want to get this through, you must give concession to private cos. equally with Co-ops.

A.B. Important ques. are: no concealed interest: interest not substant^l propⁿ of capital.

R.S.C. Less than £200 or 100th part of capital of co. whichever is less?

P.M. Principle to be: shareholders in cos. to be in same posⁿ as Co-op. members.
Agreed. [Exit A.B.]

2. Parliament.

Business for next week.

3. Parliament: Members' Pensions Fund.

H.M. Sel. Ctt^{ee} recomm^d improvemts. & reduced disregards. Also redⁿ in cont^{ns} £12 to 9.
Labour members favoured m'taining cont^{ns} & raising benefits still higher.
Fact is few members have bn. eligible. But duty of House is to look after its own.
Don't think we'll get it higher than £15 vice £12. Must leave to free Vote.
Actuary's view = benefits recommended warrant contⁿ of £21.
Have arranged with R.S.C. to present W. Paper giving Actuary's view.
Suggest Fin. Secy. shd. open & give facts. C.E., in replying, can still leave it to House: amendg. motions shd. be put by private Members: but C.E.'s bias shd. be in favour of raising it.

T.W. Supported this view.
Don't run ahead of capacity of fund – or willingness of Members to contribute. Be guided by experience.

4. Scotland: Devolution.

A.W. All in memo.

H.M. We have considered. A.W. has bn. reasonable. Scots. mayn't like e.g. Second Rdg. not on floor: but if they don't like it, won't happen.

- H.H.M. has, however, minuted me about Econ. Conference.
 Shdn't be announced until after debate on Wales, or wd. provoke a demand for such a Welsh Conference.
 Believe myself Scotland is diff. from Wales. Welsh Conference was chaired by an official – no suitable Minister.
- P.M. No difference on economic side in Sc. Law.
- R.S.C. But S. of S. & Dpts. & various existg. bodies. Argument for bringing those together. Agree there will be a demand from Wales.
- W.W. Raised at Welsh Parly. Party last night: they are on war path.
- A.W. Wales has an econ. Con. now which Scotland hasn't.
 And my case for it is co-ordination fr. Dpl. angle.
 Pressure of opinion in Scotland. Wise to meet it. My plan will satisfy reasonable opinion.
- P.M. Trouble from Wales.
- H.W. We are happy – after discⁿ with Sc. officials.
- E.B. What about Home Rule for England. I'm serious about this.
- A. Dpts. shd. be more reasonable about Sc. claims – e.g. transport, civil aviatⁿ.
 Welcome A.W.'s plan – for frame of mind.
- E.B. Suppose Transport conceded Scotland's claim & then was pressed to same for Wales, where transport is not an entity. He was right to keep this out of Bill. Sensible adminⁿ organisation shd. not be subordinated to political feelings.
- G.A.I. How will this fit in with G.B. Dpts? Split Estimates?
- A.W. Certainly not.
- W.W. Para. 1(2). Cd. you then reduce 2 days in House to 1?
- A.W. No: for 2 days in Grand Ctt^{ee} = 1 day on floor.
- R.S.C. Para. 1(3). Wd. like to consider t. of r.
- N.B. Also composition.
- P.M. Para. 1(4). Will it be debated in Grand Ctt^{ee} or on floor?
- A.W. Financial statement. I'm not v. keen on this, but wd. like Ty. to consider.

R.S.C. Diff. to get it accurate.

A.W. Wd. rather say can't do it pro tem. on man-power grounds.

H.M. In answer to P.M., no extra time on floor.

A.W. They wd. do it on Grand Ctt^{ee}.

P.M. Scott. T.U.C. ?

A.W. They are on many of the constituent bodies, & wd. come in thus.

P.M. Shd. be direct repⁿ of 2 sides of industry?

A.W. Not on this. Will watch and see this point is met.
These people aren't officials, tho' holding jobs.

H.M. Better to have such responsible people. [Exit N.B.

E.B. Play it soft as a consultative body.

A.W. Don't want to make too much of this.
Memo. approved.

Welsh Debate.

H.M. H.H.M. cd. take this if he were here. [Exit W.W.
Enter J.S.

5. Food Prices.

R.S.C. As in memo.

T.W. Vice shill eggs & bacon: raise eggs by 1/= and bacon by a
correspondingly less sum. Raise egg prices in spring when
supplies become free-er. Bacon by 6^d (vice 1/=) wd. be more
in accord with meat prices.

A. Agree. People willing to pay more for eggs.

R.S.C. I have no objⁿ.

J.S. Nor I. Ty. wanted bacon, to get somethg. totally de-subsidised.

E.B. Make it 3^d an egg w'out seasonal change. And raise tea by 4^d
vice 10^d.

H.W. A 3^d egg wd. obviate 50% of the rise in tea prices.

J.S. But let us associate price increases with supply increases.
Sugar.

R.S.C. Don't raise that again. Look at prospects in Canada & Argentina.
Agreed {subject to adjustment with tea, bacon and eggs.
{least possible publicity.

1. Death of Earl Baldwin. [Enter W.W.]

P.M. Death of Earl Baldwin. Shd. Parlt. adjourn for the day?
Precedents in favour of adjourning after speeches. Save
Chamberlain – war time – Secret Session arranged.
A.E. has no views either way.

H.M. Don't want a row. Wdn't matter qua business.
But wd. like practice steered away from automatic adjournment.
Wdn't this be a good occasion?

R.S.C. Adjourn for e.g. ½ hour?

P.M. Prefer all or nothing.
Will H/L. adjourn?

A. Haven't decided yet. Baldwin wasn't a figure in H/L. If H/C. don't
adjourn, no occasion for H/L. to do so.
Wd. prefer not to adjourn.
Agreed: W.W. to make soundings with a bias against
adjourning but trying to meet wishes of
Conservative Members.

2. Civil List: Provision for Princess Elizabeth.

P.M. Divⁿ of opinion. Carried by majority – higher than our views.

R.S.C. Must debate the £5.000 difference.

A.B. Cab. members voted v. our decision. Why?

P.M. I wanted to get unanimity: voted with those (incl'dg. our own) who
voted for higher figure.

H.M. Thought Cab. had fixed a limit – some of us with gt. reluctance.
These are big figures.
Majority on Ctt^{ee} secured by conciliatg. Tory views.
4 Labour for larger figure & 5 against.
This may release immoderate Labour opinion. Are Whips on?

P.M. Yes.

R.S.C. Ctt^{ee} impressed by evidence – details of salaries etc. Tendency was
to consider higher figures than we had bn. mooted. Unofficial
vote on 35.000 came out as the final vote: indic^{ns} of agreemt.

being likely on 40.000: thght it wise to put that officially.
My 1st proposal was a “suggestion”: not put as Govt’s view.

A.B. They took it as Govt. view & then found Cab. members voting against it.

P.M. Genl. trend in Ctt^{ee} as whole was going up.

H.M. But Tories conciliated & our people split.

P.M. They wanted to go much higher.

T.W. Ask minority members not to carry this further?

R.S.C. Not a ques. of principle: only estimate of cost of living in Clarence House.

N.B. Split betwn. Tory & Labour members wd. have bn. worse.
Turning down recommⁿ of Ctt^{ee} wd. have unfortunate receptⁿ in country.

J. Must support P.M.’s vote – stoutly.
Agreed: we must support views of Select Ctt^{ee}.
[Exit W.W.]

3. Economic Affairs.

R.S.C. Little to add to Report.
Internally better: externally worse. Gt. diff. over Canada & Bi-Zonal Agreemt. Dollar drain not dropping.

H.M. Import/export price movement still going v. us.

R.S.C. Drain still about $\frac{2}{3}$ - $\frac{1}{3}$ ourselves & rest of area. (Reply to ques.).
Indian demands for dollars. V. good behaviour so far: talks p’poned till Jan.
Canada: want available for dollar sales much of what we most want (e.g. wheat, steel etc.). Their diff^y same as ours. Official returng. to-day.

H.M. Internal. Don’t let’s be too cheerful.
a) Steel scrap.
b) Textiles: are prodⁿ targets high enough?
manning up. B/T., Cotton Bd., M/L. all concerned: is the drive co-ordinated & good enough?

G.A.I. “Drive” is in hand. Regions surveying female empl^t. in other industries in textile areas: with a view to promotg. transfers.

H.W. Agree: a little more steam is requ^d behind this. Not going as well as coal. Day nurseries – prs. shd. have 100% grant.

A.B. No fear: Financial irresponsibility: v. high costs.

H.W. Meant industry to carry cost. Will consider with Ministers concerned.

A.B. Includg. me.

A. Rlway Wagons. p.4. (p.2 para. 8. refers to improvemt., but this isn't reflected in table on p.4. Who is i/c?

R.S.C. Percy Mills. And they are workg. off back-log.

A.V.A. Scrap? More steam?

R.S.C. Special Ctt^{ee} – getting more ships for scrap & expeditg. cuttg. up.

E.B. x/ Over 3 mos. since we discussed this à propos Rosyth: & told not one ship there yet.

A.V.A. 5 capital ships. Def. Ctt^{ee} this week.
 Agreed: R.S.C. to submit written report.
 A.V.A. to tackle Admy. on x/.

A.B. Anthracite to Canada. Told output v. bad: worst part of coal-field.
 Cd. we have report on ques. of output – believe we cd. get these men to work better.
 Agreed: R.S.C. to raise with M/F. & P.

N.B. Tractors & ploughs – cd. they be directed in early '48 to areas needg. them for spring-ploughing?

T.W. 25% being exported now: can't do more w'out effect on home prodⁿ.

N.B. But cd. we not send them early in year & supply own needs later.

T.W. No: we want spring ploughing too.

H.W. Will review export plans. But imagine Australia = first priority need; & timing is different.

H.M. Govt. Publicity. At last Parly. Labour Party – one ques. raised was keeping M.P.'s informed. Cd. Economic Bulletin or something like it go to M.P.'s – not as W. Paper because demand for debate.
 May I consider this with R.S.C.?

P.M. Yes.

[Enter C.K.]

4. Building Programme: Priority for Labour.

A.B. Discussed with R.S.C. Not much between us. Cd. I discuss with R.S.C. and C.K.

Agreed.

[Exit C.K. Enter. G.S. & N.]

5. Civil Aviation: Tudor Aircraft Enquiry.

P.M. Not a good story.
Govt. will be put in awkward sitⁿ if Rpt. issued w'out Govt. statemt.

N. Large demand for publⁿ. From both Parties in H/C.
B.O.A.C. haven't yet seen Rpt. Statement cdn't be made w'out consultg. them. Wd. take some time to develop policy on this.

G.S. Entitled to say we are considering Rpt.

H.M. Criticism a) Against B.O.A.C. b) Lack of leadership & co-ordinⁿ –
This affects Govt. M/S. launched this contract, & shd. have
intervened to pull it together.
This Rpt. will be handle for criticism v. B.O.A.C., Dpts. and Govt.
Won't catch it up.
Precedents for Govt. delaying publⁿ. Xmas is near. Why not defer
publⁿ until mid/Jan. or resumptⁿ of Parl?

R.S.C. Recomm^{ns} shdn't be thrown out w'out our considⁿ. E.g. tht. Govt.
shd. make good deficit = & hire. Both are new ideas: don't
want them ventilating.

A.V.A. Rpt. needs editing also – references to competing types etc.

P.M. Any promise to publish?

G.S. No.

E.B. V. prejudicial to f. policy issues – prestige of Govt.

A.B. Clumsy & distant way in wh. this machinery works.
Why could B.O.A.C. announce not going to use Tudors w'out
consultg. M/C.A.?

N. B.B.C. quoted from statement made by A.V. Roe.

A.B. Shd. Corp^{ns} be so free? Ministers shd. control them. If necessary we
shd. amend the Act?

E.B. Wd. prefer more direct Govt. control. Govt. to lease aircraft to
Corp^{ns} – who wd. be purely “operators.”

- A.W. Much of this Rpt. for Govt. not H/C.
Shd. however make it clear soon (paras. 16 & 18) tht. Tudor can do its job.
- G.S. We order aircraft as agents of Corp^{ns}. We are trying to sort out diff^{ies} to wh. that leads.
P'ponement for a few weeks is possible – so tht. Dpts. & B.O.A.C. can consider. But we can't suppress Rpt. altogether.
- H.M. Rpt. to come on Tudor II in a month's time.
- J.S. Existg. relations betwn. Corp^{ns} & manufacturers & 2. Dpts. are not satisf.
N. & I. are considering & may have to report to Cab.
x/ Agreed: H.M., R.S.C., H.W., N. & G.S. to go into this & submit Govt. statement to be made on publⁿ of this Rpt.
- E.B. This shd. cover review of our C/Aviation policy.
- N.B. And consider wtr. whole Rpt. shd. be publ^d.
- P.M. Wider ques. are for S.I.M. Ctt^{ee}.
- A.B. M'while can Corp^{ns} be told not to make statements affectg. general policy w'out consultg. Ministers?
- H.M. Not so sure of that.
- P.M. Ministers shd. at least be able to keep in touch with them.
- A.W. B.O.A.C. discredit & frustrate Cab. decisions.
- E.B. Thro' Critchley nominees? Fear this is so.
- N.B. I confirm that.
- N. The set-up is diff. from other socialised ind^{ies}. Posⁿ of Ministers is v. awkward because independence of Corp^{ns}. Am inclined to favour amending legⁿ.
Some indic^{ns} of resistance by B.O.A.C. sometimes. No ev^{ce} of hostility to Govt. by Corpⁿ, or by employees.
- R.S.C. More than Critchley gang. Real diff^{ce} of views. B.O.A.C. don't want to sacrifice their interests to B. aircraft manufacture.
That's why they oppose B. Govt.
- H.M. Shdn't Ministers see Hartley?
- A.W. B.O.A.C. don't believe in Govt. policy.

A.B. They can't be expected to. "how can we be judged by our commercial results & be requ^d to submit to non-comm. oblig^{ns}?" Only right course is to change oblig^{ns} of Corp^{ns} & Ministers y/ by reply to P.Q. "Rpt. has bn. received & is being considered."
 Agreed: x and y.
 {Exit N. & G.S.
 {Enter J.S.

6. White Fish Industry.

H.M. Summarised history of conflict.
 I conclude that M/Ag. wins.
 Shd. have legⁿ v. soon.

T.W. } Won't add to my written memo.
 J.S. }

P.M. Profits of trawler captains & crews.

J.S. £5.000 p.a. for captains & crews v. nicely thank you.
 Industry is prosperous.

T.W. 770. m/water trawlers obsolete & not being replaced.

P.M. But fear you will have deep-sea trade with its profits & subside others fr. Exchequer.
 How will you prevent Bd. from being restrictive?

T.W. Not a producers' Bd. Individuals = & under control of Ministers.

P.M. Under the Ministers interested in producers not consumers.

T.W. Prices give distant trawlers excessive returns.

J.S. Have ??? this by differential prices. Can go further in that if necessary.
 Believe in letting fish find own price, subject to maxima.

A. What wd. Bd. do?

T.W. a) Space landings. b) Group trawler owners for catching & processing.

H.W. Does a) mean restricted catching?

A.B. This Bd. wd. be a pressure group on Ministers.
 Same problem as marginal land. M/Ag. has same attitude to it.
 Oppose this propⁿ as I did in L.P. Ctt^{ee}.
 Other methods available.
 Why limit ourselves to natⁿ or free competⁿ. Examine ques. of State bldg. up to date trawlers & renting them. We needn't operate

because we own.
Beware of the Corporate State.

- A.W. If distant trawlers dominate you'll lose valuable in-shore & middle fishing grounds.
- A.V.A. This is anomalous scheme. Producers Bd. will be persons ignorant of industry. I incline to M/F. views. This scheme doesn't protect consumer.
Industry is now prosperous. And produc^g. the fish.
Consider A.B.'s suggⁿ of hiring trawlers to near & middle trawling owners.
- T.W. Remember Fishing Bill of '33. Duncan Rpt. of '38. All aimed at same object as ours.
- E.B. a) Can't afford as a nation to lose inshore trawlers. R.N. reasons.
b) Distant trawler will always catch more & more cheaply. But quality worse.
c) Fishmongers shop is out of date.
Can't reject either memo. to-day.
Will be international troubles over [distant] fishing –
Russia may come into it & prove efficient.
"I want both things done, from consumption end right back."
- H.W. M/Ag. memo. shows big move in right direction.
Wd. wish, however, to be satisfied on 1 or 2 points – outside Cab. Fishing Conventions & oblig^{ns} to international trade. Restrictive system needs thought from this angle.
Wd. prefer Development Council model.
- R.S.C. Want these things done – but not by Producers Bd.
Let Ministers take powers to do what is needed.
Agreed: Group of Ministers to consider and pick the best out of all suggestions.
- J.S. Lucas Ctt^{ee} favour Commodity Commⁿ (for vegetables).
If 2 plans are to be married, this might be considered for fish.
- N.B. Won't avoid Distribution & Marketing.
M/T. shd. be in the Group.
- T.W. Leave Ag. Ministers & M/F. out of it.

7. Council of Foreign Ministers.

- E.B. This is going to break down.

1. Ceylon: Gift on Occasion of New Constitution.

- N.B. Gave P.M./Burma Rolls Royce.
We might do same for P.M./Ceylon.
Parlt. to give Speaker's Chair & Mace.
- P.M. Consult Spkr. on ques. wtr. shd. come fr. Parlt. or from Empire
Parlt. Assocⁿ.
Time factor 4/2.
Agreed: Send car at once.
Consult Spkr. re Parl^y present.

2. Parliament.

- H.M. Business in week after Recess.
- W.W. A.E. asks for debate on F. Affairs.
They wd. be content to have Ques. to-day, more rope than
usual, and 2 days after Recess.
- E.B. Cab. will have to look at considered statement – after Xmas.
- P.M. Yes.
- E.B. Palestine: may move quickly: what of legⁿ?
- C.J. Not until March.

3. Precedence of Duke of Edinburgh.

- J. Precedence of Duke of Edinburgh. Decided he can't sit on Cloth of
State & has precedence of ordinary Duke. M/Rolls agreed.
Shd. this be amended in Bill (Annuity).
Victoria did it w'out warrant or legⁿ.
- P.M. Leave it out of this Bill.
- H.M. Follow Victoria's precedent. Let King do what he pleases.
- J. Will send my opinions to P.M.

4. Germany: Fusion Agreement.

- E.B. Fusion Agreement signed at last. Removes liability of nearly £125 m. in dollars for 1948. Maximum liability £28 m: & U.S. will try to keep it below £10 m. And may be less if trade goes well. Higher steel output figure enables us to plan. 1850 calories: food required for that. If they can reach 6 m. tons of steel quickly we shall be much nearer b/payments at 1850. Tho' that's too low it's better than existing 1550. Strang's patience.
- R.S.C. Endorsed this compliment. Goes far to implement Cab. policy of no more dollars on Germany. U.S. regard this as relief to us qua Marshall Aid. And + release of credit they think they've done more for us than for Europe. Noted with approval.

5. Council of Foreign Ministers: Parliamentary Statement.

- E.B. Have agreed with A.E. not to deal with future. That being so, will it suffice if I get P.M.'s approval. Outlined form of statement – CFM. purpose, originally, to draft Treaties. Show where it has got to. Unworkable for original purpose. Time spent on Ital. & E. Europ. Treaties. Cab. decision before Moscow – econ. & pol. princ. This was sound working paper if C.F.M. was to work & not be used for propaganda. Then big issues raised by M. Rep^{ns} only incident on which break occurred. [Exit A.B. Events between Moscow & Ldn. mtgs. Cominform etc. We are consulting re 2 Zones. Nothing about future – but promise full debate early after Recess. Will cover Austria too. R. have made approach on this & we may get Treaty. All isn't necessarily lost. M. didn't intend this to break. He overplayed his insulting tactics. Marshall then said he'd had enough. Believe M. was stumped. Discussed position with Marshall. Shall go quietly. Nothing dramatic. But Cab. must review position now. Will submit a memo. Agreed: E.B. to settle with P.M.

6. Electoral Reform.

- | | |
|--------------------|--|
| Speakers' expenses | Agreed. |
| Consolidation. | Agreed, later on. |
| Assentors. | Agreed, leave status quo. |
| Counting Votes. | Advice to secure uniformity of practice. |
| Returning Officer. | Agreed. |

Failure to appoint Agent.	Agreed.	
Costs of Petition.	Agreed no provision, for not enough detailed inform ⁿ in Rpt.	
Free Postal Delivery.	Agreed no change in existing law.	
Ballot Papers.	Agreed.	
Voting by Peers.	Arguments as in memo.	Agreed.
Speakers' Expenses.	Agreed.	
Polling Facilities in Rural Areas.	Agreed.	

Boundary Commission's Reports.

London Boros. To give Ldn. 3 addl. Members wd. overweight London as cpd. with rest of England. Scotland & Wales are already over-represented by nos. in comparison with England. Scotland & Wales are already over-represented by nos. in comparison with England. If we divided we shd. have 16 boros with over 40.000 electors. We shd. then get into diff^{ies} with divided boros e.g. B'fd. with 3 members for 213.000. Result wd. be in the end substantial increase in total nos. of M.P.'s.

- P.M. You adduce as reason B'fd., one of worst examples. B'fd. shd. have more than 3 on merits.
- C.E. Commrs. have regard to area of ground. Shropshire = co. in wh. spread as well as total of electorate must be considered.
- P.M. Well, compare B'fd. with Hull. Or Blackburn with Darwen.
- C.E. By dividing you wdn't get 2 Labour seats.
Once you alter Commⁿ's Rpt. you have to defend all the recomm^{ns} for yourself – can't pray in aid the independent Commⁿ.
We by our Bill removed mathematical basis for Commⁿ's work (?).
Commⁿ have prep^d unofficial scheme for dividing these 8 boros if Parlt. wishes it done. They don't recommend it.
- P.M. Abolition of University members gives us some room to increase.
- H.M. May be pressure we can't resist. H.O. shd. look therefore at x/ repercussion of makg. a concession. May be forced to it.
- G.T. Lancs. prefer this to earlier scheme.
- P.M. Bradford and Hull. How can you defend it?
- C.E. Have discussed with Electoral Reform Ctt^{ee} of Party, who will recommend Party (by 4:2) to accept Rpt.
- H.M. Accept this on basis of x/ re 8 boroughs. Agreed.

City of London Constituency.

P.M. Call it "City of London" tout court. Agreed.

L.C.C. Elections.

C.E. As in memo. Agreed.

[Exit W.W.
[Enter H.G., A.B., H.

7. Oil Supplies.

B. Admy. now prepared to advance 20 tankers.

H. Admy. have 34 tankers. 3-4 in repair. (Usually larger no)
Equivalent of 3 on commercial work.
Ready to lend 20, out of this 27, for 3 months.
Stocks 940.000 in U.K. } = 16/17 months in peace.
1.4 m. abroad } $\frac{3}{4}$ war.

P.M. Why can't you suspend stock-piling wholly pro tem?

H. We are doing. 150.000 t. from stocks in the 3 months, if these 20
are lent.

A. How many tankers bldg? How long to build?

B. 45 under constⁿ. About 12/18 months.
10 coming out in current quarter – taken into a/c in figures.
29 in 1948.

R.S.C. With these stocks Admy. cd. do more. a) by releasg. stocks for
commercial use or b) by releasing more tankers.
The worst moment at which to lose c.i.f. payments.
A v. critical time.

P.M. And 17 months' stocks.
Where are these stocks & where cd. they be used.

H. Can't feed Med. needs out of stock. Need 5 tankers for that.
Commercial use includes dollar earning by sale to U.S.A.

E.B. Can't we bunker merchant ships from Admy. stocks?
That's the most hopeful line.
Anglo-Iranian at Abadan – puttg. the oil into ground – may lose
concession. At least be criticised. Want maximum drawn off
from Persia.

N.B. Importance of a) c.i.f. contracts.
b) Abadan.

If we are going to be easier at end/year, can't we draw on Admy.
stocks in U.K; shorten hauls by using [Exit E.B.
Admy. stocks abroad - & thus increase total supplies.

H.G. V. grateful to Admy. But must support R.S.C. Cut of even 30% in
c.i.f. sales will mean legal, political diff^{ies} as well as loss as
dollars.
Saving tankers to U.K. by using Admy. home stocks wd. enable
us to use tankers for c.i.f. sales.

A.V.A. Must have strategic reserve. 400/500 t. needed to mobilise Fleet.

P.M. What wd. you do with Fleet? There are no Fleets in being.

T.W. If we drew whole of deficit fr. Admy. stocks at home they wd. have
400/500 left.

H.M. Balance is between certainty of economic loss, and risk of wishg.
to mobilise Fleet.

R.S.C. Risks on our reserves is much greater than any mil. risk.
We shd. be at U.S. mercy.

J. Economic danger is here now.

A. Certainty, not risk.
Agreed { Gap of 380.000 tons to be closed by Admy.
{ help – either more tankers or drawing on stocks.
Coal/Oil Conversion.
Political diff^y of reversing policy.
Admy, stocks may be replaced (by sterling oil)
as soon as practicable.
[Exit invitees.

8. Canada. Trade Negotiations.

R.S.C. Will be announced at 8 p.m. to-day.
Not a satisfy. agreement.
Indicated main features. 3 months' only.
145 m. deficit: 100 m. in U.S. dollars. Thought 50/50 if excess.
But now told didn't intend that. Merely ready to discuss how to
handle any excess.

N.B. Canada are gambling on Marshall Aid before March.

P.M. No option but to accept.

R.S.C. New b/paymts. picture in Jan.