CABINET 45 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 1st November, 1945, at 11 a.m.

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).


The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.

The Right Hon. E. W. Pethick-Lawrence, M.P., Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. J. Lawson, M.P., Secretary of State for War.

The Right Hon. G. A. Isaacs, M.P., Secretary of State for War.

The Right Hon. Ellen Wilkinson, M.P., Minister of Education.

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.

The Right Hon. Lord Jowitt, Lord Chancellor.

The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.

The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.

The Right Hon. Viscount Stansgate, Secretary of State for Air.

The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.

The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The following were also present:

The Right Hon. John Wilmot, M.P., Minister of Supply and of Aircraft Production (Item 6).

The Right Hon. Sir Ben Smith, M.P., Minister of Food (Item 6).

Mr. G. Buchanan, M.P., Joint Parliamentary Under Secretary of State for Scotland (Item 6).

The Right Hon. Alfred Barnes, M.P., Minister of War Transport (Item 6).

The Right Hon. George Tomlinson, M.P., Minister of Works (Items 4-6).

Mr. P. H. Collie, M.P., Joint Parliamentary Secretary, Ministry of Agriculture and Fisheries (Items 2 and 6).

The Hon. Sir Alexander Cadogan, Permanent Under-Secretary of State for Foreign Affairs (Item 1).

Secretariat:

Sir Edward Bridges.
Mr. Norman Brook.
Mr. W. S. Murrie.

[30632-2]
**CABINET 48 (45).**

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1. The Cabinet had before them a memorandum by the Secretary of State for Foreign Affairs (C.P. (45) 261) reporting that the United States Government had been unwilling to adopt our suggestion that the bases which they required in Iceland should be secured on a short lease as a temporary measure pending the coming into force of the security provisions of the United Nations Charter. They were pressing their demand for a long-term lease, and the Icelandic Government had asked for an expression of our views. His Majesty's Minister at Reykjavik had been instructed to inform them that we welcomed the proposal that United States Forces should continue to occupy bases in Iceland; that we assumed that such occupation would, in due course, be brought under the international security system provided in the United Nations Charter; but that meanwhile it seemed natural that an arrangement should be made by bi-lateral agreement between the Icelandic and United States Governments. It would, however, be difficult for us to maintain this line if the Soviet Government adopted a hostile attitude towards this American initiative in Iceland or demanded, as a counter move, a long-term lease of bases in Denmark or Norway. The Foreign Secretary proposed that, in that event, we should advise the Governments of Denmark and Norway to invoke the procedure provided in the United Nations Charter and to refuse to negotiate bi-laterally with the Soviet Government. We should then modify our attitude towards the American demand in respect of Iceland, and should renew the proposal that the United States Government should be content for the time being with a short-term lease of these bases.

In discussion, there was agreement with the view that fresh arrangements for bases should, as a general rule, be made within the framework of the security provisions of the United Nations Charter. This procedure should certainly be advocated in respect of any Russian demand for bases in Denmark and Norway, which were already members of the United Nations Organisation. The views which we had already expressed to the Icelandic Government were not inconsistent with such a policy, as Iceland was not yet a member of the United Nations; but, if the Soviet Government opposed the American initiative in Iceland, this would give us an opportunity to repeat our suggestion that long-term arrangements for bases in Iceland should be made as part of the international security system under the United Nations Organisation, and that the Americans should accept as an interim arrangement a short-term lease of these bases.

The Cabinet—

Endorsed the Foreign Secretary's proposals, as outlined in paragraph 4 of C.P. (45) 261.

2. The Cabinet had before them a memorandum by the Minister of Labour and National Service (C.P. (45) 209) asking that, pending the submission of the further proposals which he had been asked on the 18th September to put forward on the general question of the employment of prisoners of war, immediate authority should be given to billet a small number of German prisoners on farms, on an experimental basis.

The Cabinet were informed that the Minister of Agriculture and Fisheries was in favour of this proposal.

The Cabinet—

Agreed that arrangements should be made forthwith to billet a limited number of German prisoners on farms, as proposed in paragraphs 1 (5) and 13 of C.P. (45) 172, on the understanding that there should be the same security precautions as had been applied to the billeting of Italian prisoners on farms.
3. At their meeting on the 23rd August the Cabinet had invited the Home Secretary to review the question of maintaining a nucleus of the local organisation for Civil Defence. The Cabinet now had before them a memorandum by the Home Secretary (C.P. (45) 246) reporting that, after consultation with the Lord President, he proposed to defer submitting detailed proposals for the future organisation of Civil Defence until further study had been given to the effects of the atomic bomb and of intensive air-raids on enemy territory. Meanwhile, it was necessary that, on the Second Reading of the Bill suspending certain provisions of the Civil Defence Acts, some statement should be made to encourage the retention of some of the local experience and organisation which had been built up in Civil Defence during the war.

The Cabinet—

Authorised the Home Secretary to make a statement on the general lines indicated in paragraph 5 of C.P. (45) 246.

4. The Cabinet had before them a memorandum by the Home Secretary (C.P. (45) 243) proposing the appointment of a small Committee of Ministers to supervise the organisation of official Victory celebrations.

In discussion, reference was made to the loss of production involved by such celebrations. During 1945 there had already been four days' holiday to celebrate the end of hostilities in Europe and the Far East. Was it necessary that further celebrations should be held, at any rate during the coming winter, when the loss of even one day's coal production would have serious consequences? It was the general view of the Cabinet that official Victory celebrations should be held, though they could be postponed until the spring of 1946, and the possibility of holding them on a Sunday might be considered.

Arrangements should be made for representative contingents of Dominion and Colonial troops to take part in the military processions. The possibility should also be considered of arranging for the Allied Forces to be represented.

It was agreed that the Dominions Office, Colonial Office and Ministry of Works should be among the Departments to be brought into consideration in the planning of the Victory celebrations.

The Cabinet—

Took note that the Prime Minister would appoint a small Committee of Ministers to formulate plans for official Victory celebrations, and to supervise the detailed arrangements which would subsequently be worked out by one or more committees of officials.

5. The Cabinet considered a memorandum by the Secretary of State for Dominion Affairs (C.P. (45) 234) outlining his proposals for enabling the people of Newfoundland to decide their future form of government.

The Secretary of State for Dominion Affairs said that he had it in mind that in the spring of 1946 there should be elected a National Convention of Newfoundlanders, whose duty it would be to review the alternative courses open to the Island, and to make recommendations to His Majesty's Government as a basis for a national referendum. The first step would be to send out from this country an expert adviser, who could give adequate guidance on constitutional forms and procedure. It was desirable that he should be accompanied by a Treasury representative, so that there could be made available to the Convention a full and objective statement on the financial and economic situation. Newfoundland was at
present in a favourable financial position, but this resulted largely from war-time circumstances and it was doubtful how well the Island would fare under normal conditions. There was little prospect of our being able to find the dollars required for reconstruction and development in Newfoundland, and in present circumstances Canada would not be willing to finance reconstruction in the Island. There were, however, indications that public opinion in Newfoundland was moving towards the idea of union with Canada; and, although the initiative must be left entirely with Newfoundland, the Secretary of State thought it important that nothing should be said to discourage this movement of opinion. In his view, union with Canada was the natural destiny of Newfoundland.

In discussion the following points were raised:

(a) The Secretary of State for Dominion Affairs said that business and financial interests had in the past obtained undue influence in the management of the Island’s affairs, and special care should be taken to ensure that the proposed National Convention was so constituted as to reflect the true interests of the Islanders. It might be advisable to provide that candidates for election to the Convention should be persons resident in the area which they were to represent.

The Prime Minister said that, even if such a requirement were imposed, he feared that the business and financial interests might secure an unduly large representation in the Convention. Having regard to the special conditions obtaining in Newfoundland, he wondered whether it would not be preferable to discard the geographical basis of election, and to devise an alternative method of election by various groups of workers and other interests in the Island. Alternatively, the two methods might be combined, some members of the Convention being elected on a geographical basis, and others as representing particular sections of the Island community. He believed that, unless some such measures were adopted, the interests of the Islanders themselves would not be properly represented in the Convention.

(b) The Minister of Health raised the question whether it was appropriate that a change in the status of Newfoundland should be considered by the Parliament at Westminster alone. Would it not be more appropriate that the report of the proposed Convention should be considered in the first instance by some Imperial conference including representatives of the other Dominions?

The Secretary of State for Dominion Affairs undertook to consider this suggestion, though he thought it unlikely that Dominion Governments would wish to be associated with the discussion of a problem which was of special concern to one particular Dominion.

(c) The view was expressed that it ought not to be assumed at this stage, without further discussion, that Newfoundland’s ultimate destiny lay in union with Canada. Canada was subject to strong economic influence from the United States, and her future development could not be predicted with certainty. Nor should it be assumed, without further enquiry, that there was no possibility of Newfoundland being so developed as to become economically independent. For these reasons some Ministers wished to reserve judgment on the question whether Canada should be encouraged to absorb Newfoundland.

The Secretary of State for Dominion Affairs said that this question would not arise in the immediate future, and would not in any event arise in the form of a compulsory change of status. There was no question of Canada’s assuming any responsibility for Newfoundland unless the initiative came from the Newfoundlanders themselves.
(d) In paragraph (7) of C.P. (45) 234, the Secretary of State for Dominion Affairs had stated that he wished to reserve for the present the question of remitting Newfoundland’s guaranteed sterling debt of about £17 million, but suggested that it might be found desirable for the United Kingdom Government to remit this debt as their contribution to any settlement of the constitutional issue which might be achieved.

The Chancellor of the Exchequer reserved his opinion on this point. If Newfoundland sought union with Canada, it might be reasonable that Canada should take over this sterling debt as part of the settlement.

(e) In Appendix A of C.P. (45) 234, the Secretary of State for Dominion Affairs had submitted the draft of a statement which he would propose to make in Parliament about the procedure suggested for enabling Newfoundlanders to choose their future form of government.

In discussion, it was pointed out that a statement of this length was certain to provoke a demand for a debate; and it would be convenient if the draft statement could be substantially shortened.

The Cabinet—

(1) Expressed general approval of the proposals outlined in C.P. (45) 234.

(2) Invited the Secretary of State for Dominion Affairs to give further consideration to the points noted at (a) and (b) above, and to consider means of shortening the draft statement contained in Appendix A of C.P. (45) 234.

(3) Agreed to defer a final decision on this matter until the Secretary of State for Dominion Affairs had submitted a further memorandum embodying the results of Conclusion (2) above.

6. The Cabinet considered a memorandum by the Lord President of the Council (C.P. (45) 260) on the future of labour controls.

The Lord President of the Council said that this question had been considered by the Industrial Sub-Committee of the Lord President’s Committee (I.P. (I) (45) 2nd Meeting, Minute 1) on the basis of a report by officials, a copy of which was annexed to C.P. (45) 260. The Sub-Committee were satisfied that a long-term policy for a planned distribution of man-power could be applied only by means of a rational and effective wages policy. The immediate problem was, however, to secure the labour needed for essential industries during the next six to nine months. The Sub-Committee, while they were agreed that the Essential Work Orders should remain substantially unaltered, had not been able to reach agreement on the future of the other two main forms of labour control, namely, direction of labour and the Control of Engagement Order. He had accordingly set out in paragraph 3 of C.P. (45) 260 five alternative courses which might be adopted.

There were very serious difficulties in maintaining and effectively enforcing the whole of the existing system of labour control, since no real attempt had been made to educate the public on the need for their retention and the mass of the workers not unnaturally believed that with the end of the war there would be substantial relaxations. But if such relaxations were made, it would be impossible to control the distribution of the labour force and it might, for example, be found in a few months’ time that owing to labour shortages in the building materials industries, the housing programme was being held up, while at the same time building workers were unemployed. He doubted whether it would be wise to adopt the compromise of releasing from controls all workers over the age of 30 except those in certain essential industries (alternatives (iii) and (iv) in his memorandum), and he felt that
the choice must lie between the enforcement of the whole system of control, coupled with a campaign to educate the public as to the need for this (alternative (v)), and the relaxation of control over workers over the age of 30 without exceptions (alternative (ii)).

The Minister of Labour and National Service pointed out that, even though other labour controls were relaxed, some nine million workers would remain subject to the Essential Work Orders. During the war, when the Government could appeal to the patriotism of the workers and when workers were mainly being directed into industries where the wages and conditions of work were favourable, it had not been possible to enforce labour controls with the full rigour of the law. In present circumstances the controls were becoming increasingly ineffective. He was, therefore, in favour of releasing from control all workers over the age of 30, subject to one or two exceptions, and supplementing this limited control by improving conditions in those industries to which it was desirable to attract labour in the national interest.

In further discussion the following points were raised:—

(a) The problem of securing a proper distribution of labour would become progressively easier with the release of large numbers of men from the Forces. What the Government had to consider, therefore, was a short-term policy designed to meet the difficulties of the immediate future.

(b) It was represented that the release from control of all workers over 30 would make it impossible to secure the necessary output of coal or to carry out the housing programme. In manufacturing industry, also, it was important that power should be retained to direct workers to essential industries and to prevent their being attracted into luxury trades.

(c) Although it might be impossible to enforce the controls on all workers, there was in fact a very large majority of workers who would accept labour controls without question. It was suggested that for this reason it would be worth retaining the controls even though they could not be enforced in all cases.

(d) Workers would be more easily attracted to essential industries if they could be given an assurance that the firms in which they were being offered employment had orders covering a relatively long period. It was, therefore, desirable that long-term orders—covering, say, a period of 18 months to two years—should be placed for housing components.

(e) A solution of the wages problem in the building industry should be sought by developing the system of payment by results and exploring the possibility of working longer hours during the winter by the use of artificial light.

(f) A vigorous policy of improving the conditions (e.g., by the extension of the use of canteens) in less attractive industries, should be pursued.

(g) Consideration should be given to the possibility of increasing the mobility of labour by improving the rates of lodging allowances.

(h) The Essential Work Orders should be retained, since they provided an effective sanction against unreasonable conduct by employers, and their withdrawal would lead to industrial disputes.

(i) While the problem of making wages and conditions of work more attractive in the essential industries must be tackled, there would be grave objection from the point of view of the prevention of inflation to any policy which stimulated a series of wage increases in these industries. There were also grave dangers in adopting any policy which would involve the Government's taking an active part in determining wage rates. On the other hand, it might be that the existing machinery for settling wages questions was working too slowly in some industries and the Minister of Labour should look into the question of expediting the application of the provisions of the Wages Councils Act, 1945, to these industries where there was no adequate machinery for the effective regulation of wages.
(j) If the Minister of Labour and National Service were enabled to keep in close touch with his colleagues when wages claims were being discussed, he might often be able, without direct intervention, to promote reasonable settlements and so to avoid the more extreme claims which were apt to be put forward when there was a break­down of negotiations.

Summing up the discussion, the Prime Minister said that it seemed to be generally agreed that it would be politically imprac­ticable to announce at the present time a policy of maintaining and enforcing the whole of the existing system of labour controls. At the same time, it appeared to be the general view of the Cabinet that it would be expedient to defer a decision to relax these controls. A substantial increase in the flow of man-power from the Forces might go a long way towards meeting the labour requirements of the essential industries, without full enforcement of the existing system of control. Alternatively, before a policy of rigorously enforcing the controls was adopted, there should be an interval during which an intensive effort should be made to bring home to the public the need for full control of labour in order to secure a proper distribution of man-power. Advantage should also be taken of this interval to study other means of attracting labour into the industries in which it was most urgently required.

The Cabinet—

(1) Agreed that for the time being no change should be made in the existing system of labour controls.

(2) Invited the Lord President to arrange for this problem to be further examined, in the light of the points which had been raised in the course of the discussion.

Cabinet Office, S.W. 1,
1st November, 1945.
CABINET 49 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 6th November, 1945, at 11 a.m.

Present:
The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.
The Right Hon. SIR STAFFORD CHIPPES, K.C., M.P., President of the Board of Trade.
The Right Hon. LORD JOWITT, Lord Chancellor.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. VISCOUNT STANSGATE, Secretary of State for Air.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.
The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Items 1–2).
Mr. J. B. HYND, M.P., Chancellor of the Duchy of Lancaster (Item 3).
The Hon. SIR ALEXANDER CADOGAN, Permanent Under-Secretary of State for Foreign Affairs (Items 1–5).

The following were also present:
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State (Items 3–6).
The Right Hon. W. WHITELEY, M.P., Parliamentary Secretary to the Treasury (Item 1).
Mr. J. R. C. HELMORE, Board of Trade (Item 7).

Secretariat:
Sir EDWARD BRIDGES.
Mr. NORMAN BROOK.
Mr. W. S. MURRIR.
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Parliament.
Debate on
Foreign Affairs.

1. The Cabinet discussed the arrangements for the Debate in the House of Commons on foreign affairs on the 7th November. It was agreed that on this occasion there should be an opportunity, after the opening speech by the Leader of the Opposition, for the House to express their views before a Government spokesman intervened in the Debate. There would, therefore, be no need for any Government spokesman other than the Foreign Secretary, who would speak at what he considered to be the most appropriate moment during the course of the afternoon.

2. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (45) 265).

The Foreign Secretary said that he had informed the Italian Government in September, with the authority of the Cabinet, that the repatriation of Italian prisoners from this country would begin as soon after the end of this year's harvest as transport was available. It was important, from the point of view of British policy towards Italy, that arrangements should be made for the early repatriation of substantial numbers of Italian prisoners. He asked that instructions should now be given to ensure that at least 3,000 were repatriated during November or before the middle of December 1945, and that repatriation should proceed thereafter at a regular rate.

The Minister of Agriculture and Fisheries said that he could not agree that this movement should begin until the end of the potato harvest; but he was willing that 3,000 Italian prisoners should be made available for repatriation at the beginning of December and a further 2,000 in the middle of that month. Arrangements for the withdrawal of these numbers from agriculture were already in hand.

The Minister of War Transport confirmed that these numbers could be transported to Italy; and the Secretary of State for War said that there was no military objection to their removal from this country.

The Foreign Secretary said that his point would be met if the arrangements mentioned by the Minister of Agriculture and Fisheries were carried out.

The Cabinet—

(1) Invited the Secretary of State for War to ensure, in consultation with the other Ministers concerned, that arrangements were made for not less than 5,000 Italian prisoners of war to be repatriated before the end of the year, beginning in December; and that repatriation should thereafter proceed at a regular rate.

The Foreign Secretary asked that further consideration should be given to the possibility of retaining some Italian prisoners of war, who would otherwise be repatriated, for continued employment in this country on a contract for wages. He had reason to believe that substantial numbers might be willing to remain here on this basis. He had it in mind that, if such a scheme could be worked out, it might be announced at the time when the Terms of Surrender for Italy were modified.

The Cabinet—

(2) Invited the Minister of Labour and National Service to arrange for a Committee of officials representing the Departments primarily concerned to examine the possibility of arranging for the continued employment in this country, on a contract of service, of Italian prisoners of war who would otherwise be repatriated.
3. The Cabinet considered a memorandum by the Home Secretary (C.P. (45) 263) outlining a scheme for the admission to the United Kingdom of a limited number of refugees from Nazi oppression (e.g., survivors from German concentration camps, persons who had been hiding from the Gestapo, and other distressed persons in need of special care) who had relatives in this country able and willing to look after them.

The Home Secretary said that the Home Office was being flooded with applications on behalf of these refugees—it was estimated that the applications received represented somewhere between 1,500 and 2,000 cases a week—and that it would be impossible for this country to meet all the claims which were being made on its hospitality. He had thought, however, that it would be right to grant asylum in this country to some of these people if it were possible to differentiate in favour of limited classes with special claims. He had therefore devised the special categories set out in paragraph 2 of his memorandum; and he proposed that there should be a public announcement making it clear at the outset that all applications falling outside these special categories would be refused.

Points in discussion were:

(a) The proposal (paragraph 2 (c) of C.P. (45) 263) to admit the parents or grandparents of persons in this country would lead to the admission of a number of elderly people who would be non-productive and might become a burden on the community. It was explained that none of these applications would be granted unless the Home Office was satisfied that the applicant in this country was able and willing to maintain his relatives.

(b) The proposal (paragraph 2 (d) of C.P. (45) 263) to admit male children up to the age of 18 and female children up to the age of 21 would involve a permanent addition to the foreign population competing in the employment market with British subjects. As against this, it was said that the British people had in the past derived more benefit than harm from a liberal policy towards the admission of foreign refugees.

(c) More generally, it was suggested that the admission of a further batch of refugees, many of whom would be Jews, might provoke strong reactions from certain sections of public opinion. There was a real risk of a wave of anti-Semitic feeling in this country. There was evidence of this in the recent protest of rate-payers against the foreign colony in Hampstead. On the other hand, it was pointed out that this protest had provoked an effective counter-protest. Public opinion was divided on this question, and it was not to be assumed that the extreme attitude taken by certain newspapers represented a majority view. It was unfortunate that more prominence was not given to the contribution which had been made by foreigners in this country in industry and in other walks of life.

(d) Public feeling was more easily aroused because of the tendency of foreigners to congregate in colonies. The Foreign Secretary said that, if the scheme proposed in C.P. (45) 263 were adopted, there would be advantage in making it a condition of admitting some of the younger people that they should work for a period in agriculture. The system by which earlier refugees had been required to work on the land before migrating to Palestine had been successful; and the Departments concerned might examine the possibility of devising a similar scheme for some of those admitted for permanent residence in this country under the present proposals. Such an arrangement would have the effect of spreading the immigrants more widely throughout the country, and would also secure that too many of them did not seek openings in commerce.

(e) The President of the Board of Trade said that he presumed that this scheme would not prejudice the proposals which he had put forward for bringing over to this country individuals with
special technical and scientific qualifications whose presence here would be of advantage to British industry. The Home Secretary confirmed that the scheme would not prejudice those proposals.

(j) The Secretary of State for Air asked whether it would be open to any of the 15,000 foreigners in the Royal Air Force to submit applications on behalf of their relatives under this scheme. The Home Secretary said that there was nothing in the scheme to prevent such applications being made.

(g) In paragraph 7 of CP. (45) 263 it was suggested that, if this scheme was approved, the United States Government should be informed and invited to consider the introduction of a corresponding scheme in the United States.

The Foreign Secretary said that, while he did not suggest that the adoption of this scheme should be made conditional upon corresponding action by the United States Government, there would be a better prospect of securing such action if the proposal were put to the United States Government before we announced our intention to bring such a scheme into operation in this country.

The Home Secretary said that, in view of the Parliamentary pressure to which he was subject, he could not defer making an announcement beyond the 15th November. The Foreign Secretary said that he would make an immediate approach to the United States Government and might be able to ascertain their views before that date.

The Prime Minister, summing up the discussion, said that, while approval could be given to the general principles of the scheme outlined in CP. (45) 263, it appeared to be the general view of the Cabinet that great discretion should be exercised in its administration. Public opinion was apprehensive of substantial additions to the foreign population, and great care should be taken to avoid arousing any wave of anti-Semitic feeling in this country.

The Cabinet—

(1) Approved the proposals put forward in CP. (45) 263, subject to examination of the suggestion recorded in (g) above.

(2) Invited the Foreign Secretary to make an immediate communication to the United States Government, explaining the proposals which we had in mind and asking whether they would be prepared to introduce a corresponding scheme in the United States.

(3) Took note that, in order to give the Foreign Secretary an opportunity of ascertaining the views of the United States Government, the Home Secretary would defer making a public announcement of the scheme until the 15th November.

4. The Cabinet considered a memorandum on this subject (C.P. (45) 255) by the Home Secretary.

The Home Secretary explained that during the last five years the grant of British nationality by naturalisation had been generally suspended. There ought, in his view, to be no long interval between the end of hostilities and the restoration of the normal practice of dealing with applications of naturalisation within such limits as were practicable. He therefore proposed to announce that as soon as the necessary staff was available the grant of certificates of naturalisation would be resumed; that consideration would be given first to those applications which had been submitted before the policy of suspension was announced in November 1940; that it would take no less than two years to deal with those applications and that, when they had been disposed of,
applications received after November 1940 would be dealt with, not in the order of their submission, but according to the length of time for which the applicants had resided in this country.

In discussion doubts were expressed about the wisdom of deferring applications received after November 1940 until the 6,500 applications received before that date had been dealt with, especially if there was no possibility of disposing of these earlier cases in under two years. The rigid application of such a rule would involve postponing for a long time a number of very deserving applications which both on their own merits and in the national interest ought to be granted.

The following particular points were also raised:

(a) Would it not be possible to give special facilities to some of those who had served in the Armed Forces during the war? The same facilities need not necessarily be given to all persons with any record of service in the Forces. It might, for example, be possible to exclude those who had served in the Pioneer Corps (many of whom had enrolled only to escape internment) and those who had enlisted and done all their service abroad. The possibility of relying on some form of recommendation from the Service authorities might also be considered.

(b) There was general agreement that early consideration should be given to applications by persons who had established valuable businesses in this country, particularly in the development areas. Reference was made to cases in which business men were precluded from travelling abroad to develop our export markets because they had not been naturalised.

The Home Secretary said that even now applications were taken up if a Government Department certified that it was in the national interest that the applicant should be naturalised. It was the general view of the Cabinet that this practice should now be extended to cases where a Government Department certified that the applicant's business was of substantial value to the country.

(c) Would it not be possible to reduce the period of two years which would be required to dispose of the 6,500 applications received before November 1940? Would it assist the Home Office in dealing with these applications more expeditiously if one or more Advisory Committees were established similar to those which had assisted in the administration of Defence Regulation 18B?

(d) Some regard should be paid to the nature of the work which the applicant intended to take up. There was no advantage in naturalising people who were likely to follow occupations of little value to the community.

The Home Secretary said that, when an application was granted, the Home Office should inform the Ministry of Labour and National Service in order that the applicant should be subjected to the various labour controls which applied to British subjects.

The Home Secretary said that, while he would do all in his power to expedite the work on the applications received before November 1940, he could hold out little hope of any substantial reduction in the period required to clear off these cases if the very necessary work of enquiry was to be done properly. He did not think it would be fair to deal with applications received after November 1940 without giving those persons an opportunity to apply who had been considerate enough not to submit their applications during the war, and he was afraid that if any general invitation to submit applications were given now the machine would become hopelessly clogged. He would, however, consider what might be done to meet the points raised in the Cabinet's discussion in such a way as to
ensure that consideration would be given during the next two years to really deserving cases, both among those who had applied in the period after November, 1940, and those who might apply hereafter.

The Cabinet—

Agreed that the grant of certificates of naturalisation should be resumed, and invited the Home Secretary to consider, in the light of the points made in discussion, how the specific proposals outlined in C.P. (45) 255 should be modified so as to secure greater flexibility in administration.

5. The Cabinet considered a memorandum by the Secretary of State for Foreign Affairs (C.P. (45) 266) outlining a policy for giving further assistance to the new Greek Government in the reconstruction of Greece.

The Foreign Secretary proposed that the Parliamentary Under-Secretary of State for Foreign Affairs should be sent at once to Athens in order to put to the new Greek Government the programme outlined in C.P. (45) 266. The principal features of that scheme were as follows: (i) An offer would be made to attach British advisers to the Greek Ministries concerned with the reconstruction of the Army, finance, railways, roads, distribution and supplies; (ii) We should offer assistance in regard to the import programme, concentrating on imports likely to get the Greek economy working, rather than on consumption goods. (iii) We should do what we could to strengthen U.N.R.R.A. in Greece. (iv) We should advise the issue of a lottery loan, with a view to absorbing surplus purchasing power and providing the Greek Government with the drachmae which they required. In return for this assistance, we should expect the Greek Government to undertake the programme set out in paragraph 9 of C.P. (45) 266.

The Foreign Secretary said that the basis of this policy was to assist the Greek Government in economic, rather than political, matters. We must measure the amount of assistance we could afford to give to Greece; but it would pay us to spend rather more over the next six months in re-establishing the Greek economy if that enabled us to spend less on the maintenance of British troops in Greece during the ensuing period.

Points in discussion were:—

(a) The Chancellor of the Exchequer supported the proposals made by the Foreign Secretary. Substantial assistance could be given to the Greek import programme, on the lines suggested: a sum of £3 million, out of our total contribution of £80 million for relief purposes, had been earmarked for supplies to Greece and similar countries. There was no case for a financial loan, as Greece held nearly £40 million in gold, dollars and sterling, which represented large reserves for a country of her size. The real difficulty was her inflationary condition: the amount of money in circulation far exceeded the supply of goods: and it was for this reason that he supported the proposal for a lottery loan in order to absorb some of the surplus purchasing power.

(b) The Minister of State said that hitherto two factors had limited the effectiveness of U.N.R.R.A.'s work in Greece. First, the staff there had not been fully up to the job. Some improvements had already been made in the British staff; and it was desirable that changes should also be made in the United States staff. Secondly, transport facilities were inadequate. Assistance with transport would produce very substantial improvements in the situation.

(c) The Foreign Secretary asked that the President of the Board of Trade should give sympathetic consideration to requests for the export of steel rails from this country to Greece if they could not be obtained from the United States.
(d) The Secretary of State for War asked whether paragraph 4 of C.P. (45) 266 implied that further military advisers should be sent to Greece in addition to the Military Mission already there. The Foreign Secretary explained that he was not suggesting any increase in the number of the British military advisers; what he desired was to secure that the development of the Greek Army was brought into line with the general economic approach which he now wished to make towards the problem of Greek reconstruction.

(e) Was there any assurance that, if this further assistance was given, the position in Greece could be restored? The Foreign Secretary said that, while he could not guarantee that this policy would succeed, we could not at this stage withdraw and must make a further effort to get Greece on to her feet. This was the best policy which he could devise for this purpose.

The Cabinet—

Approved the proposals outlined in C.P. (45) 266.

6. The Cabinet had before them a memorandum by the Minister of Labour and National Service (C.P. (45) 238) to which was annexed a draft White Paper indicating the action which His Majesty's Government proposed to take in respect of the seven recommendations adopted by the International Labour Conference at its 26th Session held at Philadelphia in April-May 1944.

The Minister of Labour said that the recommendations fell into three groups, viz.: (i) social security; (ii) social policy in dependent territories; and (iii) employment. So far as social security was concerned, the White Paper suggested that decisions on the recommendations should be deferred for the time being pending the establishment of the national health service and social insurance schemes which were now under consideration in this country. With regard to social policy in dependent territories, the general principles set forth in Part I of the Annex to the Recommendation could be accepted as being in conformity with the present policy of His Majesty's Government; and Colonial Governments and the Government of Burma had generally agreed that it should be the aim of policy to introduce the minimum standards set forth in Part II of the Annex as quickly as circumstances permitted.

On the subject of employment, he proposed that the Government should accept the recommendations with the reservation that since a Royal Commission was inquiring into the problem of equal pay for both sexes, the Government could not subscribe to that part relating to the encouragement of "the establishment of wage rates on the basis of job content without regard to sex." The recommendations concerning the employment services and the national planning of public works were in accordance with our employment policy.

In discussion, the following points were raised:—

(a) Might not the acceptance of recommendation 73, which related to a national plan for public works, be inconvenient if it imposed on His Majesty's Government an obligation to report on their long-term development programmes?

It was suggested that this obligation would be met by a general report relating to public works. Valuable statistics on this subject had been collected in the past by the International Labour Organisation.

(b) Attention was drawn to the danger that the International Labour Organisation, in dealing with employment policy, might be trespassing on matters more appropriate to other international organisations. In particular, it would be one of the primary duties of the Economic and Social Council to take action in the promotion of full employment. There was need for some consultation between the Departments concerned on this question of duplication between various international organisations, established or proposed.
The Cabinet—

(1) Authorised the Minister of Labour and National Service to issue a White Paper in the form of the draft annexed to C.P. (45) 238 indicating the proposals of the Government with regard to the recommendations adopted by the International Labour Conference at its 26th Session.

(2) Invited the Minister of State to arrange for the Departments primarily concerned to consider means of preventing duplication between the various international bodies which were already in existence or were to be established under the United Nations Organisation.

7. The Cabinet had before them—

(i) a memorandum by the Chancellor of the Exchequer (subsequently circulated as C.P. (45) 270) setting out the instructions which it was proposed to give to the representatives of His Majesty's Government in the financial negotiations in Washington; and

(ii) a memorandum by the President of the Board of Trade (subsequently circulated as C.P. (45) 269) showing the stage which had been reached in the discussions on commercial policy.

After the Chancellor of the Exchequer and the President of the Board of Trade had supplemented the information given in these memoranda, the Cabinet agreed to adjourn discussion of the issues raised to a special meeting to be held later in the day.

Cabinet Office, S.W. 1,
6th November, 1945.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 6th November, 1945, at 4:30 p.m.

Present:
The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).
The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.
The Right Hon. Lord Jowitt, Lord Chancellor.
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.
The Right Hon. Viscount Stansgate, Secretary of State for Air.
The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.
The Right Hon. Aneurin Bevan, M.P., Minister of Health.
The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.
The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.
The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. Lawson, M.P., Secretary of State for War.
The Right Hon. Ellen Wilkinson, M.P., Minister of Education.
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

Secretariat:
Sir Edward Bridges.
Mr. Norman Brook.
Mr. W. S. Murrie.

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[30832—4]
The Cabinet discussed the proposals which had been put before them earlier in the day by the Chancellor of the Exchequer and the President of the Board of Trade regarding the instructions to be given to the representatives of His Majesty's Government in the Washington discussions on financial questions and on commercial policy.

A record of the discussion and of the conclusions reached is contained in the Secretary's Standard File of Cabinet Conclusions.

_Cabinet Office, S.W. 1._

6th November, 1945.
SECRET.
C.M. (45)
51st Conclusions.

CABINET 51 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 8th November, 1945, at 10.45 a.m.

Present:
The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.
The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.
The Right Hon. LORD JOWITT, Lord Chancellor.
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. Viscount STANSGATE, Secretary of State for Air.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.
The Right Hon. JOHN WILMOT, M.P., Minister of Supply and of Aircraft Production (Item 4).
Mr. G. Buchanan, M.P., Joint Parliamentary Under-Secretary of State for Scotland (Items 5–8).

The following were also present:
The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.
The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.
The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.
The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

Secretariat.
Sir EDWARD BRIDGES.
Mr. NORMAN BROOK.
Mr. W. S. MURRIE.
## CABINET 51 (45).

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1. **The Lord Privy Seal** reported the results of a meeting which he and the Minister of National Insurance had held the previous afternoon with the group of Government supporters interested in the National Insurance (Industrial Injuries) Bill. This meeting had discussed the situation created by the action taken by those Members earlier in the day in carrying an amendment against the Government in Standing Committee on that Bill. After a prolonged discussion the meeting had passed a resolution in favour of the Bill's being passed into law, and had agreed that they would not press to a Division the remaining amendments of which they had given notice. They had further agreed that, if the Opposition declined to agree that any of these amendments should, after discussion, be withdrawn, they would vote with the Government in a Division.

**The Lord President** informed the Cabinet of the business which it was proposed to take in the House of Commons during the following week.

The Cabinet were also informed that a further Debate on foreign affairs was planned for the 21st and 22nd November. It was pointed out that, if the Prime Minister had not by then returned to this country, it might be more convenient that this Debate should be postponed, as there would otherwise be a demand for yet another Debate on foreign affairs after his return. **The Lord President** undertook to keep this point in mind in arranging Parliamentary business for the week beginning the 19th November.

2. **The Prime Minister** said that Mr. Churchill was asking a Question that afternoon, by private notice, about the premature disclosure in the Press of information of the Government's intentions in respect of a national hospital service. There had been other recent occasions on which the Press appeared to have obtained confidential information on matters under discussion by the Cabinet or its Committees; and he was seriously concerned about these apparent leakages of information.

After a short discussion the Prime Minister undertook to circulate a note stressing the need for discretion in relation to matters under discussion by the Cabinet or its Committees.

3. At their meeting on the 4th October the Cabinet had agreed to discuss further the choice of site for the headquarters of the United Nations Organisation. The Cabinet now had before them a memorandum by the Secretary of State for Foreign Affairs (C.P. (45) 259) recommending that in the Preparatory Commission His Majesty's Government should continue to support the view that the headquarters of the United Nations Organisation should be in Europe.

**The Foreign Secretary** said that, although the United States Government could not openly oppose the decision reached by the Executive Committee of the Preparatory Commission in favour of a site in the United States, they were not likely to be displeased if this decision was reversed in the Preparatory Commission. There could be no criticism of our conduct if we pressed strongly the desirability of a European site and, indeed, if we failed to do this we should weaken our position in the eyes of European countries who looked to us for leadership. Support for a site in Europe would not compel us to advocate Geneva.
In discussion the following points were made:—

(a) The Chancellor of the Exchequer said that he still thought there would be advantages in the choice of a site in the United States from the point of view of enlist[1063]ing the support and interest of the United States in the United Nations Organisation. In any event, he would be strongly opposed to the selection of Geneva, which was associated with the failure of the League of Nations and was not likely to be acceptable to the Soviet Government.

(b) The Secretary of State for Dominion Affairs said that of the Dominion Governments only Australia pressed strongly for a site in the United States. The Canadian Government, on balance, favoured Europe, though they would oppose the selection of Geneva. South Africa was strongly in favour of a site in Europe, while New Zealand had not expressed any definite view.

(c) The Minister of Education said that the location of the headquarters of the United Nations Educational and Cultural Organisation was being discussed at the Conference now being held in London and it would be necessary for His Majesty’s Government to indicate their views on this matter. There was considerable support for a French proposal that the headquarters of this Organisation should be in Paris. The Minister asked for authority to support this suggestion, even though it was likely that the headquarters of the United Nations Organisation would be established elsewhere in Europe: there was much to be said for not concentrating in one city the headquarters of all the various international organisations which were being set up.

(d) The Minister of State said that, while there might be something to be said for a separate location for the United Nations Educational and Cultural Organisation, it should be the general aim to bring together in one place the headquarters of the various international bodies connected with the United Nations Organisation. This would reduce the risk that different parts of the Organisation would pursue inconsistent policies; it would make it easier to provide common services more economically and efficiently; and it would make for better reporting of the proceedings through the Press and radio. The fact that the headquarters were located together need not preclude the holding of conferences in different countries from time to time.

(e) Attention was drawn to the danger that the success of the United Nations Organisation might be prejudiced through the establishment of an excessive number of international bodies, and it was suggested that a comprehensive report should be submitted to the Cabinet on the number and functions of the various bodies which had been or were to be established.

The Cabinet—

(1) Agreed that the representatives of His Majesty’s Government on the Preparatory Commission should press the arguments in favour of locating in Europe the headquarters of the United Nations Organisation, but should not press the claims of Geneva.

(2) Agreed that, if it became necessary to state on behalf of His Majesty’s Government a view regarding the location of the headquarters of the United Nations Educational and Cultural Organisation, no objection need be raised to a proposal that the headquarters of this Organisation should be established in Paris for the time being.

(3) Invited the Minister of State to submit a report giving details of the various international bodies which were already in existence or were to be established in connection with the United Nations Organisation, together with information as to the steps which were being taken to prevent duplication among them. (See C.M. (45) 49th Conclusions, Minute 6.)
4. The Cabinet had before them a memorandum by the Prime Minister (C.P. (45) 272) indicating the line which he proposed to take in his forthcoming discussions with President Truman and Mr. Mackenzie King about the international control of atomic energy.

A record of the discussion and of the conclusions reached is contained in the Secretary's Standard File of Cabinet Conclusions.

5. The Cabinet had before them a report by the Home Secretary and the Attorney-General (C.P. (45) 297) on the release of doctors from the Armed Forces.

The Prime Minister recalled that he had asked the Home Secretary and the Attorney-General to examine the possibility of increasing the number of doctors to be released from the Armed Forces in 1945 beyond the 4,500 releases which had been planned. He had been greatly concerned at the disparity between the ratio of doctors to the civil population and the ratio of doctors to personnel in the Armed Forces, and he was convinced that, now the war was over, there was no justification for the retention of such large numbers of doctors in the Forces.

The Home Secretary said that it was proposed in the report that the doctors in the Services should be reduced by the end of 1945 to a number giving a ratio of two doctors per thousand. This would involve a net release of 7,745 in the period from the 18th June to the 31st December, and would, in his view, leave the Services with enough doctors to provide an adequate medical service even after allowance was made for a higher ratio in the Far East. The release proposed fell short by 1,125 doctors of the minimum demand made by the Minister of Health and the Secretary of State for Scotland and, including all doctors serving the civil population, did no more than bring the ratio for the civil population up to one doctor per thousand. There was a tendency for doctors released from the Forces not to revert to general practice and it was doubtful whether the ratio of general practitioners to civil population would rise above .47 per thousand. In order to achieve the releases proposed it would be necessary to depart to some extent from the principles of demobilisation by age and length of service and, in order to ensure that the right kind of doctors were released and that they should practise in the places where the need was greatest, the number of releases in Class B should be increased.

Points in discussion were:

(a) The First Lord of the Admiralty said that in the years 1929–33, when rigid economy was being practised in the Armed Forces, the ratio of doctors to personnel had never fallen below four per thousand. He had not been able to work out the full implications of the proposals made by the Home Secretary and the Attorney-General, but he believed that if 1,265 doctors were released from the Royal Navy it would not be possible to maintain a reasonable minimum standard of medical attention.

(b) The Secretary of State for War said that he also had been unable to give full consideration to these proposals. He felt, however, that if the Army had to surrender 5,600 doctors there was a grave risk that occupational troops in Germany would suffer seriously from the epidemics which were likely to arise during the winter.

(c) The Secretary of State for Air said that he was prepared to accept the proposal for the release of 880 doctors from the Royal Air Force. The proportion of doctors to personnel was already lower in the Royal Air Force than in the other two Services, despite the fact that there was a high accident rate in the R.A.F.
(d) The Secretary of State for Dominion Affairs said that he fully supported the proposals made in the report, in view of the dangerous situation which had arisen owing to the shortage of doctors for the civilian population. There was good reason to believe that the services of doctors were wastefully used in the Forces, and there was a strong case for an investigation designed to lead to a more scientific employment of the doctors available to the Forces.

(e) The Minister of Health stressed the importance of taking steps to ensure that the proposals made in C.P. (45) 267 were promptly implemented. Progress reports should be submitted at frequent intervals showing the numbers released.

The Cabinet—

(1) Approved the following net releases of doctors from the Armed Forces in the period from 18th June to 31st December:

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<td>Army</td>
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<td>R.A.F.</td>
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<td><strong>Total</strong></td>
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(2) Agreed that figures showing the progress made with the release of doctors from the Armed Forces should be included in the fortnightly statistical reports on the progress of demobilisation which the Minister of Labour and National Service had undertaken to supply to the Prime Minister.

6. The Cabinet had before them a memorandum by the Home Secretary (C.P. (45) 242).

The Cabinet were informed that it had been decided in 1942 that organisations materially influenced or controlled by a political party, or run to serve the interests of a political party, should not be given official support, and that Ministers should consult the Home Secretary when any occasion arose which seemed likely to come within this decision. The only organisations which had, in fact, come within the terms of the Cabinet decision had been those influenced or controlled by the Communist Party. The question for decision was whether the policy laid down by the War Cabinet in 1942 should be maintained.

The Lord President said that in his experience it had been convenient for Ministers or Departments to seek advice from the Home Secretary when they were asked to lend their support to organisations about which there was some doubt. It was, of course, always open to any Minister who disagreed with the advice given to submit the matter to the Prime Minister or to the Cabinet.

The Cabinet—

Agreed to maintain the existing practice by which Ministers and Departments sought the advice of the Home Secretary when asked to give support or assistance to organisations likely to be under the influence or control of the Communist Party.

Cabinet Office, S.W. 1,
8th November, 1945.
CABINET 52 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 13th November, 1945, at 11 a.m.

Present:

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council (in the Chair).
The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty. (Items 1-3).
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for Foreign Affairs.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.
The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.
The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.
The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.
The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.
The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.
The Right Hon. JOHN WILMOT, M.P., Minister of Supply and of Aircraft Production (Item 1).
The Right Hon. Sir BEN SMITH, M.P., Minister of Food (Item 2).
The Right Hon. W. WHITELEY, M.P., Parliamentary Secretary to the Treasury (Items 5-7).
The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Item 1).
The Right Hon. JAMES GRIFFITHS, M.P., Minister of National Insurance (Item 5).
Mr. THOMAS FRASER, M.P., Joint Parliamentary Under-Secretary of State for Scotland (Item 2).

The following were also present:

The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Item 1).
The Right Hon. JAMES GRIFFITHS, M.P., Minister of National Insurance (Item 5).
Mr. THOMAS FRASER, M.P., Joint Parliamentary Under-Secretary of State for Scotland (Item 2).

Secretariat.
Mr. NORMAN BROOK.
Mr. W. S. MURRIE.

[30891]
### CABINET 52 (45).

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1. The Cabinet had before them a memorandum by the Lord President (C.P. (45) 277) covering the draft of a public announcement indicating in general terms the industries which the Government intended to socialise during the course of the present Parliament.

The Lord President recalled that at their meeting on the 16th October the Cabinet had asked him to consider, in consultation with the other Ministers concerned with the nationalisation of particular industries, the form and timing of a public announcement about the Government's proposals for the nationalisation of the electricity and gas industries. The Lord President's Committee had considered at their meeting on the 9th November (L.P. (45) 42nd Meeting, Minute 4) a draft public announcement covering, not only the gas and electricity industries, but also transport services and shipping and the iron and steel industry, and the draft statement now before the Cabinet embodied the conclusions reached by the Committee and certain adjustments subsequently made in consultation with the Ministers primarily concerned. Subject to the Cabinet's approval, he proposed to make the announcement at an early date in the House of Commons. It should be possible to resist any pressure for a debate, on the ground that the object of the announcement was merely to enable the Ministers concerned to enter into negotiations with the industries affected and to formulate detailed proposals.

The Minister of Health asked whether an announcement on these lines would preclude the Government from extending public control to other industries during the present Parliament if circumstances arose which made such action desirable in the public interest. For example, it might be found desirable to bring one or other of the building materials industries under public control in order to secure the production necessary for the housing programme. The Lord President said that the announcement would not preclude such action if circumstances arose which clearly warranted it.

In discussion, the following points were raised on the draft announcement:

(a) Paragraph 2.—It was agreed that the words "will introduce a Bill" should be substituted for the words "intend to introduce a Bill"; and that the words "the Government intend to introduce measures" should be substituted for the words "measures will be introduced."

(b) Paragraph 3.—It was explained that the proposals for bringing under public ownership long-distance haulage services would not affect the operations of carriers in country districts or of industrial firms which desired to run long-distance transport for the conveyance of their own goods, and that broadly the only services which would be nationalised were those covered by Class "A" licences. The Minister of War Transport would make it clear at a Press conference, which he proposed to hold immediately after the announcement had been made, and he would give the Lord President a note showing more precisely what services would be brought under national ownership.

(c) Paragraph 5.—The Foreign Secretary said that he hoped that there would be a national plan for the orderly development of docks and harbours, in order to avoid the inefficiency caused in the past by under-employment of costly installations and equipment. He also suggested that any scheme for nationalising dock and harbour undertakings should include such ancillary services as pilotage, lighterage and the provision of warehouses, in order that within a given port area all the various services might be co-ordinated. To meet this point, it was agreed that paragraph 5 should be amended to read: "Dock and harbour undertakings and appropriate ancillary undertakings will be brought within the scope of the national scheme, and the most suitable form of public ownership is under examination."
(d) Paragraph 6.—The Minister of War Transport suggested that, in view of the difficult conditions with which the shipping industry would have to contend in the post-war years, it would be preferable to omit from this paragraph the statement that the Government would expect the shipping industry to "comply with the necessary standard of efficiency." This was agreed.

It was also agreed that it would not be expedient at this stage to bring coastwise shipping under public ownership, and that in these circumstances the last sentence of paragraph 6 should be omitted.

(e) Paragraph 7.—It was agreed that the word "final" should be inserted before the word "decisions" in order to avoid apparent inconsistency with the Government's election programme, which had included proposals for bringing the iron and steel industry under public ownership.

(f) Paragraphs 8 and 9.—It was explained that these paragraphs were designed to make it clear that the Government would pay no compensation for transactions carried out with the sole object of inflating the amount of compensation payable, while at the same time encouraging undertakings to carry out adequate development and maintenance in the interim period by promising that any compensation payable would make full allowance for any such work. In order to bring out this meaning more clearly, it was agreed that the two paragraphs should be amalgamated into one; that words should be inserted to make it clear that the combined paragraph applied to all the industries mentioned in the statement (in which event the special mention of the iron and steel industry in the second sentence of paragraph 8 would no longer be required); that the last sentence but one of paragraph 9 should be omitted; and that in the preceding sentence the words "progressive undertakings" should be substituted for the word "industries."

The Cabinet—

Approved the draft announcement annexed to C.P. (45) 277, subject to the amendments noted in (a) to (f) above, and authorised the Lord President to make the announcement at an early date in the House of Commons.

2. The Cabinet had before them a memorandum by the Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Home Secretary (C.P. (45) 273) submitting for approval a draft announcement on agricultural policy.

The Minister of Agriculture and Fisheries said that the first draft of the announcement had been considered by the Lord President's Committee on the 1st November (L.P. (45) 40th Meeting, Minute 4) and that the draft now before the Cabinet embodied certain adjustments made by the Ministers concerned in the light of the views expressed by the Committee. The announcement did not purport to be a comprehensive statement of all the measures which the Government had in contemplation, but gave an outline of the principles on which the Government's agricultural policy would be based. The announcement interlocked closely with the statement on Government controls and food policy made by the Minister of Food with the approval of the Cabinet on the 7th November. Subject to the Cabinet's approval he proposed to make the announcement in the House of Commons on the 15th November. A corresponding statement would be made in the House of Lords on the same day.

The Minister of Food said that he agreed with the terms of the draft announcement. He asked that the Ministry of Food should be associated with the discussions with representative organisations which it was proposed to open when the announcement had been made. This was agreed to.
In discussion the following points were raised:

(a) The Minister of Education asked whether more could not be done to stimulate the production of green vegetables and fruit. She feared that there was a tendency to concentrate unduly on wheat production.

The Minister of Agriculture and Fisheries said that there was no desire to stimulate wheat production beyond what was necessary for a healthy rotation of crops. There had, in fact, already been a reduction of £2 per acre in the wheat subsidy for 1946. So far as fruit was concerned, it must be realised that for much of the year we were inevitably dependent on imports. He was in favour of promoting the consumption of more green vegetables, but he felt that for this purpose what was required was a satisfactory system of marketing rather than any form of subsidy or guaranteed price.

(b) The Minister of Health said that he was seriously concerned about the extent to which tuberculous milk was still being consumed in this country. The incidence of bovine tuberculosis had increased during the war and it was estimated that 16 per cent. of the milk consumed was infected. The only satisfactory short-term remedy was to pasteurize all milk, but proposals for compulsory pasteurization had always been resisted by the producers-retailers. He proposed to circulate a memorandum on this matter to the Lord President’s Committee.

(c) The Lord Chancellor asked whether it would not be desirable to take power to transfer portions of land from one agricultural holding to another in order to secure holdings which could be worked with the maximum efficiency.

The Minister of Agriculture and Fisheries said that the County Agricultural Committees did what they could to persuade farmers to make adjustments of this kind and that in practice a good deal of adjustment was being made by voluntary sales. Strong objection would, however, be raised to any proposal for empowering the Minister to exercise compulsion in this matter.

(d) The Lord President suggested that it might be desirable to insert at the end of paragraph 11 a statement that appropriate compensation would be paid where a farmer or landowner was dispossessed.

It was explained that provision for such compensation would be inserted in any legislation, but it had been thought preferable not to go into this in the statement, which was designed to deal only with general principles.

(e) The Secretary of State for Dominion Affairs hoped that in working out the policy steps would be taken to ensure that landowners could be required to provide adequate equipment for the farms which they owned.

(f) The Lord President said, with reference to paragraph 7 of C.P. (45) 273, that, while every effort would be made to include in the legislative programme for the 1946-47 Session the legislation necessary to implement this policy, no public promise should be made that this legislation would be introduced in that Session.

The Cabinet—

1. Approved the draft announcement of the Government’s agricultural policy annexed to C.P. (45) 273 and agreed that the announcement should be made in Parliament on the 15th November.

2. Invited the Minister of Food, in consultation with the Minister of Agriculture and Fisheries and the Secretary of State for Scotland, to submit proposals to the Lord President’s Committee for the improved marketing of fruit and vegetables.
3. The Cabinet considered a memorandum by the Foreign Secretary and the President of the Board of Trade (C.P. (45) 271) regarding the place of the Department of Overseas Trade in the machinery of Government.

The proposals put forward in this memorandum were summarised as follows:

(i) All overseas commercial staff, except the Trade Commissioners in Colonies and Dominions, should become an integral part of the Foreign Service.

(ii) The Secretary of the Department of Overseas Trade should cease to be a Parliamentary Under-Secretary at the Foreign Office and should become a "Secretary for Overseas Trade" responsible solely to the President of the Board of Trade.

(iii) There should be an Inter-Departmental Committee on External Economic Policy and Overseas Trade, which should meet regularly under the Chairmanship of the Secretary for Overseas Trade. This should be composed of Junior Ministers or senior officials representing the Foreign Office, Treasury, Dominions Office, India Office, Burma Office and Colonial Office.

The Cabinet were informed that the Prime Minister was in general agreement with these proposals.

Points in discussion were:

(a) With regard to the composition of the proposed Inter-Departmental Committee, the view was expressed that this was a subject which could appropriately be handled by Junior Ministers; and it was agreed that the Committee should be composed of Junior Ministers.

(b) The Minister of Labour asked that his Department should be represented on the Committee. This was agreed. Arrangements would be made to ensure that other interested Departments were kept informed of the proceedings of the Committee, and were given an opportunity of being represented at discussions affecting their interests.

(c) The question was raised whether the new Committee would report, on matters affecting the development of the export trade, to the Industrial Sub-Committee of the Lord President’s Committee. It was agreed that it would be more appropriate that the new Committee should report, through the President of the Board of Trade, to the Cabinet.

(d) It was noted that, when this new Committee had been appointed, it would be possible to discontinue the existing Ministerial Committee on Overseas Economic Policy.

(e) It was suggested in the memorandum that responsibility for the Imperial Institute might be transferred to the Secretary of State for the Colonies. It was pointed out that Burma, and to a lesser extent India, had contributed to the work of the Imperial Institute; and that there would be disadvantages in an arrangement implying that the Institute was concerned only with Colonial matters. After discussion it was agreed that, as the Imperial Institute was primarily a research institute, it would be more appropriate that the Lord President should be responsible for it, as for other research establishments.

The Cabinet—

(1) Approved the proposals put forward in C.P. (45) 271, subject to the points noted at (a) to (e) above.

(2) Asked the Lord President to arrange for the Prime Minister to announce, soon after his return to this country, the changes summarised at (i) and (ii) above.
4. At their meeting on the 3rd September the Cabinet had invited the Secretary of State for the Colonies to consider whether it would be possible to bring to an end the rule of the Rajah of Sarawak. The Cabinet now had before them a memorandum by the Secretary of State for the Colonies (C.P. (45) 238) reporting further developments in this matter.

The Secretary of State for the Colonies explained that Rajah Brooke had now intimated his intention to provide for the cession of the State of Sarawak to His Majesty. It was, however, necessary that he should first approach the Asiatic members of the Supreme Council of the State in order to secure their consent to his proceeding with this policy and concluding the necessary agreement. It was proposed that his Private Secretary, accompanied by a senior official of the Colonial Service, should proceed at an early date to Sarawak for the purpose of obtaining this consent. Rajah Brooke also desired that, at a later stage, he should himself pay a last visit to Sarawak. The Secretary of State recommended that these proposals should be approved.

The Chancellor of the Exchequer asked that the Treasury should be consulted at an early stage of any negotiations for the cession of Sarawak. The financial arrangements should be such as to ensure that Rajah Brooke was not left in possession of monies which ought to be applied towards the reconstruction of Sarawak. The Secretary of the State for the Colonies said that the Colonial Office would not enter into any firm commitments on this aspect of the matter without first consulting the Treasury.

The Secretary of State for War pointed out that Sarawak was within the area of operational command of the Australian Forces; and suggested that the Australian military authorities should be informed in advance of the impending visit of the Rajah's emissary.

The Cabinet—

(1) Authorised the Secretary of State for the Colonies to facilitate Rajah Brooke's intention to cede Sarawak to His Majesty; and invited him to proceed with the conclusion of a fresh agreement for this purpose as soon as the Rajah had obtained the consent of his Councillors in the territory.

(2) Agreed that meanwhile Rajah Brooke should continue to be recognised as the Rajah of Sarawak.

(3) Invited the Secretary of State for the Colonies to consult with the Chancellor of the Exchequer regarding the financial aspects of any new agreement.

5. The Lord President recalled that at their meeting on the 9th October the Cabinet had decided, after considering representations made by the Trades Union Congress and the Miners' Union, that on the Committee Stage of the National Insurance (Industrial Injuries) Bill an amendment should be moved to increase to 45s. a week the basic rate of injury benefit and 100 per cent. disablement pension. The group of Government supporters interested in this Bill had been suggesting that this basic rate should be raised to 55s. or 60s.; but, as a result of discussions which they had had with Ministers, they had agreed that they would not press this suggestion. Further representations had now been made, however, on behalf of the miners by Mr. Arthur Horner and Mr. William Lawther, who maintained that it would be impossible to raise coal production to the desired level if further concessions were not made on this Bill. They had asked for an opportunity to put their representations to the Prime Minister.
Two questions thus arose. First, should any further concession be made? Secondly, should the Government, having previously discussed the position with the Trades Union Congress, afford an opportunity for separate representations to be made on behalf of the Miners’ Union?

On the first question the Cabinet agreed that no further concession should be made. Discussion turned on the question whether it would be expedient to give the representatives of the Miners’ Union an opportunity of putting their case to Ministers. On the one hand, it was pointed out that the Government’s discussions with organised labour in respect of this Bill had been conducted through the Trades Union Congress; and that the Congress would take exception to attempts by sectional interests subsequently to conduct separate negotiations. It would be specially unfortunate if the Government made any concession after receiving a deputation from a sectional interest. On the other hand, it was represented that the feeling in the coal-mining industry was not good; and that, although the failure to secure increased production was not connected with disappointment at the provisions of this Bill, it might be inexpedient as a matter of tactics to decline to give the representatives of the Miners’ Union an opportunity of putting their case. The Minister of National Insurance recalled that at an earlier stage he had received deputations on this Bill on behalf of the miners; and said that he would welcome the opportunity which a further deputation might afford of explaining the supplementary benefits to be conferred by the Bill, over and above the basic rate of 45s.

After discussion it was agreed that the proper course would be to invite the Trades Union Congress to send a deputation to put before Ministers the suggestions which were now being made on behalf of the Miners’ Union. This would give the miners an opportunity to put their case, while maintaining the principle that discussions between the Government and organised workers about this Bill were conducted through the Trades Union Congress.

In further discussion reference was made to the need for more active steps to disseminate information among workers regarding the actual proposals in this Bill. It was suggested that the Trades Union Congress might be asked to consider the circulation of a leaflet setting out in detail the benefits which would be conferred by the Bill. It was also suggested that, as soon as the Bill had been passed, the Minister of National Insurance should give a broadcast talk about its provisions.

In this connection the Foreign Secretary suggested that more use should be made of Trade Union journals as a medium for communicating information about Government proposals. It also seemed desirable that there should now be a Trade Union journal for the miners, who had in the past been less well-informed than other workers on matters of general public interest. Now that the Miners’ Federation had been replaced by a single Miners’ Union, there seemed no reason why such a journal should not be started.

The Cabinet—

(1) Agreed that no further concession should be made in response to demands for an increase in the basic rate of injury benefit and 100 per cent. disablement pension under the National Insurance (Industrial Injuries) Bill.

(2) Invited the Lord President to arrange for the Prime Minister, on his return to this country, to receive a deputation from the Trades Union Congress to hear the representations made on behalf of the Miners’ Union.

(3) Asked the Minister of Labour to consider, in consultation with the other Ministers concerned, whether more use could be made of Trade Union journals as a medium for disseminating information regarding Government policy and proposals.
6. The Cabinet were informed that it had now been decided to postpone, until the week beginning the 26th November, the debate on foreign affairs previously planned for the 21st and 22nd November. This postponement should avoid the need for a further separate debate in relation to the Prime Minister's visit to the United States.

7. The Foreign Secretary said that the United States Government had now accepted the invitation to join with His Majesty's Government in setting up a Committee of Enquiry to examine the question of European Jewry and, in the light of that examination, to make a further review of the Palestine problem. While accepting that invitation, however, the United States Government had made it clear that they were not in full accord with the views expressed to them by His Majesty's Government on the subject of short-term immigration into Palestine; and President Truman had intimated that he still adhered to the views expressed on this aspect of the matter in the letter which he had addressed to the Prime Minister on the 31st August.

The Foreign Secretary said that, in these circumstances, he could not expect the United States Government to endorse the whole of the statement which he proposed to make in the House of Commons that afternoon on the Jewish question and Palestine.

The text of this statement was then read to the Cabinet.

The Cabinet were informed that immediately after this statement the Home Secretary would announce the scheme approved by the Cabinet at their meeting on the 6th November (C.M. (45) 49th Conclusions, Minute 3), for the admission to this country of a limited number of refugees from Nazi oppression. It was thought that the simultaneous announcement of this scheme might assist the reception, both in the United States and in the House of Commons, of the Foreign Secretary's statement on Palestine.

The Lord President said that the Government would no doubt be asked to find time for a debate on the Foreign Secretary's statement. This demand would have to be met, though it was worth considering whether these matters could not be brought within the scope of the debate on foreign affairs which was to take place in the week beginning the 26th November.

The Cabinet—

Approved the terms of the statement on European Jewry and Palestine which the Foreign Secretary proposed to make in the House of Commons that afternoon.

Cabinet Office, S.W. 1.
13th November, 1945.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1,
on Thursday, 15th November, 1945, at 11 a.m.

Present:

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council (in the Chair).

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.


The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department (Items 2-4).

The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.

The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.

The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries (Items 1 and 2).

The following were also present:

The Right Hon. LEWIS SILKIN, M.P., Minister of Town and Country Planning (Items 1 and 2).

Mr. GEORGE BUCHANAN, M.P., Joint Parliamentary Under-Secretary of State, Scottish Office (Items 1 and 2).

Secretariat.

Sir EDWARD BRIDGES.

Mr. NORMAN BROOK.

Mr. W. S. MURRIE.
## CABINET 53 (45).

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1. The Lord President informed the Cabinet of the business which it was proposed to take in the House of Commons during the following week.

It was hoped that the Second Reading of the Building Materials and Housing Bill would be taken on the 21st November. It was agreed that the Minister of Works should open and that the Minister of Health should reply to the debate.

Owing to the prospective congestion of legislative business later in the month, it had now been decided that the debate on foreign affairs should be held on the 22nd and 23rd November. It was agreed that the Foreign Secretary should open, and the Minister of State reply to, the debate on the first day, leaving the second day free for discussion of matters arising from the Prime Minister's visit to Washington. The Prime Minister would speak during the course of the second day.

The Lord President informed the Cabinet that Opposition Leaders were considering whether they should table a Motion of Gratitude to General Eisenhower and other Commanders. He thought it right in this connection to inform the Cabinet that the suggestion had been put to him by Sir Ralph Glyn, M.P., that General Eisenhower should be received by Parliament while he was in this country at the end of November. The Lord President had thought it might be invidious to single out General Eisenhower for such an honour which had not been conferred on any other Supreme Commander; and the Prime Minister, whom he had consulted, shared this view.

It was generally agreed that it would not be expedient that General Eisenhower should be formally received by Parliament. It might, however, be possible to arrange for him to be invited to a dinner in the House of Commons attended by the Speaker and leading Members of both Parties. There were precedents for according such hospitality to distinguished foreigners, and an invitation of this kind would not, therefore, be open to the objection that it involved singling out General Eisenhower in preference to British Commanders. The Lord President undertook to discuss this suggestion with the Prime Minister.

2. The Cabinet considered memoranda by the Lord President (C.P. (45) 275) and the Chancellor of the Exchequer (C.P. (45) 278) regarding the proposals which had been worked out by a Ministerial sub-committee of the Lord President's Committee for legislation on compensation and betterment.

The Lord President said that the general principles of the scheme annexed to C.P. (45) 275 had been laid down by a group of Ministers appointed by the Lord President's Committee: detailed proposals based on those principles had then been worked out by officials of the Departments concerned: these proposals had been further examined by the Ministerial group, and the final scheme was now submitted to the Cabinet. Full agreement had been reached on all the proposed heads of legislation, except for the two following points:

(i) The majority of the Ministerial sub-committee recommended that the basic rate of compensation for loss of development value should be 40 per cent. of the development value inherent in the land on the 31st March, 1939. The Chancellor of the Exchequer dissented from this recommendation. He urged that a decision on the amount of compensation should be deferred. Valuation over, say, the next five years would provide further data on which it might be possible to make a more exact assessment of the element of floating value and to judge what the true measure of compensation should be.

(ii) The majority of the sub-committee recommended that payment of all compensation for loss of development value should be made, as a single operation, on a date to be fixed by the Treasury.
being a date not later than three years after the Bill had passed into law. The Chancellor of the Exchequer, on the other hand, recommended that compensation should be paid only as and when development was frustrated by refusal of permission to develop.

The Lord President said that on both the disputed points he supported the majority view. It was the speculative element in development which had hitherto stultified planning. The object of the scheme recommended by the majority was to socialize development values by a single operation, so that thereafter the decisions of planning authorities could be taken by reference to considerations of planning, rather than finance, and public acquisition of land could be carried through on reasonable terms. He was satisfied that the difficulties which had made earlier planning legislation so largely inoperative could not be overcome unless the problem of compensation was dealt with boldly on the lines recommended in C.P. (45) 275.

The Chancellor of the Exchequer said that he favoured bold planning and wished planning authorities to have full powers. He was, however, gravely concerned about the two points on which he dissented from the recommendations of the Ministerial Sub-Committee. The Government's programme for the present Parliament included a number of important projects involving very large financial operations; but during the period the Government would be confronted with a grave risk of inflation and economic instability, and they would be able to make a practical success of their programme only if they showed proper prudence in finance. Yet, on these proposals for compensation, one of the biggest measures now in prospect, the Government would have to admit to Parliament that they did not know, within a margin of error of some hundreds of millions of pounds, what the cost to the country would be. And these sums, the magnitude of which could not be estimated, were to be paid to landowners in respect of development values which in many cases would never have been realised. The basic rate of compensation proposed was 40 per cent.; but he doubted whether even 25 per cent. of the land in respect of which compensation was to be paid would, in fact, be developed.

On the question of timing, it was proposed that this compensation should be paid in a single operation three years after the legislation had passed into law. There were grave inflationary dangers in translating into easily negotiable securities, at a single stroke, development values which in the ordinary course would be converted gradually over a period of years and in some cases not at all. And it was difficult to imagine a worse moment for such an operation (which might cause a slump in gilt-edged securities and raise interest rates) than three years from the passage of the proposed Bill, when the present Parliament would be coming to an end and a General Election would be impending. He therefore recommended the alternative course of paying compensation as and when permission to develop was refused.

The Minister of Town and Country Planning said that, while it had not been possible to make a precise estimate of the cost of the present proposals, it was not the case that there was no limit to the amount of money which might be involved. It had been estimated in the Barlow Report that the value of development rights in undeveloped land in 1938 was about £400 million. In developed areas there was much less scope for changes from existing use; but, even if there was as much redevelopment value in developed areas as development value in undeveloped areas, the total for all development rights on the basis taken in the Barlow Report would be only £200 million. Even if a total figure of £1,000 million were assumed, the total limit of cost on a basic compensation rate of 40 per cent. would be about £500 million. He himself believed that the cost of compensation under the present proposals would be somewhere between £250 million and £500 million. Whether payment was made in a single operation, or as and when permission to develop was refused, that amount would in any event have to be found. The
Chancellor of the Exchequer hoped that, if his method were adopted, the payment might be spread over a number of years. But would it be so spread in practice? He believed that a very large majority of those whose land had development value would apply at once for permission to develop in order to secure their right to compensation. And under the existing law an application to develop which was not granted within two months was deemed to have been refused and a claim to compensation would lie. If this forecast were correct, the method preferred by the Chancellor of the Exchequer would not prevent the simultaneous payment of large sums in compensation. And it would bring the whole planning machine to a standstill by reason of the large numbers of applications which would be made simultaneously for permission to develop land.

The Minister of Town and Country Planning endorsed the argument that the object of the present proposals was to socialise development values. It was necessary that these values should be transferred to the community by a single operation so that the decisions of planning authorities in particular cases might no longer be frustrated by financial considerations. He did not suggest that planning could proceed wholly without regard to cost. The Government might well be justified in encouraging a more rapid rate of development if it were found that the revenue from betterment was lagging too far behind the outlay on compensation. That, however, was a factor to be taken into account in determining general planning policy: planning would be distorted if that balance had to be struck on each individual application to develop.

The Minister of Town and Country Planning therefore urged that the amount of compensation should be fixed at once and paid at a specified date in a single operation. He recognised, however, that the percentage proposed was not based on any precise calculation. And, in order to meet the views of the Chancellor of the Exchequer, he would be prepared to accept a lower percentage. In the Uthwatt Report it had been estimated that if the State purchased development rights at market value, the aggregate sum paid would be two or three times too high, owing to the element of floating value. On this estimate the basic rate for compensation should be somewhere between 331/3 per cent. and 50 per cent. He would be prepared, therefore, to justify to Parliament a basic rate of 331/3 per cent. He would also be ready to agree that payment should be made five years after the passage of the Bill. This was the period suggested in the White Paper on the control of land use (Cmd. 6537) presented by the Coalition Government in June 1944.

The Minister of Agriculture and Fisheries said that from the point of view of agriculture, it was important that the compensation should be paid in a single operation, so that planning could proceed thereafter without reference to compensation. It was the cost of compensation which had in the past deterred planning authorities from preventing the development of valuable agricultural land. If the Government now adopted the alternative of paying compensation as and when permission to develop was refused, he feared that planning authorities would continue to find it too expensive to prevent the development of land which ought in the national interest to be left to agriculture.

The Chancellor of the Exchequer said that if the basic rate of compensation were reduced to 331/3 per cent. and payment was not to be made until five years after the passage of the Bill, he would find it easier to accept the scheme annexed to C.P. (45) 275. He was, however, still concerned about the uncertainty of the financial commitment which this scheme involved, and he would like to have a further opportunity of discussing with the Minister of Town and Country Planning whether it was not possible to make some closer estimate of the total cost involved. In the light of that examination of the financial implications of the scheme, a further report could be made to the Cabinet.
In further discussion it was suggested that consideration might also be given to methods of reducing the number of claims to compensation, postponing payment on some classes of claim until the land was about to be developed, and introducing a graduated scale of payment for different categories of land. Thus, it might be provided that any person claiming compensation should be required at the same time to give an option to purchase to the planning authority or the land commission; if such an option had to be given, some people might hesitate to claim. As regards graduated compensation, it was pointed out that any single rate was bound to lead to hardship: for some people would receive less, and others more, than the true value to which they were entitled.

The Cabinet—

(1) Agreed that the basic rate of compensation under the scheme annexed to C.P. (45) 275 should be reduced to 33\% per cent.; and that payment of compensation should be made, in a single operation, at a date to be fixed by the Treasury, being a date not later than five years after the relevant legislation had been passed.

(2) Subject to these amendments, approved in principle the proposed heads of legislation annexed to C.P. (45) 275; and authorised the Minister of Town and Country Planning to proceed with the preparation of such legislation.

(3) Took note that the Chancellor of the Exchequer would consult with the Minister of Town and Country Planning regarding the possibility of arriving at some closer estimate of the total financial commitment involved by this scheme, and would arrange for a further report on this aspect of the matter to be submitted to the Cabinet in due course. In these consultations account would be taken of other suggestions made in the discussion for limiting the total amount of compensation payable under the scheme.

(4) Agreed that final authority to introduce legislation on the lines recommended in C.P. (45) 275 should not be given until after the Cabinet had considered the report to be made under (3) above.

3. The Cabinet considered a telegram containing the text of a statement (reproduced in the Appendix to these Minutes) which was to be issued in Washington later that day by President Truman, the Prime Minister and Mr. Mackenzie King, announcing the agreement reached in their discussions on the international control of atomic energy.

In discussion of this statement the following points were raised:—

(a) The Foreign Secretary pointed out that the draft of any international agreement for the control of atomic energy should be so framed as to avoid attracting those provisions of the United Nations Charter which reserved a right of veto to the permanent members of the Security Council. The Commission proposed in paragraph 7 of the draft statement should be directed to pay particular attention to this point. It was not perhaps essential that this point should be mentioned in the public announcement: that question might be left for decision by the Prime Minister.

(b) The President of the Board of Trade pointed out that, while in paragraph 3 of the statement it was said that no system of safeguards would of itself provide an effective guarantee against the production of atomic weapons by a nation bent on aggression, paragraph 6 promised that detailed information concerning the practical industrial application of atomic energy would be shared with other nations “as soon as effective enforceable
safeguards against its use for destructive purposes can be devised." In order to avoid the apparent inconsistency between these two statements, he suggested that the concluding words of paragraph 6 might be amended so as to promise the communication of detailed information to other nations "as soon as the procedure suggested in paragraph 7 can be carried through."

(c) The United States Government were apparently resolved not to disclose detailed information about the practical industrial application of atomic energy until satisfactory safeguards against its use for destructive purposes had been devised. Did this mean that, in the meantime, this country would be denied the means of exploiting the industrial potentialities of this discovery? If so, we should be put at a great comparative disadvantage in the development of this new source of industrial power.

It was explained that the present statement was confined to the disclosure to other countries of information possessed by the United States, Great Britain and Canada. The exchange of information between those three countries was governed by a separate agreement, concluded at Quebec in August 1943. This had contained clauses regarding the industrial exploitation of atomic energy which we now regarded as unduly restrictive from our point of view; and the Prime Minister had intended to negotiate with President Truman during his present visit to Washington a revision of these clauses. On this aspect of the matter the Prime Minister would no doubt report to the Cabinet on his return.

(d) Some Ministers feared that this statement would not be well received by the Soviet Government, and might tend to increase the difficulties of securing full co-operation between Russia and the Western Powers in the establishment of an effective World Organisation.

The Foreign Secretary said that in his view the essence of the statement lay in the terms of reference of the Commission proposed in paragraph 7. The appointment of such a Commission should go far to remove the prevailing impression that the United States were intent on keeping this secret to themselves; and the terms of reference were sufficiently wide to show that the three countries envisaged a new approach to the whole problem of controlling the development and use of all major weapons designed for mass destruction.

The Lord President said that arrangements had been made for him to communicate to the Prime Minister by telephone, at 1 p.m. that day, any comments which the Cabinet might wish to offer on the terms of the proposed statement. He would put to the Prime Minister the points noted at (a) and (b) above. He would also suggest that the final text of the statement should be read in both Houses of Parliament immediately after it had been issued in Washington.

The Cabinet—

(1) Invited the Lord President to put to the Prime Minister the two points noted at (a) and (b) above, and to ask him to consider whether it would be possible to secure an amendment of the statement to meet the second of these two points;

(2) Took note that, subject to the Prime Minister's views, the Lord President would arrange for the final text of the statement to be announced in both Houses of Parliament immediately after its issue in Washington that afternoon.
4. The Cabinet had before them a memorandum by the Secretary of State for the Colonies (C.P. (45) 280) reporting that the State Council in Ceylon had carried, by a majority of 51 votes to 3, a Motion accepting, for the interim period pending the attainment of full Dominion status, the constitution offered in the statement of policy on constitutional reform embodied in the White Paper (Cmd. 6660) presented on the 31st October, 1945.

The Cabinet—

Invited the Secretary of State for the Colonies to inform the Ceylon Board of Ministers that His Majesty's Government had learned with satisfaction of the acceptance of this Motion and had decided that the necessary steps should now be taken to give effect to their undertaking to grant a new constitution to Ceylon on the basis set out in the White Paper.

Cabinet Office, S.W. 1,
15th November, 1945.

APPENDIX.

COMMUNIQUE ON ATOMIC ENERGY.

THE President of the United States, the Prime Minister of the United Kingdom and the Prime Minister of Canada have issued the following statement:—

1. We recognise that the application of recent scientific discoveries to the methods and practice of war has placed at the disposal of mankind means of destruction hitherto unknown, against which there can be no adequate military defence, and in the employment of which no single nation can, in fact, have a monopoly.

2. We desire to emphasise that the responsibility for devising means to ensure that the new discoveries shall be used for the benefit of mankind, instead of as a means of destruction, rests not on our nations alone, but upon the whole civilised world. Nevertheless, the progress that we have made in the development and use of atomic energy demands that we take an initiative in the matter, and we have accordingly met together to consider the possibility of international action—

(a) To prevent the use of atomic energy for destructive purposes.

(b) To promote the use of recent and future advances in scientific knowledge, particularly in the utilisation of atomic energy, for peaceful and humanitarian ends.

3. We are aware that the only complete protection for the civilised world from the destructive use of scientific knowledge lies in the prevention of war. No system of safeguards that can be devised will of itself provide an effective guarantee against production of atomic weapons by a nation bent on aggression [particularly since the military exploitation of atomic energy depends, in large part, upon the same methods and processes as would be required for industrial uses].* Nor can we ignore the possibility of the development of other weapons or of new methods of warfare, which may constitute as great a threat to civilisation as the military use of atomic energy.

4. Representing, as we do, the three countries which possess the knowledge essential to the use of atomic energy, we declare at the outset our willingness, as a first contribution, to proceed with the exchange of fundamental scientific information; and the interchange of scientists and scientific literature for peaceful ends with any nation that will fully reciprocate.

* It was later reported from Washington (Telegram Harvard 21) that these words had been omitted from the statement; by the time that this telegram was received, however, the statement, including these words, had been issued in London.
5. We believe that the fruits of scientific research should be made available to all nations, and that freedom of investigation and free interchange of ideas are essential to the progress of knowledge. In pursuance of this policy, the basic scientific information essential to the development of atomic energy for peaceful purposes has already been made available to the world. It is our intention that all further information of this character that may become available from time to time shall be similarly treated. We trust that other nations will adopt the same policy, thereby creating an atmosphere of reciprocal confidence in which political agreement and cooperation will flourish.

6. We have considered the question of the disclosure of detailed information concerning the practical industrial application of atomic energy. The military exploitation of atomic energy depends, in large part, upon the same methods and processes as would be required for industrial uses. We are not convinced that the spreading of the specialised information regarding the practical application of atomic energy, before it is possible to devise effective reciprocal and enforceable safeguards acceptable to all nations, would contribute to a constructive solution of the problem of the atomic bomb. On the contrary, we think it might have the opposite effect. We are, however, prepared to share, on a reciprocal basis with other of the United Nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised.

7. In order to attain the most effective means of entirely eliminating the use of atomic energy for destructive purposes and promoting its widest use for industrial and humanitarian purposes, we are of the opinion that at the earliest practicable date a Commission should be set up under the United Nations to prepare recommendations for submission to the organisation. The Commission should be instructed to proceed with the utmost dispatch and should be authorised to submit recommendations from time to time dealing with separate phases of its work.

In particular, the Commission should make specific proposals:

(a) For extending between all nations the exchange of basic scientific information for peaceful ends.
(b) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes.
(c) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction.
(d) For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions.

8. The work of the Commissions should proceed by separate stages, the successful completion of each of which will develop the necessary confidence of the world before the next stage is undertaken. Specifically, it is considered that the Commission might well devote its attention first to the wide exchange of scientists and scientific information, and as a second stage to the development of full knowledge concerning natural resources of raw materials.

9. Faced with the terrible realities of the application of science to destruction, every nation will realise more urgently than before the overwhelming need to maintain the rule of law among nations and to banish the scourge of war from the earth. This can only be brought about by giving whole-hearted support to the United Nations Organisation, and by consolidating and extending its authority, thus creating conditions of mutual trust in which all peoples will be free to devote themselves to the arts of peace. It is our firm resolve to work without reservation to achieve these ends.
CABINET 54 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 20th November, 1945, at 11 a.m.

Present:

The Right Hon. Herbert Morrison, M.P., Lord President of the Council (in the Chair).

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.


The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.

The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. J. Lawson, M.P., Secretary of State for War.


The Right Hon. Ellen Wilkinson, M.P., Minister of Education.

The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

The following were also present:

The Right Hon. Sir Ben Smith, M.P., Minister of Food (Item 2).

The Right Hon. W. Whiteley, M.P., Parliamentary Secretary to the Treasury (Item 7).

Mr. William Leonard, M.P., Parliamentary Secretary to the Ministry of Supply and of Aircraft Production (Items 2–7).


The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.

The Right Hon. Lord Jowitt, Lord Chancellor.

The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.

The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.

The Right Hon. Viscount Stansgate, Secretary of State for Air.

The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.

The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The Right Hon. George Tomlinson, M.P., Minister of Works (Items 2–7).

Mr. George Buchanan, M.P., Joint Parliamentary Under-Secretary of State for Scotland (Items 1–5).

Mr. G. R. Strauss, M.P., Parliamentary Secretary, Ministry of War Transport (Items 2–6).

Secretariat.

Sir Edward Bridges.

Mr. Norman Brook.

Mr. W. S. Murrie.
CABINET 54 (45).

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1. The Cabinet had before them a memorandum by the Lord President (C.P. (45) 285) covering a minute by the Secretary of State for War asking for guidance on the method of giving effect to the Cabinet’s decision of the 8th November about the release of doctors from the Army.

The Lord President recalled that the Cabinet had decided that there should be a net release of 5,800 doctors from the Army in the period from the 18th June to the 31st December, 1945. In the minute annexed to C.P. (45) 255, the Secretary of State for War had set out three alternative methods of carrying out this decision and had indicated his preference for release in Class B. It was clear, however, that the required number of releases could not be achieved in time by this means and the right course seemed, therefore, to be to release the necessary numbers in Class A. Although this would involve discriminating between doctors and other officers in the Army, it should not in practice upset the working of the age and length of service principle, since doctors were separately recruited as a professional class and served in a separate Corps, and within that class the principle of release by age and length of service would be preserved.

The Lord President said that up to the end of October only 2,554 doctors had been released against a total of 7,745 to be released by the end of the year. There must, therefore, be an immediate and substantial increase in the rate of release of doctors if the Cabinet’s decision was to be carried out.

The Secretary of State for War said that he was anxious to carry out the decision of the Cabinet, but was faced with a real difficulty. If he released doctors ahead of other officers, he would provide the opponents of the age and service principle with an argument in favour of departing from that principle in other classes of case. Moreover, the release of doctors in Class A on the lines suggested by the Lord President would destroy the balanced distribution of the available doctors in the various theatres.

The First Lord of the Admiralty said that the Navy were doing everything possible to give effect to the Cabinet’s decision and there was no question of retaining doctors in the Navy in order to preserve the principle of release by age and length of service. It must be recognised, however, that it would be extremely difficult for the Admiralty to release a sufficient number of doctors in the short period up to the end of the year to bring the total releases up to 1,265. It was clear that the standard of medical service in the Navy would be drastically reduced, while considerable hardship would be imposed on those doctors who were retained. It had to be borne in mind that the Royal Navy were responsible for providing treatment for merchant seamen in foreign ports. He would circulate to the Cabinet a memorandum setting out in detail what the Cabinet’s decision implied for the Navy.

The Secretary of State for Air said that the R.A.F. would release by the end of the year the 880 doctors for whom they had been asked. This meant, however, that no more doctors could be released from the R.A.F. in Class B except on replacement.

Further discussion showed that it was the general view of the Cabinet that there could be no modification of the decision of the 8th November that a total of 7,745 doctors should be released from the Services by the end of 1945. The means of giving effect to this decision might vary from one Service to another, and each Service Minister should consider how the prescribed numbers could be released with the least detriment to the Service for which he was responsible. The Cabinet were, however, prepared to defend the release of doctors from the Army in Class A, on the basis indicated in the Lord President’s memorandum, even though this involved applying the age and service principle to doctors separately from other officers in the Army.
The Cabinet—

(1) Reaffirmed their decision of the 8th November regarding the release of doctors from the Armed Forces.

(2) Invited the Service Ministers to see that effect was given to that decision by the means which would involve least detriment to the efficiency of the Services.

2. At their meeting on the 1st November the Cabinet had agreed that for the time being no change should be made in the existing system of labour controls and had invited the Lord President to arrange for the problem to be further examined in the light of the points raised in the discussion.

The Cabinet now had before them a memorandum by the Minister of Labour (C.P. (45) 288) submitting revised proposals.

The Minister of Labour said that the modifications which he now proposed fell under three headings:—

(i) There should be a review of the industries and firms covered by Essential Work Orders and other similar Orders; and sympathetic consideration should be given to applications from workers over 30 years of age subject to such Orders who desired to leave their war-time work and return to their former employment, if it was of value to the community.

(ii) The power of direction should be used in respect of workers under 30 years of age without hesitation, but workers over the age of 30 should be subject to direction only for the purpose of meeting the special needs of a limited number of industries, such as building and coalmining.

(iii) Subject to special safeguards for one or two industries such as building, the Control of Engagement Order should apply only to men and women below the age of 30, on the understanding that the requirement that all labour should be engaged only through an employment exchange or other approved agency should be retained.

If these modifications were made, it would be possible to enforce the controls. It was also proposed that special action should be taken, through the Factory Inspectorate, to improve conditions in a limited number of industries for which it was particularly difficult to recruit labour; and that the Production Departments should take up with some of those industries the question of improving the level of wages and earnings.

The Lord President said that at their previous discussion on the 1st November the Cabinet had not felt that it would be possible to adopt a policy of strict enforcement of all the existing labour controls. It was unfortunate that the Government had not made it clear to the public at an earlier date that the arguments in favour of maintaining economic controls throughout the transition period applied also to the controls over labour. The existing state of affairs, in which the conviction that labour controls would not be enforced was spreading daily, could not be allowed to continue for long; and it would, in his view, be better to take the positive line recommended by the Minister of Labour of restricting control to a limited field within which it could be strictly enforced. At the same time, energetic action should be taken to improve conditions in the difficult industries, and a publicity campaign should be organised to bring home to the public the need for retaining those labour controls which were to remain.

In discussion, some Ministers urged that it would be unwise at the present stage to make the proposed modifications in the system of labour controls. This system had now been in operation for over five years and, although in particular cases the powers might not be enforceable, there was a large body of labour which complied with the controls; and many industries badly in need of labour were likely on balance to lose more than they would gain by any overt relaxation. It would be claimed in respect of a large number of
industries that the power of direction should be retained for workers over 30; and if these claims were admitted a large part of the working population over 30 would still remain subject to control. On the other hand, the singling out of particular industries within which the power of direction of workers over 30 was to be retained would tend to accentuate the unpopularity of these essential industries and thus add to their difficulties in recruiting labour.

Other points in discussion were:

(a) The Minister of Fuel and Power said that he was apprehensive of the effect of offering to consider sympathetically applications from workers over 30 years of age to be allowed to leave their war-time employment. It was already proving difficult to retain those volunteers who had entered the coalmining industry during the war, and any indication that the provisions of the Essential Work Orders were to be relaxed in the way suggested would lead to a flood of applications for release from the coalmining industry.

The First Lord of the Admiralty expressed similar fears with regard to the loss of workers from the ship-building industry.

The Minister of Labour said that there would be no question of releasing a worker from his present employment unless he proposed to undertake some other employment which would be of greater value to the community.

(b) The Minister of Agriculture and Fisheries pointed out that there was no Essential Work Order applicable to agriculture, and it would be difficult to secure any improvement in the conditions of agricultural workers without provoking a demand for increases in agricultural prices. He attached great importance to the retention of skilled labour in agriculture and of the power to direct workers of over 30 years of age back into agriculture if necessary.

(c) The Home Secretary said that some means must be retained of maintaining the numbers of persons over 30 years of age in the prison service.

(d) The Chancellor of the Exchequer said that it was essential to continue in force the Control of Employment (Civil Servants) Order, 1945. It would also be desirable that the Treasury should be kept in touch with any proposals for changes in the level of wages and earnings in particular industries.

The Foreign Secretary said that the problem of securing a proper distribution of labour would not be solved by accelerating demobilisation from the Armed Forces. The country would be unable in future to afford to maintain in non-productive trades and services as large a proportion of the available man-power as they had before the war, and it was therefore essential for the Government to assume the responsibility of guiding labour to those industries and services which had to be fully manned in the national interest. In his view, the Government should work out a programme of essential production—including, for example, in the case of housing, not merely the actual erection of the houses but also the production of building materials and components. It should then be made clear to the country that, in order to achieve the necessary level of essential production, the Government proposed to designate certain essential industries just as industries whose products had been needed for the invasion of Europe had been designated during the war. If a scheme on these lines were worked out and properly explained, he believed that the public would accept the maintenance of the controls necessary to ensure that the scheme was carried out.

The Lord President said that it appeared that the Cabinet were not at present prepared to accept the proposals made in C.P. (45) 288. He suggested that it would be advantageous if the Foreign Secretary would confer with the Minister of Labour with a view to formulating revised proposals for submission to the Cabinet.
Housing.
Progress Report.
(Previous Reference: C.M. (45) 41st Conclusions, Minute 1.)

3. The Cabinet had before them a memorandum by the Minister of Health (C.P. (45) 274) embodying the first of a series of periodical reports on the progress of the housing programme.

Points in discussion were:

(a) The Minister of Health said that the total programme for the period ending the 30th June, 1947, was 565,000 houses, as stated in paragraph 2 of his memorandum. There was at present no intention of varying the programme of 165,000 temporary prefabricated houses, but the division of the 400,000 permanent houses, as between traditional and prefabricated types, should not be regarded as finally fixed. The ultimate decision regarding the number of prefabricated houses to be included in the programme would turn on the progress made in the development of these non-traditional types.

(b) The Minister of Health said that the number of tenders accepted for permanent traditional houses had now risen above the figure of 12,585 given in paragraph 4 of his memorandum. For the present, however, he was less concerned to see an increase in the total number of accepted tenders than to secure the even distribution of the total throughout all areas.

(c) The Joint Parliamentary Under-Secretary of State for Scotland said that his concern was also to secure an even spread of new building. One of the greatest difficulties in Scotland at the present time was to secure adequate progress with the programme of temporary prefabricated houses. Up to date only 228 of these had been completed.

(d) The Secretary of State for Dominion Affairs said that, in the light of his experience of housing after the last war, he would strongly deprecate the publication of any programme or target for the number of houses to be provided within a stated time. There were too many unforeseeable contingencies which could falsify even the most careful estimates. Thus, in the years immediately after the last war the proportion of the building labour force employed in house building had not risen above 18 per cent. On his past experience, he would expect that cost would prove to be one of the greatest difficulties; and he doubted whether Ministers had sufficiently drastic powers of controlling building costs.

The Cabinet—
Invited the Foreign Secretary and the Minister of Labour to review the proposals set out in C.P. (45) 288 in the light of the points raised in discussion and to submit revised proposals for consideration by the Cabinet at a meeting in the following week.

Poland.
Repatriation of Members of Polish Armed Forces.
(Previous Reference: W.M. (45) 37th Conclusions, Minute 6.)

4. The Cabinet considered a memorandum by the Foreign Secretary (C.P. (45) 290) asking that shipping should be made available to repatriate from this country about 23,000 members of the Polish Armed Forces who had expressed the wish to return to Poland.

The Cabinet agreed that, for the reasons given in this memorandum, it was desirable that an early start should be made with the repatriation of these members of the Polish Armed Forces; and that, if shipping could be made available, they should be sent by sea rather than overland through the Russian zone of Germany.

The Parliamentary Secretary, Ministry of War Transport, said that, owing to an unforeseen reduction in the demands on shipping for troop movements, it would be possible to make available in the
Tourist Traffic from the United States.

5. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (45) 284) suggesting that the Secretary of the Department of Overseas Trade should be authorised to organise a scheme for encouraging American visitors to come to this country during the summer of 1946. It was explained in the memorandum that the main difficulty would lie in the provision of accommodation; and it was contemplated that special arrangements might be made to use for this purpose spare accommodation in Universities, schools and hostels. The scheme should cater for students and persons in the middle and lower income groups.

The President of the Board of Trade and the Chancellor of the Exchequer supported the proposal.

The Minister of Health said that he could not agree that any hostels should be used for this scheme which might be made available to ease the housing shortage. The Minister of Education similarly deprecated the use of any accommodation in Universities or schools which might be made available for vacation courses, particularly for the training of school-teachers. The Parliamentary Secretary, Ministry of War Transport, said that shipping difficulties should also be considered; for some time to come there would be congestion on the westward run across the Atlantic.

The Foreign Secretary explained that he had no intention of claiming for this purpose accommodation which had already been earmarked, or was needed, for the purposes of any of the Government's domestic programmes. It had been his intention that the Secretary of the Department of Overseas Trade should explore, in consultation with the Department's concerned, all the practical difficulties involved, including those to which reference had been made; and any differences between Departments which could not be reconciled by this means could be brought up again to the Cabinet. All that he asked at this stage was that the Cabinet should indicate their agreement that it would be advantageous to promote a scheme on these lines to encourage American tourists to visit this country next summer, if it proved practicable to provide the necessary facilities without prejudice to other important Government programmes.

The Cabinet—

(1) Expressed general agreement with the Foreign Secretary's proposal, as stated at "X" above.

(2) Invited the Secretary of the Department of Overseas Trade to consider, with the assistance of a Committee composed of junior Ministers from the Departments primarily...
Spain.
Disposal of
Spanish
Refugees
taken
prisoner in
France.

6. The Cabinet had before them a memorandum by the Secretary of State for War (C.P. (45) 283) regarding the disposal of some 220 Spaniards who had been taken into custody by Allied troops during the advance across France in 1944 and were now detained in a prisoner-of-war camp in this country. It was explained in the memorandum that these men were refugees from Franco's Spain, but had been taken into custody because, when found in France, they were either wearing German uniform or were in German organisations. They had been treated as prisoners of war, but could not be detained in this country indefinitely. It was recommended that they should be released and allowed to remain here until the Foreign Secretary succeeded in his efforts to find them asylum elsewhere.

In discussion, the Home Secretary said that he was reluctant to have these men added to the resident alien population in this country. Many of them had dependents in France and, if they were set at liberty here, he would be pressed to admit their dependents. Was it not possible to find them asylum in some other country?

The Foreign Secretary said that there were in Gibraltar other refugees from Franco's Spain whom he had been trying to place in Mexico or Venezuela. These Spanish refugees now on British soil should be treated as a single problem, and he was not in favour of trying to deal separately with those who happened to be detained in this country. He asked that a decision should be postponed for two weeks, so that he might make a further attempt to persuade the French to take back at least some of those now detained here. Meanwhile, the Home Office might consider whether any who had ultimately to be set at liberty in this country could be released on suitable conditions which would prevent their being absorbed into the resident alien population.

The Cabinet—
(1) Invited the Home Secretary to consider whether means could not be found of securing that, if any of these men had to be set at liberty in this country, their release should be subject to such conditions as would prevent their being absorbed into the resident alien population.
(2) Agreed to postpone for two weeks further consideration of the proposal put forward in C.P. (45) 283.

7. The Lord President said that there had been some disposition, particularly on the part of new Members of Parliament, to call in question the existing plans for the rebuilding of the House of Commons. There had been some talk of the advantages of an alternative site; and, even among those who favoured rebuilding on the same site, there had been support for the view that the new Chamber should be larger than the old. He believed that new Members were now beginning to appreciate the reasons underlying the Select Committee's recommendation that the Chamber should be rebuilt on substantially the same plan as the old. He would like, however, to be assured that the present Government were satisfied that it was right to go forward with the existing plans for the rebuilding.

The Cabinet—
Agreed that there were no grounds for modifying the existing plans for the rebuilding of the House of Commons.

Cabinet Offices, S.W. 1,
20th November, 1945.
THE CHANCELLOR OF THE EXCHEQUER said that keen interest was being shown in the question of providing Members of Parliament with better accommodation in which to conduct their correspondence, receive visitors, etc. An attempt might be made to get this question raised on the Select Committee which was considering the remuneration and conditions of work of Members. He hoped that the Select Committee could be persuaded not to deal with these matters. He was however considering, independently of the Committee's enquiry, whether premises in Bridge Street, Westminster, could be acquired and converted for such use by Members. He invited the views of his colleagues on this suggestion.

It was the general view of the Cabinet that it would be advantageous if premises in Bridge Street could be acquired and converted for use as offices, etc. by Members of Parliament.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 22nd November, 1945, at 11 a.m.

Present:
The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).


The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.

The Right Hon. Lord Jowitt, Lord Chancellor.

The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.

The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.

The Right Hon. Viscount Stansegate, Secretary of State for Air.

The Right Hon. Ellen Wilkinson, M.P., Minister of Education.

The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

The following was also present:
The Right Hon. W. Whiteley, M.P., Parliamentary Secretary to the Treasury (Item 2).

Secretariat.

Sir Edward Bridges.
Mr. Norman Brook.
Mr. W. S. Murrie.
# Cabinet 55 (45)

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The Lord President, on behalf of the Cabinet, welcomed the Prime Minister on his return from Washington, expressed the Cabinet's appreciation of his speeches to Congress and to the two Houses of Parliament in Ottawa, and congratulated him on the success of his mission.

The Prime Minister gave the Cabinet an account of his discussions in Washington about the international control of atomic energy. He had found little difficulty in securing the agreement of President Truman and Mr. Mackenzie King to the general lines of his approach to this problem, as approved by the Cabinet at their meeting on the 8th November, but there had been some delay in securing agreement on the draft of the announcement. As a result, it had not been possible for him to give the Cabinet much time to consider that draft; and he had not been able to secure consideration in Washington of the comments communicated to him on the Cabinet's behalf. These points had not, however, been concerned with the substance of the agreement which was, he understood, fully acceptable to the Cabinet. It was satisfactory that the Three Powers should have found themselves in full agreement that this problem could be satisfactorily handled only through the gradual creation of international confidence and that control, not only of atomic weapons, but of all weapons designed for mass destruction, should be sought through the machinery of the United Nations Organisation. Meanwhile, it was satisfactory that the three Powers had expressed their intention to continue to co-operate in research and development on atomic energy.

In discussion the following points were raised:

(a) Had satisfactory arrangements been made to enable us to share in the information acquired by the Americans regarding the industrial application of atomic energy? In particular, had a written agreement been secured revoking the restrictive clauses of the Quebec Agreement of August 1943?

The Prime Minister said that the new agreement which President Truman had signed was, in his view, satisfactory, though it did not in terms revoke the Quebec Agreement. In addition, Sir John Anderson had worked out, with the Americans, the basis of a new detailed agreement with the other two Powers.

It was suggested that the Prime Minister might include some reference to this point in his speech in the House of Commons later that day. The Prime Minister agreed that he could use words to the effect that, following his discussions with President Truman, he was now able to say that there was no question of any restriction on our liberty to exploit the industrial application of these researches into the use of atomic energy.

(b) The Minister of Education said that, at the Conference of the United Nations Educational, Scientific and Cultural Organisation, some concern had been expressed about the proposal to establish under the United Nations Organisation machinery for the international exchange of basic scientific information. The Conference had recognised that special arrangements must be made for controlling the use of scientific information for military purposes; but they had thought it would be unfortunate if ad hoc machinery were established, independently of the United Nations Educational, Scientific and Cultural Organisation, for the international exchange of basic scientific information.

It was the view of the Cabinet that it would be inappropriate to bring within the scope of the United Nations Educational, Scientific and Cultural Organisation arrangements for the exchange of scientific information which was of such importance, for industrial as well as for military purposes, as that covered by the recent announcement on atomic energy. These were matters which ought to be brought directly under the control of the United Nations Organisation itself.
2. *The Lord President* informed the Cabinet of the business which it was proposed to take in the House of Commons during the following week.

The Opposition were thinking of tabling a Motion of Censure arising out of the statement on the nationalisation of certain industries made on the 19th November. If a Motion were tabled which related directly to that statement, facilities must be given to debate it. One day should suffice. There were, however, indications that the Opposition were thinking of extending the Motion to cover demobilisation, housing and, possibly, the Government’s failure to reduce expenditure. The Lord President said that there had been earlier opportunities to debate these other topics, and further opportunities would arise in the near future; and it was, in his view, improper that the Opposition should seek to evade the specific issue raised on the 19th November by asking for a wide-ranging debate on a more general Motion. If, therefore, this matter were raised in connection with his Statement on Business that day, he proposed to avoid making any promise that time would be found for a debate until he had seen the precise terms of the Motion.

The Cabinet—

Endorsed the line which the Lord President proposed to take on this matter.

3. *The Foreign Secretary* informed the Cabinet of the latest developments in the political situation in Greece.

The King of the Hellenes had sent him a letter in which, on the basis of newspaper reports, he suggested that His Majesty’s Government had offered financial assistance to the Greek Government on condition that the plebiscite was postponed for three years. There was, of course, no truth in this suggestion, and this would have been made clear in the reply. The King had, however, proceeded to issue a statement to the Press without waiting for the Foreign Secretary’s reply, and a difficult situation had thereby been created. The Foreign Secretary said that he thought it would now be necessary for him to publish his reply to the King’s letter, and to deal with this matter fully and frankly in his speech in the Parliamentary debate on foreign affairs on the following day.

The facts relating to the plebiscite were, briefly, these. It had originally been provided under the Varkiza agreement, that the plebiscite should precede the elections and should be held before
the end of 1945. In August he had suggested to the Cabinet that it would be better if this order were reversed, so that the plebiscite was not held until order had been restored in Greece by a stable Government freely elected and resting on the will of the people. He had, however, recommended that the initiative and responsibility for departing from the Varkiza agreement in this respect must be assumed by the Greeks themselves. In September the Greeks had freely decided that the elections should precede the plebiscite; and it had been generally agreed by interested Allied Governments that this was an arrangement most likely to produce stable conditions in Greece. When the Parliamentary Under-Secretary of State for Foreign Affairs had arrived in Athens earlier in the present month the Regent had asked for British support for a proposal to postpone the plebiscite for three years. The Foreign Secretary had emphasised that the primary purpose of Mr. McNeill's mission was to secure a Government willing and able to carry through a comprehensive economic programme for the reconstruction of Greece, and he had refused to be involved in further manoeuvrings about the dates of elections and plebiscite. He had therefore proposed a definite time-table under which the elections would be held in March 1946, and the plebiscite in March 1948, thus allowing the new Government two years in which to produce conditions of stability suitable for the holding of the plebiscite. There was, however, no foundation for suggestions that the initiative in proposing postponement of the plebiscite had come from us or that any promise of economic assistance had been conditional upon postponement of the plebiscite.

The public statement which had now been made by the King of the Hellenes was not calculated to assist an early settlement of the political difficulties in Greece. If the King were to return to Greece, the situation there would become even worse and there would be danger of civil war. It was most important, therefore, that the King should not leave this country with a view to returning to Greece.

The Cabinet—

Agreed that their existing policy in respect of Greece should be maintained, and that it was important that the King of the Hellenes should not return to Greece at this critical stage.

4. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (45) 289) seeking authority for the early introduction of an Investment (Control and Guarantees) Bill. Annexed to the memorandum were drafts of the Bill and of a memorandum which it was proposed to prefix to the Bill.

The Chancellor of the Exchequer said that legislation on this subject had been foreshadowed in The King's Speech. The Bill had been drafted on broad and simple lines. Clause 1 would give continuing power to guide investment into the right channels. Clause 2, which enabled the Treasury to guarantee loans for the reconstruction or development of any industry or part of an industry in Great Britain, would be used primarily to stimulate industrial activity at times when there was a threat of a slump. To meet points raised by the Lord President's Committee, the wording of Clause 1 had been made more positive and the limit on the aggregate capital amount of loans guaranteed under Clause 2 in any financial year had been raised from £25 millions to £50 millions.

Provisions relating to the machinery for the control of investment had been excluded from the Bill, but the accompanying memorandum would make it clear that it was proposed to continue the Capital Issues Committee and the Public Works Loans Board, and, in addition, to set up a National Investment Council. This Council would include the Governor of the Bank of England, the Chairman of the Capital Issues Committee and the Public Works...
Loans Board and a number of other persons chosen for their knowledge and experience of financial, economic and industrial questions. Its functions would be advisory and not executive. In this respect it would differ from the National Investment Board which had formed part of the Labour Party programme; but the position was different now that a Government was in power which was ready itself to take positive action to plan the use of the nation’s economic resources. In present circumstances executive functions with regard to the control of investment should be exercised by the Government itself.

In discussion it was pointed out that, while the Bill would confer extremely important and far-reaching powers for the control of investment, it was only a part of the comprehensive scheme which was being worked out for planning the use of the country’s economic resources. Since it was not yet possible to present to the public a full picture of this scheme, it was desirable that the Chancellor of the Exchequer should make it clear, when the Bill and the explanatory memorandum were published, that they formed only part of wider proposals for economic planning.

It was also suggested that, in view of the probability of organised opposition to the Bill, steps should be taken to bring out clearly the bearing of these proposals on such matters of immediate interest as the Government’s social and industrial programmes with a view to ensuring that the public were not misled by the adverse criticism of a hostile press. It should also be explained that the object of the Bill was not to restrict development but to stimulate development in the right directions.

Other points in discussion were:

(a) The Minister of Health asked whether it was now necessary to retain the Finance Corporation for Industry and the Industrial and Commercial Finance Corporation.

(b) The Chancellor of the Exchequer said that these two Corporations were doing useful work. For the present he welcomed any contribution to industrial recovery. Later on he would consider whether the functions of these Corporations could with advantage be absorbed by public agencies.

(c) Should there not be some indication in Clause 2 that the power to guarantee loans could be used to maintain a high and stable level of employment? Should not the Clause also apply to services as well as industries?

(d) Attention was drawn to the proviso to Clause 1 (1), which exempted from regulation the borrowing of money from a bank. Would this enable the control provided for in the Bill to be evaded?

The Chancellor of the Exchequer said that the powers taken in this Bill must be considered in conjunction with those under Clause 4 (3) of the Bank of England Bill, which would enable the Government to request information from and to make recommendations to bankers. These powers would prevent any abuse of the exemption given in the proviso.

(e) It should be brought out, in explaining the effect of the Bill, that Clause 1 would not only operate to guide investment into the proper channels but would also serve to prevent the exploitation of the small investor by mushroom companies.

The Chancellor of the Exchequer said that he intended to hold a Press conference immediately after the Bill had been published,
and that he would see that both through this conference and in other ways the points which had been made with regard to the presentation of his proposals were adequately brought out.

The Cabinet—

(1) Authorised the Chancellor of the Exchequer to introduce the Investment (Control and Guarantees) Bill at an early date, after the text of the draft Bill had been examined by the Legislation Committee.

(2) Approved the machinery for the control of investment described in paragraphs 5 and 6 of the memorandum accompanying the Bill.

(3) Took note that, in the light of the discussion, the Chancellor of the Exchequer would take special steps to see that his proposals were adequately presented to the public.

5. The Cabinet had before them a memorandum by the Home Secretary (C.P. (45) 287) suggesting an early conference of experts from the self-governing parts of the British Commonwealth to review the working of the existing principle by which a single code of British nationality was applied throughout the Commonwealth. This suggestion was occasioned by the action of the Canadian Government in introducing, without prior consultation with other parts of the Commonwealth, a Nationality Bill which was inconsistent with that principle. This Canadian Bill proceeded on the alternative principle that all persons possessing the citizenship of any part of the Commonwealth should be recognised as British subjects throughout the Commonwealth. There would be some advantages in adopting this alternative principle; but it was desirable that, if the change was to be made, it should be made with the agreement of all the self-governing parts of the Commonwealth and not by unilateral action on the part of a single member.

The Secretary of State for Dominion Affairs supported this proposal. The Dominions Office thought there would be advantages in developing the law of British nationality along the lines of the Canadian Bill. The President of the Board of Trade said that such a development would be convenient from the point of view of commercial treaties. The Minister of Education said that such a development would make it easier to meet the demands of women's organisations for amendment of the law governing the nationality of married women.

As regards the composition of the proposed Conference, the Secretary of State for Dominion Affairs said that the Government of Eire should be invited to send a representative; and he thought that, if the Conference were held in Canada, Eire might be willing to take part in it. He did not think it necessary that Newfoundland or Southern Rhodesia should be invited to send representatives.

The Cabinet—

(1) Endorsed the proposal for an early conference of experts on the law of British nationality;

(2) Invited the Secretary of State for Dominion Affairs to send a telegram to the United Kingdom High Commissioner in Canada in the terms of the draft annexed to C.P. (45) 287;

(3) Agreed that Burma, Newfoundland and Southern Rhodesia need not be invited to send representatives to this conference.

Cabinet Office, S.W. 1,
22nd November, 1945.
THE FOREIGN SECRETARY said that it was most important that the King of the Hellenes should not return to Greece at the present stage, and he had asked the Foreign Office to take such steps as they could to prevent the King from leaving this country. It was the view of the Cabinet that all practicable steps should be taken to ensure that the King remained in the United Kingdom for the time being.

THE HOME SECRETARY (after withdrawing in order to consult his advisers) informed the Cabinet that the Home Office had no legal powers to prevent the King from leaving this country.

THE SECRETARY OF STATE FOR AIR said that instructions had been given that no facilities under the control of the Royal Air Force should be afforded to enable the King to leave this country by air. He suggested that similar instructions should be given by the Ministry of Civil Aviation. The Secretary of the Cabinet was directed to inform the Minister of Civil Aviation accordingly.

The Cabinet asked the Foreign Secretary to verify that the Foreign Office were taking all practicable steps, in consultation with all Departments concerned, to ensure that no facilities were given to the King of the Hellenes to enable him to leave this country at the present time.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 27th November, 1945, at 11 a.m.

Present:
The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).
The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.
The Right Hon. Lord Jowitt, Lord Chancellor.
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.
The Right Hon. Viscount Stansgate, Secretary of State for Air.
The Right Hon. Ellen Wilkinson, M.P., Minister of Education.
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.
The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.
The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. Lawson, M.P., Secretary of State for War.
The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.
The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The following were also present:
Admiral of the Fleet Lord Cunningham of Hyndhope, First Sea Lord and Chief of Naval Staff (for Item 1).

Secretariat.
Sir Edward Bridges.
Mr. Norman Brook.
Mr. W. S. Murrie.
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*Treatment of Renegades.*
Naval
Construction
Programme.
(Previous
Reference:
W.M.(44)65th
Conclusions,
Minute 4.)

Disposal of
the German
Fleet.
(Previous
Reference:
C.M. (45) 14th
Conclusions,
Minute 1.)

1. The Cabinet had before them a memorandum by the First
Lord of the Admiralty (CP. (45) 291) submitting revised proposals
for the New Construction Programme, 1945.

The First Lord of the Admiralty explained that his predecessor
had submitted in June a New Construction Programme (C.P. (45) 54)
based on the needs of the Navy for the war in the Far East. This
programme had been drastically revised, in the light of the new
situation created by the end of the Japanese war; and a new
programme was now submitted which was based on the following
principles: (i) to proceed at normal speed with vessels required for
the immediate replacement of outstandingly important deficiencies;
and (ii) to proceed slowly with, or to defer, the construction of vessels
which, though needed for the post-war Navy, could be used as a
cushion to absorb the shocks of the fluctuations in the shipbuilding
industry. The cost of the revised programme would be only
£3 million, as compared with a cost of £10 million for the earlier
programme.

Points in discussion were:—

(a) Special attention was drawn to the statement summarised
at (ii) above. It was most important, from the point of view of the
Government's employment policy, that full weight should be given
to the possibility of varying warship building in order to even out
the slumps and booms of merchant shipbuilding.

(b) Would it be possible for the Admiralty to submit to the
Cabinet corresponding information about prospective naval
construction by other countries?

The First Lord of the Admiralty undertook to make enquiries
on this point.

(c) The Prime Minister said that, as part of a review of
production programmes for all three Services, the Defence
Committee were already considering how much naval construction
should be carried out in the immediate future; and he therefore
suggested that the specific points dealt with in paragraphs 5-14
of C.P. (45) 291 should be remitted to the Defence Committee.

The Cabinet:—

(1) Approved the revised proposals for the New Construction
Programme, 1945, as follows:—

1 experimental-type submarine.
2 escort vessels.
2 surveying ships.
6 small floating docks.
A number of miscellaneous small craft.

(2) Agreed that the points raised in paragraphs 5–14 of
C.P. (45) 291 should be considered by the Defence
Committee.

2. The First Lord of the Admiralty said that notice had been
given of three Parliamentary Questions, for answer the following
day, suggesting that captured German submarines should be broken
up for scrap instead of being scuttled. It had been agreed at the
Berlin Conference that Great Britain, Russia and the United States
should each retain ten German submarines for experimental
purposes, and that the remainder of the German submarine fleet
should be sunk. It had been further agreed that no public announce­
ment should be made about the disposal of the German Fleet until
all the detailed arrangements for carrying out the transfer of the
ships had been completed, and that a joint statement should then be
published simultaneously by the three Governments. The purpose
of withholding the public announcement had been to prevent German
crews from scuttling ships ordered to sail to Allied ports; and on
this account the Russians were now inclined to urge that the issue
of the joint statement should be deferred until the transfer of the ships had been actually completed. Some information had, however, reached the Press to the effect that captured German submarines were to be sunk; and it was as a result of this that these Questions were to be asked in Parliament.

The Foreign Secretary said that there had been very great difficulty in reaching an agreed decision at the Berlin Conference about the disposal of the German Fleet. The greatest care should therefore be taken to avoid leaving the Soviet Government with the impression that we might now wish to modify that agreement. The decision to sink the balance of the captured German submarines had been taken on political grounds: and it was politically important that we should stand firmly by that decision. He therefore asked that the answer to these Questions should not go beyond the announcement included in the communique issued at the end of the Berlin Conference. It should be on the lines that the Berlin Conference had agreed in principle upon arrangements for the disposal of the German Fleet; had agreed that a Commission of experts should be appointed to work out detailed plans to give effect to the agreed principles; and had further agreed that a joint statement should be published simultaneously by the three Governments when the detailed plans had been completed. Parliament should be invited to await that joint statement.

The Cabinet—
(1) Endorsed the suggestion made by the Foreign Secretary as summarised above.
(2) Took note that the First Lord of the Admiralty would seek to get these Questions withdrawn from the Order Paper.
(3) Invited the First Lord of the Admiralty to reply to these Questions, if they were asked, on the lines suggested above, and to settle the detailed terms of the reply in consultation with the Foreign Secretary.

3. The Cabinet had before them the following memoranda by the Secretary of State for India:—

C.P. (45) 281: reporting on the present situation in India;
C.P. (45) 296: reporting the conclusions reached by the India and Burma Committee as a result of their examination of the situation described in C.P. (45) 281;
C.P. (45) 301: covering the draft of a statement to be made in Parliament restating the policy of His Majesty's Government towards India and announcing the proposal that a Parliamentary Delegation should go to India under the auspices of the Empire Parliamentary Association;
C.P. (45) 303: embodying the Viceroy's comments on the draft statement appended to C.P. (45) 301.

The Secretary of State for India handed round copies of a revised draft of the statement designed to meet, in part, the comments made by the Viceroy. The Cabinet had a full discussion of the probable developments in the political situation in India and the measures which might be taken to meet those developments. The discussion is recorded in the Secretary's Standard File of Cabinet Conclusions.

The Cabinet—
Invited the India and Burma Committee to review the position, and to consider the draft of the statement to be made in Parliament, in the light of the various points raised in the course of the Cabinet’s discussion.
4. In discussing, on the 11th October, a proposed agreement regarding emigration to Australia the Cabinet had expressed the view that the Australian authorities should not be free to exercise their discretion to “approve” emigrants in such a way as to select only skilled industrial workers who could ill be spared by industry in this country.

The Cabinet now had before them a memorandum by the Secretary of State for Dominion Affairs (C.P. (45) 247) reporting that, in order to meet this point, a clause was to be inserted in the agreement requiring the Commonwealth Government to arrange for the United Kingdom authorities concerned to be associated with the Australian representatives, to such extent as might be mutually agreed, in the arrangements for examining and selecting applicants for free passages to Australia.

The Secretary of State for Dominion Affairs said that advantage would be taken of this clause to see that the Ministry of Labour and National Service were associated with the arrangements for the selection of emigrants, and it was hoped by this means to secure that the Australian authorities would not select too high a proportion of skilled industrial workers.

The Cabinet—

Took note of C.P. (45) 247 and of the statement by the Secretary of State for Dominion Affairs.

5. The Cabinet had before them a memorandum by the Secretary of State for Dominion Affairs (C.P. (45) 292) commenting on the points raised in their earlier discussion on the 1st November of his proposals for enabling the people of Newfoundland to decide their future form of government.

The Secretary of State for Dominion Affairs recalled that in the earlier discussion it had been suggested that the proposed National Convention might be constituted on a vocational, instead of a geographical, basis of election in order to prevent an unduly high representation of business and financial interests. He had taken the advice of the Commission of Government on this point and, after full consideration, he was satisfied that the suggestion would be impracticable, for the reasons summarised in paragraph 2 of his memorandum. He agreed, however, that it was important to ensure that the Convention adequately represented the interests of the Islanders themselves; and for this purpose he proposed that it should be made a requirement that every candidate should have resided in his constituency for the two years immediately preceding the election.

He had also considered the suggestion that the report of the proposed Convention should be considered by an Imperial Conference. He was, however, satisfied that a change in Newfoundland’s status was a matter for settlement between Newfoundland and the Parliament of Westminster. Discussion of such a question at an Imperial Conference would be embarrassing, not only to Newfoundland, but also to the Dominions, particularly Canada.

The third suggestion made in the Cabinet’s earlier discussion was that the proposed announcement in Parliament might be substantially shorter than he had previously contemplated. He thought it would be appropriate that he should make a full announcement in the House of Lords, on the lines of the draft annexed to his earlier memorandum (C.P. (45) 234), but he now submitted (in the Annex to C.P. (45) 292) a shorter draft for use in the House of Commons.

The Cabinet endorsed the conclusions reached by the Secretary of State for Dominion Affairs on the points which had been raised at their earlier meeting. Discussion turned on the terms of the proposed announcement in Parliament. Some doubt was expressed
about the expediency of including in this announcement the reference (at the beginning of the penultimate paragraph of the draft annexed to C.P. (45) 292) to the difficulty of providing from the United Kingdom further financial assistance for Newfoundland. This passage seemed to be destined to encourage the view that Newfoundland’s ultimate destiny lay in union with Canada. At the Cabinet’s earlier discussion, however, some Ministers had doubted whether it should be assumed at this stage, without further discussion, that the ideal solution of Newfoundland’s difficulties lay in union with Canada. On this point there had been some difference of view, but it had been agreed that there could be no question of Canada’s assuming any responsibility for Newfoundland unless the initiative came from the Newfoundlanders themselves. In these circumstances it seemed preferable that the statement of policy to be made on behalf of His Majesty’s Government should not contain any hint of union with Canada.

The Secretary of State for Dominion Affairs agreed to delete from the draft statement annexed to C.P. (45) 292 the first three sentences of the penultimate paragraph, and the words “on this account” at the end of that paragraph; and to make corresponding changes in the final paragraph of the longer statement to be made in the House of Lords (Appendix A of C.P. (45) 234).

The Cabinet—

(1) Approved the proposals set out in C.P. (45) 234 and 292 for enabling the people of Newfoundland to choose their future form of government.

(2) Agreed that simultaneous announcements of these proposals should be made in the House of Lords and the House of Commons respectively, in the terms of the drafts annexed to C.P. (45) 234 and 292, subject to the textual amendments noted above.

Palestine.

6. The Cabinet considered a memorandum by the Secretary of State for the Colonies (C.P. (45) 294) regarding the treatment of certain Palestine Arabs who had co-operated with the enemy during the war.

The Secretary of State for the Colonies said that the Palestine Government were ready to deal under their own law with fourteen of these renegades, but there were a further twenty-one (including the Mufti) whom the Palestine Government did not wish to see brought back to Palestine. For the reasons summarised in paragraph 8 of his memorandum it was considered inexpedient to put any of these men on trial, either as war criminals or under the Defence Regulations; and it was proposed that they should be sent to the Seychelles and detained there as political prisoners.

In discussion it was pointed out that public attention would be drawn to the fact that no proceedings were being taken against these men, and this policy would be contrasted with that adopted by the Government of India in respect of Indian nationalists who had co-operated with the Japanese. The Cabinet agreed that, none the less, the balance of advantage was against putting these Palestine renegades on trial.

The Cabinet—

(1) Agreed that the Mufti, and the other Palestine renegades whose return to Palestine was not desired by the Palestine Government, should be sent to the Seychelles and detained there as political prisoners.

(2) Invited the Secretary of State for the Colonies to arrange for these men to be sent to the Seychelles without coming to the United Kingdom en route.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 29th November, 1945, at 11 a.m.

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).


The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.

The Right Hon. Lord Jowitt, Lord Chancellor.

The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.

The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.

The Right Hon. Viscount Stansgate, Secretary of State for Air.

The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.

The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.


The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.

The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. J. Lawson, M.P., Secretary of State for War.


The Right Hon. Ellen Wilkinson, M.P., Minister of Education.

The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

Also present:

The Right Hon. William Whiteley, M.P., Parliamentary Secretary to the Treasury. (Item 1.)

Secretariat:

Sir Edward Bridges.

Mr. Norman Brook.

Mr. W. S. Murrie.
## CABINET 57 (45).

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Parliament.

Business in the House of Commons.

(Previous Reference: C.M.(45)55th Conclusions, Minute 2.)

1. The Lord President informed the Cabinet of the business—which it was proposed to take in the House of Commons during the following week.

The Opposition had now tabled their Motion of Censure. Although it opened up a wide range of topics, this Motion would clearly be pressed as a Vote of Censure and facilities must, therefore, be given to debate it. The Opposition desired a two-day debate; but the Lord President said that, in view of the earlier opportunities which the Opposition might have taken to debate most of the subjects covered by the Motion, he thought a single day’s debate would be sufficient.

In discussion the Cabinet were informed that, if two days were allowed for this Motion, there would be a better prospect of passing through all stages in the House of Commons by the 11th December the Bills which the Government desired to complete before Christmas. The Secretary of State for Dominion Affairs confirmed that there would be difficulty in getting these Bills through the House of Lords before Christmas unless they passed the Commons by the 11th December. On the other side The Lord President stressed the need for breaking away from the war-time tradition that two days were normally given to Censure debates.

After further discussion the Cabinet agreed that the balance of advantage lay on the side of offering two days for this debate, but making it clear that this should not be regarded as a precedent for the future.

The Cabinet—

(1) Agreed that the debate on the Motion of Censure should be held on the 5th and 6th December, and that the Government spokesmen, in order of speaking, should be the Prime Minister, the President of the Board of Trade and the Lord President.

The Lord President referred to the Cabinet discussion on the 4th October about the disclosure of Parliamentary proceedings held in secret session.

The Lord President said that the revocation of Defence Regulation 3 (2) had already removed the criminal sanction prohibiting disclosure of proceedings in secret session. The Speaker desired that the ban imposed by Parliamentary privilege should also be lifted. The Opposition had, however, indicated doubts about the expediency of lifting this ban, mainly on the ground that, as there were no records of the speeches made in secret session, Members or ex-Members would be at liberty to give garbled accounts of what had taken place. It thus appeared that the Government would have to take the sole responsibility for proposing the removal of the ban, and that their proposal might be challenged by the Opposition.

It was the view of the Cabinet that, notwithstanding the attitude of the Opposition, the remaining restrictions on disclosure of proceedings in secret session should now be removed.

The Cabinet—

(2) Reaffirmed the decisions taken at their meeting on the 4th October; and invited the Lord President and the Secretary of State for Dominion Affairs to proceed to seek the authority of both Houses of Parliament for the removal of the remaining restrictions on disclosure of proceedings in secret session.

The Lord President reminded the Cabinet that it was a part of the proposed agreement with the United States Government on financial questions and commercial policy that we should recommend to Parliament acceptance of the Bretton Woods Agreements. States desiring to adhere to those Agreements had to do so before the 31st December, 1945. If, therefore, the Washington discussions resulted in an early agreement on financial questions and commercial policy, it would be necessary to pass a Bill ratifying the Bretton
Woods Agreements before Parliament rose for the Christmas Recess. The Chancellor of the Exchequer had considered whether Resolutions by both Houses of Parliament would be a sufficient ratification, but he was satisfied that nothing short of an Act of Parliament would suffice for the purposes of the Agreements.

In these circumstances The Lord President proposed that, if the Washington discussions reached a successful conclusion in the near future, he should try to reach agreement with the Speaker and the Opposition that the House of Commons should hold a wide debate, for which two days would have to be set aside, on the financial agreement, the commercial policy proposals and the Bretton Woods Agreements, on the understanding that at the end of that debate the Bill ratifying the Bretton Woods Agreements would be introduced and passed through all its stages.

The Cabinet—

(3) Agreed that, if occasion arose to promote legislation ratifying the Bretton Woods Agreements before Parliament rose for the Christmas Recess, the Lord President should seek to secure the agreement of the Speaker and the Opposition to the procedure outlined above.

2. The Prime Minister said that it was desirable that the times of the regular meetings of the Cabinet should be adjusted so as to enable Ministers to attend Standing Committees of the House of Commons.

After discussion of various alternative arrangements, the Cabinet—

(1) Agreed that for the time being the regular weekly meetings of the Cabinet should be held on Monday at 11 a.m. and Thursday at 10 a.m.

(2) Took note that, during the Parliamentary Recess, it would be more convenient to revert to the practice of holding the regular weekly meetings on Tuesday and Thursday at 11 a.m.

3. The Cabinet had before them the following memoranda:—

C.P. (45) 312: by the Chancellor of the Exchequer, covering the draft of a financial agreement;

C.P. (45) 297: by the President of the Board of Trade, covering the text of the United States proposals on commercial policy and the draft of a statement which the President proposed to make in Parliament, subject to a satisfactory conclusion of the financial side of the negotiations;

C.P. (45) 295: by the Secretary of State for Dominion Affairs, reporting the attitude of Dominion Governments towards the discussions on commercial policy.

The Cabinet's discussion of these memoranda, and the conclusions reached, are recorded in the Secretary's Standard File of Cabinet Conclusions.
CABINET 58 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 3rd December, 1945, at 11 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. ARTHUR GREENWOOD, M.P., Secretary of State for Foreign Affairs.
The Right Hon. J. CHUTER EDE, M.P., Secretary for the Home Department.
The Right Hon. LORD PETTHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.
The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.
The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. VISCOUNT STANSGATE, Secretary of State for Air.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.
The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The following were also present:
The Right Hon. JOHN WILMOT, M.P., Minister of Supply and of Aircraft Production (Items 5–6).
The Right Hon. BEN SMITH, M.P., Minister of Food (Items 4–5).
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State (Item 4).
The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Items 4–6).
The Right Hon. GEORGE TOMLINSON, M.P., Minister of Works (Items 5–6).
The Right Hon. W. WHITELEY, M.P., Parliamentary Secretary to the Treasury (Item 1).

Secretariat.
Mr. NORMAN BROOK.
Mr. W. S. MURRIE.
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1. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (45) 319) covering a draft of a Bill to ratify the Bretton Woods Agreements.

The Cabinet were informed that, as soon as the projected Financial Agreement with the United States Government was concluded, a Resolution would be tabled inviting Parliament to endorse the Financial Agreement, the proposals on commercial policy and the proposal to ratify the Bretton Woods Agreements. It was intended that the substantive discussion on the Bretton Woods Agreements should take place in the debate on this Resolution, to which two days would be given. Critics of the Bretton Woods Agreements would be able to propose amendments to the Resolution, on which, if need be, a Division could take place. The Bill would be taken immediately after the debate on the Resolution, and it was hoped that the proceedings on the Bill would be regarded as formal and would not give rise to much further discussion. The Speaker had been consulted and had agreed that in the exceptional circumstances he could waive the rule against anticipation, which would otherwise prevent Members from discussing in the debate on the Resolution matters covered by the Bill. If the present discussions in Washington were successfully concluded this week, it was proposed that this business should be taken in the House of Commons on the 11th and 12th December; if necessary a further half-day could be provided on the 13th December to conclude the proceedings on the Bill.

In discussion of the terms of the draft Bill annexed to C.P. (45) 319 the Secretary of State for Dominion Affairs pointed out that Clause 3 (2), which was designed to exclude the self-governing Dominions, was so worded that it would not, in fact, exclude Southern Rhodesia and Newfoundland. He thought that Southern Rhodesia should be excluded and he would welcome an opportunity of discussing this point with the Chancellor of the Exchequer before the Bill was introduced.

The Cabinet—

(1) Invited the Chancellor of the Exchequer to consult with the Secretary of State for Dominion Affairs regarding the application of the Bretton Woods Agreements Bill to Southern Rhodesia and Newfoundland.

(2) Authorised the Chancellor of the Exchequer to introduce the Bill, in the terms of the draft annexed to C.P. (45) 319, subject to any amendment agreed upon as a result of the consultations mentioned in (1) above, at the earliest possible moment after the successful conclusion of the financial and commercial discussions in Washington.

(3) Took note, with approval, of the arrangements made for debating these matters in Parliament.

2. The Cabinet discussed the latest developments in the Washington discussions on financial questions and commercial policy.

The Cabinet's discussion and the conclusions reached are recorded in the Secretary's Standard File of Cabinet Conclusions.
3. The Cabinet considered a memorandum by the Minister of Health (C.P. (45) 298) recommending that the custom of buying and selling medical practices should be brought to an end on the introduction of the new National Health Service.

The Minister of Health recalled that the Coalition Government had announced on the 3rd May, 1945, that it was not their intention to abolish this custom immediately, that an enquiry would be held after experience had been obtained of the working of the National Health Service, and that if as a result of that enquiry the sale of practices should subsequently be controlled proper compensation would be paid. The medical profession was anxious to know whether the present Government adhered to this policy, and it was desirable that an early announcement should be made. For the reasons given in his memorandum, the Minister proposed that, on the establishment of the National Health Service, the sale and purchase of medical practices conducted wholly or partly within the public service should stop; that doctors thereby deprived of existing selling values should receive compensation based on 1939 standards of practice values and payable only on the doctor's death or retirement from practice; and that all doctors taking any part in the public service in future should join in a new contributory superannuation scheme. If these proposals were accepted, he desired to make an early announcement on the lines indicated in paragraph 10 of his memorandum.

The Cabinet were informed that the Social Services Committee had given preliminary consideration to C.P. (45) 298 and were in favour of the proposals put forward by the Minister of Health in that memorandum.

The Chancellor of the Exchequer said that the total estimated cost of the compensation payable under the scheme proposed by the Minister of Health would be about £40 millions, but payment would be spread over a substantial period, as the claimants died or retired from practice. He agreed in principle with the Minister's proposals, though there were some points of detail on which he desired to hold further consultations with the Minister.

Points in discussion were:

(a) The Lord President said that it was unsatisfactory that the Cabinet should be asked to settle particular parts of the scheme for a National Health Service before they had seen the scheme as a whole. If the Chancellor of the Exchequer was satisfied with the present proposals, he would not withhold his assent. But he hoped that the Cabinet would not again be asked to commit themselves on particular aspects of the National Health Service scheme until they had had an opportunity of considering the scheme as a whole.

(b) The Minister of Health said that he himself would have preferred to postpone a decision on this point until the whole scheme was ready for presentation to the Cabinet, but events had compelled him to present this issue separately. Large numbers of doctors were to be released from the Forces in the near future; and it was necessary that young men setting up in medical practice for the first time should know whether the present Government adhered to the policy announced by the Coalition Government in May regarding the sale and purchase of practices.

(b) The Minister of Health said that he was meeting a Committee of the British Medical Association on the following day and would inform them in confidence of the Cabinet's decisions on this matter. He would then propose to make a statement in the House of Commons after Questions on the 6th December on the lines indicated in paragraph 10 of C.P. (45) 298.

It was suggested that, as there might be other Government statements after Questions on the 6th December it would be preferable that this announcement should be made in reply to
a Question. The Minister of Health undertook to arrange for a
Question to be placed on the Order Paper for answer on the
6th December.

The Cabinet—

(1) Approved the proposals set out in C.P. (45) 298 for terminat-
ing the custom of buying and selling medical practices
conducted wholly or partly within the public service, for
compensating doctors thereby deprived of existing
selling values, and for providing a contributory super-
annuation scheme for all doctors taking part in the
public service in future.

(2) Authorised the Minister of Health to make an announce-
ment in Parliament on the 6th December on the lines
indicated in paragraph 10 of C.P. (45) 298.

Supplies for
Europe.

Food Supplies
for Germany.
(Previous
Reference:
C.M.(45)47th
Conclusions,
Minute 4.)

4. At their meeting on the 30th October the Cabinet had
invited the Lord President's Committee to consider the problem
of food supplies for Germany and to focus the issues for decision.

The Cabinet now had before them a memorandum by the Lord
President (C.P. (45) 302) reporting the conclusions reached by the
Lord President's Committee.

The Lord President said that the Committee were satisfied
that very serious consequences would follow unless shipments of
wheat (or flour equivalent) totalling 1,515,000 tons were made to
Germany during the eight months up to the 31st July, 1946.
Towards this amount 112,500 tons were already being procured in
the United States, and the Chancellor of the Exchequer had
authorised dollar expenditure on a further 275,000 tons. It would
not, however, be possible to ship more than 60,000 tons in December
unless American tonnage could be made available. The Committee
had considered whether the dangerous gap between demand and
supply during December and January might be bridged by outright
release or temporary loan of wheat from United Kingdom stocks;
but, since these stocks were expected to reach a low level in the
summer of 1946 and there could be no certainty of replenishing
them, the Committee did not feel that the risks involved in reducing
United Kingdom stocks could be accepted. The Committee had also
considered a recommendation of the European Economic Committee
that importing countries should raise their extraction rate to
85 per cent; but they did not consider that the extraction rate in
this country should be raised above 80 per cent, having regard, in
particular, to the serious consequences which an increase would
have on our livestock policy. The Foreign Secretary had asked
the United States Government to assist by supplying coal to the
Argentina for the transport of cereals to the seaboard; but no firm
reliance could be placed on supplies from the Argentina, and it
seemed clear that of the total of 1,515,000 tons required a balance
of something over 1 million tons could be found only by the United
States. The Committee accordingly recommended that the Foreign
Secretary should point out to the United States Government that
the economic and political consequences of famine in the British
Zone concerned all the United Nations and invite them to help by
intensifying their efforts to increase wheat exports, by providing
shipping and by bearing the cost of supplying the wheat required
for the British Zone over and above the 387,500 tons which would
be supplied by His Majesty's Government.

The Minister of Food said that the total exportable supplies of
wheat from Canada, United States, Argentine and Australia for
the year to June 1946 would be 21 million tons. By the end of 1945
about 12-2 million tons would have been lifted, leaving approxi-
mately 8-8 million tons to meet requirements of 14-4 million tons
during the period January to June 1946. The deficit of 5-6 million
tons could be eliminated only by reviewing the programmes of the
importing countries, and this was being done by the Cereals
Committee of the Combined Food Board. The United States Government were making a real effort to export as much wheat as possible, but it seemed unlikely that they would be able to increase supplies substantially above the 8.7 million tons assumed by the Cereals Committee as likely to represent total exports from the United States in the year up to June 1946. He estimated that United Kingdom stocks, including stocks of home-grown wheat, would have fallen to 848,000 tons by June 1946. Allowing for contingencies, this was dangerously near the minimum level of 620,000 tons. Moreover, these figures took no account of possible demands for wheat in place of rice for India and to meet the critical food situation in Malaya and Hong Kong, where it was reported that the starvation level would be reached during the present month. In these circumstances, he could not agree to any reduction, whether permanent or temporary, in United Kingdom stocks in order to assist in meeting the needs of Germany. Since the Lord President's Committee had considered the matter, however, the Minister of War Transport had informed him that it would probably be possible to obtain United States shipping to carry 200,000 tons of wheat or flour for Germany from the west coast of the United States, and he was prepared to agree that for each vessel loaded on the west coast he would divert to Germany one of the vessels now loading wheat on the east coast of the United States for the United Kingdom, on the understanding that supplies so diverted would be replaced by supplies from the west coast.

The Minister of State stressed the importance of securing the 1,515,000 tons of wheat which the Food Mission had recommended. He pointed out that an increase in the extraction rate in this country to 85 per cent. would make available an additional 228,000 tons up to June 1946 and would enable us to press other importing countries represented on the European Economic Committee to make corresponding economies. He also suggested that there should be a reduction in United Kingdom stocks, on the ground that the emergency against which stocks had been maintained at a relatively high level had now arrived.

The Foreign Secretary said that he would be opposed to any change in the extraction rate, but in view of the dangerous situation in Germany we should, in his view, be justified in taking some risks in the way of reducing United Kingdom stocks. Would it not be reasonably safe to aim at a stock level of 700,000 tons by June 1946?

Other points in discussion were:

(a) The Minister of Health said that a Medical Mission which had recently reported on conditions in Germany had stressed the danger of epidemics in Germany if the 1,500 calorie level were not maintained.

(b) The Minister of Fuel and Power pointed out that, unless adequate food supplies were made available for coal-miners in the Ruhr, we could not expect to get the coal production which had been planned from that area.

(c) The Minister of Agriculture and Fisheries said that if the extraction rate were increased to 85 per cent. there would be a substantial reduction in the feeding-stuffs available for live-stock. Farmers had been encouraged to start breeding stock by a Government promise of increased feeding-stuffs, and their confidence in the Government's agricultural policy would be undermined if this promise were not kept.

(d) The Minister of Fuel and Power pointed out that 20,000 tons of oil fuel had already been supplied to the Argentine. He also understood that the United States Government were supplying coal to the Argentine.

(e) The Chancellor of the Exchequer said that he had had no notice of the proposal to hire United States shipping in order to carry wheat from the west coast of the United States, and that he would wish to consider it before a final decision were reached.
(f) The Chancellor of the Exchequer said that he would prefer that no approach to the United States should be made until after the conclusion of the present discussions in Washington on financial questions. This should not preclude the Foreign Secretary from continuing to press the United States Government to supply coal to the Argentine.

The Cabinet—

(1) Agreed that there should be no increase in the present wheat extraction rate of 80 per cent. and no reduction in United Kingdom wheat stocks.

(2) Subject to agreement by the Chancellor of the Exchequer on the use of dollar tonnage, approved in principle the proposal to divert to Germany up to 200,000 tons of wheat now being loaded on the east coast of the United States for the United Kingdom, to the extent to which supplies of wheat in replacement were loaded on the west coast.

(3) Invited the Foreign Secretary to approach the United States Government on the lines proposed in paragraph 11 of C.P. (45) 302, on the understanding that no approach would be made until after the conclusion of the present discussions in Washington on financial questions.

5. The Cabinet had before them the following memoranda:

(i) A memorandum by the Foreign Secretary (C.P. (45) 311) submitting proposals by the Man-Power Committee with regard to the acceleration of demobilisation, an increase of releases in Class B and the continued call-up of men between the ages of 18 and 30.

(ii) Memoranda by the Minister of Health (C.P. (45) 320), the Joint Parliamentary Under-Secretary of State for Scotland (C.P. (45) 317) and the Minister of Works (C.P. (45) 321) opposing the proposal to call up men from the building and the building materials and components industries.

The Foreign Secretary said that, thanks to the great efforts which had been made by the Service Departments and the Ministry of War Transport, there was good reason to hope that the very high aggregate release in Class A of close on 100,000 a week attained in November and December 1945 could be continued during the first four months of 1946, with the result that the numbers which, according to the plans approved by the Cabinet, were due to be released by the 30th June, 1946, would in fact be released about two months earlier. This would not only save the Exchequer the expenditure which would have been incurred through the retention of men in the Forces for an additional two months, but would also make a substantial contribution to the available labour supply in the spring, when the reconversion of industry would have progressed far enough to enable it to absorb large numbers of workers. The acceleration of releases in Class A would reduce the extent to which Class B releases were necessary; but it was proposed that the programme of Class B releases should be planned on the basis of 15 per cent. of the 2 million Class A releases which would have been achieved by March 1946 instead of 10 per cent. of the first million Class A releases. Moreover, release would be offered to a sufficient number of men to ensure that over any given period actual releases would, in fact, amount to between 10 per cent. and 15 per cent. of the Class A releases. The Man-Power Committee had considered a number of requests from Departments for the exemption from call-up of men under 30 in particular industries. They regarded it as of paramount importance, however, to maintain the principle that the call-up of young men should continue, and they were satisfied, that the acceleration of releases in Class A and increased Class B releases would more than make good any losses through the call-up.
The Minister of Labour said that he had considered the points made in C.P. (45) 317, 320 and 321 with regard to the call-up of men from the building and building materials industries. Up to the 15th November about 30,000 men had been released in Class B for the building and civil engineering industries, while Class A releases of men formerly in these industries amounted to 40,000 up to the 31st October from the Army alone. Both Class A and Class B releases would continue to accelerate. There was at present no proposal to call-up from the building industry apprenticed craftsmen or so-called apprentices; and, although he was not prepared to exempt altogether from call-up the men in the building and building materials and components industries whose call-up had been deferred for a period of six weeks under the decision of the Man-Power Committee at their meeting on the 23rd October (M.P. (45) 12th Meeting, Minute 1), he would be prepared to postpone calling-up any of these men until the end of February. He was also prepared to consider similar postponement for men between 18 and 30 in the mining industry. Before that date there would be an opportunity of reviewing the position in these industries in the light of the accessions to their labour force from releases over the next three months. Meanwhile, the call-up of men from other industries would be accelerated in order to ensure that this postponement did not result in any interference with the flow of intakes into the Forces.

Points in discussion were:

(a) The Prime Minister said that it would be convenient if, in the Debate on the Vote of Censure he could announce the accelerated releases in Class A and the proposals for an increase in Class B releases.

(b) The Secretary of State for Air explained that, although the high aggregate rate of Class A releases attained in November and December would be continued during the first months of 1946 there would be some falling off in the rate of release from the Royal Air Force. The Royal Air Force would, however, reach by about the end of April the target figure which had been fixed by the Cabinet in October for releases from the Royal Air Force.

(c) The First Lord of the Admiralty drew attention to the fact that the rate of releases from the Forces in the period after April 1946 would depend on the maintenance of intake into the Forces and on the review of our military commitments which was at present being carried out by the Chiefs of Staff.

The Cabinet—

(1) Took note with approval of the acceleration in the rate of Class A releases reported in paragraphs 2 and 3 of C.P. (45) 311.

(2) Approved the proposal for increasing Class B releases set out in paragraph 4 of C.P. (45) 311.

(3) Agreed that the call-up of men between the ages of 18 and 30 should continue, subject to the postponement until the end of February of the call-up of men from building and from industries manufacturing building materials and components.

(4) Took note that the Prime Minister would announce the acceleration of Class A releases and the proposals for increased Class B releases in the Debate on the Vote of Censure later in the week.
6. At their meeting on the 20th November the Cabinet had invited the Foreign Secretary and the Minister of Labour to review the proposals for the relaxation of labour controls set out in C.P. (45) 288.

The Cabinet now had before them a memorandum on this subject by the Foreign Secretary and the Minister of Labour (C.P. (45) 314).

The Foreign Secretary said that, with the Minister of Labour, he had carefully considered the points raised when the Cabinet had discussed C.P. (45) 288 and had reached the conclusion that, while steps must be taken to preserve the existing labour force in essential industries, it would be in the national interest to relax very substantially the controls relating to the direction and engagement of labour. It was clear that it would be better to enforce controls over a more limited field than to retain over a wide field controls which could not be enforced. It was therefore proposed that Essential Work Orders should be continued for those industries in which it was necessary to maintain or increase the existing labour force. On the other hand, where man-power considerations no longer made it necessary to continue the Orders, the industries should be informed that it was proposed to withdraw them in the near future and given an opportunity to negotiate agreements embodying some of the features of the Orders, such as the guaranteed week. The use of the power of direction, except for the purpose of enforcing the Essential Work Orders and ensuring that men and women released in Class B entered the employment for which they were released, should be limited to men up to the age of 30; and the Control of Engagement Order should apply only up to the same age.

So far as concerned housing it was proposed, as a special exception, to retain the power of direction in respect of men over the age of 30 for the limited purpose of requiring men already in the industry to transfer to house-building work. It was not proposed that the power of direction and the control of engagement should apply to women of any age.

The Minister of Labour said that he was satisfied that if the proposals in C.P. (45) 314 were adopted he would be able to enforce the remaining controls. He desired, however, to propose three slight modifications of the proposals: (i) In view of the serious shortage of nurses, women up to the age of 30 in the nursing profession should remain subject to control. (ii) While the Civil Service (Control of Employment) Order should be retained, no steps should be taken to direct back into the Civil Service persons aged 60 or over. (iii) A ring-fence could be put round the agricultural industry in England and Wales, which was not subject to an Essential Work Order.

If the Cabinet approved the proposals, he proposed that they should be announced in Parliament on the 6th December and come into operation on the 10th December.

In discussion there was general support for the proposals set out in C.P. (45) 314. It was pointed out, however, that any announcement would have to be carefully drafted. In particular, it was important to avoid giving the impression that the Essential Work Orders were being retained only in certain industries in which the level of wages or the working conditions made it difficult to retain labour. It would be desirable that the Ministers specially concerned with those industries should have an opportunity of seeing the announcement in draft. It was also suggested that it would be preferable to delay any announcement with regard to labour controls for a week or two after the debate on the Vote of Censure.

The Cabinet—

(1) Approved the proposals in paragraph 4 of C.P. (45) 314, subject to the modifications which had been suggested by the Minister of Labour in the Cabinet's discussion.

(2) Authorised the Minister of Labour to inform his Joint Consultative Committee that the Government were considering relaxations broadly along these lines; but
asked him to defer for a time making any public announcement of the detailed schemes of relaxation and to consult with the other Ministers affected on the terms of that announcement.

(3) Took note that the Prime Minister would indicate in his speech on the Vote of Censure that the Government were considering the question of changes in labour controls in the light of the accelerated release of men and women from the Forces and that they would make an announcement on the subject in the near future.

Cabinet Office, S.W. 1,
3rd December, 1945.
THE CHANCELLOR OF THE EXCHEQUER drew attention to the attached news agency report which had reached London from Washington early on the morning of 2nd December. He read to the Cabinet the extracts marked in the copy attached; and said that the author of this report appeared to be aware, not only that there had been differences of opinion on this matter within the Cabinet, but also which Ministers had dissented from the views of the majority. The proceedings at these Cabinet discussions had not been recorded in the open minutes. In these circumstances it seemed to him that this knowledge could only have been acquired from those who had been present at the Cabinet's discussions, viz. Ministers and three officials.

THE MINISTER OF FUEL AND POWER said that he had discussed the line which he was proposing to take on this matter in Cabinet with the Permanent Secretary of his department, Sir Donald Ferguson, and with nobody else. At the same time, he must point out that his views on the American loan had been publicly stated in the House of Commons and elsewhere, before the present Government was formed. Journalists were naturally aware of the views which he had expressed on this subject in the past, and it was possible, therefore, that this newsstory was based on conjecture rather than any leakage of information about the course which the Cabinet's discussions had taken.

THE MINISTER OF HEALTH said that lobby correspondents were also aware of the views which he had held on this subject before he took office. It should not, therefore,
be assumed that this news report was based on any leakage of information about Cabinet discussions. As regards the news report's linking Sir Edward Bridges' visit to Washington with the views expressed in the Cabinet discussions, he pointed out that neither he nor the Minister of Fuel and Power was aware that Sir Edward Bridges had been sent to Washington until they saw in the evening papers on Saturday, 1st December, the news of his arrival in Washington. And both he and the Minister of Fuel and Power had been away from London during the whole of that week-end. This time-factor indicated that this news-agency report could not have been due to any indiscretion on the part of the Minister of Fuel and Power or himself. He himself believed that the report must be based on conjecture; and, as the report came from Washington, he suggested that the American newspapers should be searched for earlier references to the views which were known, or believed, to be held on this subject, by the Minister of Fuel and Power and himself. He thought it would be found that there had been earlier references to these views, which would sufficiently explain the news-agency report from which the Chancellor of the Exchequer had quoted.

THE PRIME MINISTER said that he was seriously disturbed by this report, which would be regarded as due to a leakage of information. He would certainly have enquiry made in Washington. This incident illustrated the need for exceptional caution on occasions when differences of view were expressed in Cabinet. It also suggested that, so far as possible, Ministers should avoid asking that dissenting views which they had expressed in Cabinet should be specially recorded in the minutes of the Cabinet's proceedings.
WASHINGTON, Sunday:

Lord Keynes, the Chief British loan negotiator, and other members of the British Financial Mission this morning had a meeting with American representatives, including Mr. P. Vinson, Secretary of the Treasury, and Mr. Dean Acheson, Under-Secretary of State.

The purpose of the meeting was to enable Sir Edward Bridges, Permanent Secretary to the Treasury, who arrived here by air on Saturday, to explain the latest British Cabinet instructions which it is not exaggerated to say came as a "bombshell" to the British delegation here.

12.30 a.m.

Consequently the "Confident" optimism of Lord Keynes and the Hon. Robert H. Brand, and others last week up to Sir Edward Bridges' arrival is now changed to one of "very reserved optimism."

It is believed that the American delegates are equally anxious as most of them had planned to spend the week-end out-side Washington, and the British delegation had kept in contact with them by telephone up to 11 p.m. Saturday.

Up to Sir Edward Bridges' arrival a large measure of agreement had been reached, constituting virtually a rough draft for filling out, because the British felt that they had got the best terms possible out of the Americans and were apparently satisfied with the recent American concessions which had proved "reasonable" from the British point of view.

12.45 a.m.

A very reliable source says that Mr. Shinwell, Mr. Aneurin Bevan and others of the "planned" economists Cabinet had not shaken Mr. Attlee, Mr. Bevin, Sir Stafford Cripps and Mr. Dalton as to their point of view on the loan and that the Cabinet had felt it necessary to send Sir Edward Bridges to Washington with instructions which would virtually disown the recent conversations between the British and American delegates in regard to the liberalisation of the sterling.

It is understood that the planned economists were adamant against any restraints being put on the liberalisation of the sterling into dollars.
12.48 a.m. Anglo-American Financial Delegates meet.

Washington Sunday:

A meeting of the Anglo-American Financial Delegations which lasted for four hours this afternoon, concentrated on the proposed liberalisation of the sterling, upon which, it is understood, that the United States stand was that any further concessions would arouse very strong congressional opposition.

1.17 a.m.

This was likely to dislocate a virtual agreement in principle between the British-American representatives to the American request that none of the dollar credit must be devoted to pay off any part of accumulated British debt in sterling area countries of sterling valued at about 1½ billion dollars. But that credit could be partly devoted to converting sterling balances into dollars of current business by the so-called sterling area countries with Britain which would give a constant flow of dollars to such countries and at the same time abolish the American dollar pool.

It is learned that during the meeting of the Willard Hotel of the British delegates with Sir Edward Bridges yesterday, the American position was clearly explained.

Sir Edward Bridges now knows that if Congress thinks the planned economy element in the British Cabinet is materially influencing the present negotiations, there is hardly any hope of Congress approving an agreement.

1.32 a.m. Add:

Sir Edward Bridges told the British delegation that apart from the influence of this element, other factors like the extended length of the negotiations had exacerbated the feeling of some members of the Cabinet and the British public who appear in the mood to scrap the negotiations, but that the more moderate members of the Cabinet as well as the City of London and numerous industrialists view with alarm the effect of a breakdown in the negotiations which would force Britain to tighten her belt, and he believed that not even measures of increased financial trade connections with the British Commonwealth could help Britain much at present.
CABINET 59 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Wednesday, 5th December, 1945, at 12 noon.

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).


The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.

The Right Hon. Lord Jowitt, Lord Chancellor.

The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.

The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.

The Right Hon. Viscount Stansgate, Secretary of State for Air.

The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.

The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.


The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.

The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. J. Lawson, M.P., Secretary of State for War.


The Right Hon. Ellen Wilkinson, M.P., Minister of Education.

The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

Cabinet Office, S.W. 1, 5th December, 1945.

Mr. Norman Brook.

Mr. W. S. Murrie.

THE Cabinet discussed the latest developments in the Washington discussions on financial questions and commercial policy.

The Cabinet's discussion and the conclusions reached are recorded in the Secretary's Standard File of Cabinet Conclusions.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 6th December, 1945, at 10 a.m.

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).
The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.
The Right Hon. Lord Jowitt, Lord Chancellor.
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.
The Right Hon. Viscount Stanegate, Secretary of State for Air.
The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

The following were also present:
The Right Hon. Sir Ben Smith, M.P., Minister of Food.  (Item 5.)
The Right Hon. James Griffiths, M.P., Minister of National Insurance.  (Item 4.)
The Right Hon. Wilfred Paling, M.P., Minister of Pensions.  (Item 4.)
Mr. G. R. Strauss, M.P., Parliamentary Secretary, Ministry of War Transport.  (Item 5.)
The Right Hon. George Tomlinson, M.P., Minister of Works.  (Item 5.)
The Right Hon. E. J. Williams, M.P., Minister of Information.  (Item 6.)
The Right Hon. W. Whiteley, M.P., Parliamentary Secretary to the Treasury.  (Items 1-3.)
The Hon. Sir Alexander Cadogan, Permanent Under-Secretary of State for Foreign Affairs.  (Item 1.)

Secretariat.

Mr. Norman Brook.
Mr. W. S. Murdie.
Mr. C. G. Eastwood.
## CABINET 60 (45).

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The Foreign Secretary said that he had learned towards the end of November that the United States Secretary of State, Mr. Byrnes, had suggested to M. Molotov that there should be an early meeting in Moscow of the Foreign Ministers of the United States, the United Kingdom and the Soviet Union. The subjects for discussion at this meeting had not been stated; but upon enquiry he had ascertained that Mr. Byrnes had in mind an agenda including (i) procedure of the proposed Commission which was to submit to the United Nations recommendations for the international control of atomic energy; (ii) procedure for reconvening the Council of Foreign Ministers and for securing the prompt resumption of work by their Deputies on the preparation of Peace Treaties; (iii) terms of reference for the proposed Allied Military Committee in Tokyo; and (iv) establishment of an independent Government in Korea.

The Foreign Secretary said that he had doubted whether it would be expedient for the three Foreign Ministers to meet at this stage—having regard, in particular, to the difficulties which had arisen from the attempt to exclude France and China from the work of the Council of Foreign Ministers, and to the suspicions which might be aroused if the Foreign Ministers of the Three Powers appeared to be prejudging matters which were to be discussed at the General Assembly of the United Nations in January. We should certainly increase our difficulties with the French Government if matters of concern to them were discussed at a meeting of Foreign Ministers at which they were not represented.

He had put these considerations to Mr. Byrnes. He was, however, in some difficulty, for the suggestion of a meeting had already been made to M. Molotov, and it now seemed that Mr. Byrnes was determined to go to Moscow, if necessary alone. In all the circumstances the Foreign Secretary felt that he now had no alternative but to agree to attend the proposed meeting. He proposed, however, to make it clear to Mr. Byrnes that his agreement was conditional upon the understanding that this would be an exploratory meeting, designed to enable the three Foreign Ministers to ascertain and examine the difficulties between their Governments before the General Assembly of the United Nations in January, and to exchange views on the international control of atomic energy. He would also suggest that both he and Mr. Byrnes should give an assurance to the French Government that matters directly concerning France would not be discussed at this meeting; and, whether or not Mr. Byrnes joined him in this, he would himself give such an assurance to the French Government before any public announcement was made about the meeting.

The Cabinet—

Agreed that in the circumstances described the Foreign Secretary should indicate his willingness to attend the proposed meeting in Moscow on the understanding that the discussions would be limited in the manner which he had indicated.

2. The Cabinet had before them a memorandum by the Lord President (C.P. (45) 328) regarding the desire of the Opposition that Parliament should be invited to pass Motions of Gratitude thanking by name the three American Supreme Commanders and selected British Commanders.

The Lord President recalled that the Government had hitherto taken the view that the gratitude of Parliament to the principal leaders of the Armed Forces was sufficiently expressed in the Motion of Gratitude to the Forces as a whole which had been passed on the 30th October; and that a further Motion naming particular individuals would involve drawing distinctions which might prove invidious. The Opposition were now disposed to challenge this view and had asked whether the Government would be prepared to accept the two Motions reproduced in Annex A of C.P. (45) 328.
Should the Government modify their previous attitude and agree to bring forward such Motions? If not, should time be found for the discussion of these Motions, if they were put down by the Opposition?

It was the view of the Cabinet that Motions of Gratitude to named individuals were bound to give rise to controversy. Thus, amendments adding other names were certain to be moved. Dominion Governments would expect that the names of some Dominion Commanders should be included and it would be necessary to consult them about the choice of names. And if Dominion Commanders were included, the Service Departments would think it necessary to ask for the addition of some British Commanders junior to those mentioned in the draft Motion annexed to C.P. (45) 328. These difficulties illustrated the wisdom of the Government's original decision, in which the Chiefs of Staff had concurred, to avoid thanking individual leaders by name.

The Cabinet—

(1) Reaffirmed their earlier decision that Parliament should not be asked to thank particular war leaders by name;
(2) Invited the Lord President to inform the Opposition that the Government had considered their suggestion, but thought it would be a mistake to invite Parliament to consider the Motions annexed to C.P. (45) 328, for the reasons which had been mentioned in the course of the Cabinet's discussion;
(3) Took note that, if these Motions were tabled by the Opposition, it was likely that so large a number of amendments would be placed on the Order Paper that the Government would be justified in declining to find time for the Motions to be debated.

3. The Lord President said that the Prime Minister expected to be able to announce in the House of Commons that evening the conclusion of the Financial Agreement with the United States Government. He proposed, therefore, that the weekly Statement on Business should be made at the end of the day's sitting, and not after Questions.

He outlined the business which it was proposed to take in the House of Commons during the following week. The general debate on the Financial Agreement, commercial policy and Bretton Woods would take place on the 12th and 13th December. The debate on the Resolution would be concluded at 7 p.m. on the 13th December, and thereafter the Second Reading of the Bretton Woods Agreement Bill would be taken. The Committee and remaining stages of that Bill were to be completed by 2 p.m. on the 14th December. It was agreed that in the debate on the Resolution the Government speakers should be the Chancellor of the Exchequer and the President of the Board of Trade on the first day, and that the Foreign Secretary should speak on the second day, if his other public engagements permitted.

The Cabinet were informed that Parliament would be adjourned for the Christmas Recess from the 20th December to the 22nd January.

4. The Cabinet had before them the following memoranda:—

C.P. (45) 315 : by the Lord Privy Seal, reporting the proposals of the Social Services Committee for modifications of the National Insurance Scheme outlined in the White Paper (Cmd. 6550) presented by the Coalition Government;
C.P. (45) 323 : by the Chancellor of the Exchequer, proposing certain amendments of the proposals made by the Social Services Committee.
The Minister of National Insurance said that the rates of benefit and pension proposed by the Committee had been calculated on the basis of adding 31 per cent. to the subsistence figures given in the Beveridge Report. This was broadly in line with the Government's intention to hold the cost of living at about 31 per cent. over the September 1939 level. It was proposed that the rates should be reviewed at five-yearly intervals. The Chancellor of the Exchequer in his memorandum dissented from the Committee's recommendations on three points:

(a) the payment of continuous unemployment benefit without time limit;
(b) the payment of old-age pensions to single pensioners at the rate of 26s. a week; and
(c) the payment of old-age pensions at the rate of 10s. a week to persons who had not retired.

The Minister said that, so far as concerned unemployment benefit, the present time-limit of 30 weeks was unfair to men who, through no fault of their own, could not obtain work; and, after examining all the possible alternatives, he had reached the conclusion that no safeguards could be devised, in addition to those already provided, which would not be open to the criticisms which had been levelled against the "not genuinely seeking work" condition.

His object in proposing a rate of 26s. for a single pensioner was to link this rate with that for sickness and unemployment. If this were done, it would be much easier for the Government to resist pressure from those who advocated a rate of as much as 30s. a week for a single pensioner at the age of 60.

He had thought that the payment of an unconditional pension of 10s. on the attainment of pensionable age would be the best way of inducing persons who reached pensionable age to continue at work. It would also have the advantage of avoiding the anomaly which would otherwise arise between persons reaching pensionable age before the scheme came into operation, who would receive 10s. unconditionally, and those (including about 400,000 voluntary contributors) who attained pensionable age after the beginning of the scheme and would be ineligible for any pension until they retired. If, however, the Cabinet felt that the object could be better attained by the Chancellor's proposal to increase the inducements for deferred retirement, he would not press the proposal for the payment of an unconditional pension of 10s.

The Chancellor of the Exchequer said that, while he accepted the broad framework of the Committee's proposals, he must draw the attention of the Cabinet to the formidable financial burden which they would impose on the country. The total annual expenditure in 1948 would be £562 millions as against £486 millions under the White Paper proposals. Moreover, since the revenue from contributions would remain constant, the Exchequer would have to carry the whole of the increasing cost of the scheme, which was estimated at £10 millions a year over the next twenty years, with further increases thereafter. In view of this very heavy burden, he could not accept the proposal to pay continuous unemployment benefit unless some satisfactory method could be devised to deal with cases of long-term unemployment. Nor could he agree to the payment of old age pensions at the rate of 26s. a week. If, as he proposed, the single pension were 21s., there would be an initial saving to the scheme of £27 millions a year and, in addition to this, a continuing reduction of £750,000 a year in the annual increase of £10 millions. He hoped that the Cabinet would reject the proposal to pay a pension of 10s. a week where the pensioner had not retired, since this was not in accord with the Labour Party's policy of supporting the principle of retirement pensions.

The Lord President said that he shared the Chancellor's general attitude towards these proposals. There was a danger that an undue proportion of our resources would be spent on the aged
with the result that the Cabinet would later have to reject other desirable projects of social reform on the ground that they could not be financed.

Subsequent discussion concentrated on the three points to which the Chancellor of the Exchequer had drawn attention in paragraphs 3 to 5 of C.P. (45) 323.

(a) Payment of continuous unemployment benefit.

In favour of imposing a time-limit of 30 weeks on the payment of benefit, it was urged that, as experience had shown, the existing safeguards were not enough to prevent married women and other claimants who had no real intention of taking up regular employment from continuing to draw on the funds of the scheme. The Trade Unions themselves imposed a time-limit on the payment of benefit for unemployment. If the Government pursued a policy of full employment, it should be possible to offer claimants work, either in their own district or on transfer to another district, long before the 30 weeks had expired. It was unfair to saddle an insurance fund with the payment of benefits for an unlimited period: if the State could not find employment for a claimant within 30 weeks, the Exchequer should bear the whole of the cost of continuing to support him.

On the other hand, it was argued that if there were no time-limit on the payment of unemployment benefit the Government would have a greater incentive to take early and effective steps to counter the development of mass unemployment. It was also suggested that unless the amount payable in the form of assistance were less than the amount payable by way of unemployment benefit, the transfer of a claimant from benefit to assistance after a certain period of time would not, in fact, prove an effective deterrent to the work-shy.

(b) Rate of old age pension.

Against the payment of old age pension at the rate of 26s. a week, it was pointed out that 21s. represented a very substantial increase on the present rate. Many old age pensioners had means of their own and did not need so large an allowance. A rate of 26s. would involve an increase of 7s. in the weekly contribution, divided equally between workers and employees; and the Social Services Committee, believing that contributors could not be expected to bear this increase, had proposed that the burden should be borne by the Exchequer.

On the other hand, it was argued that, in view of the fall in the purchasing power of money, an increase of 5s. in the rate of pension did not represent a proportionately increased call on the available goods and services in the country, and that account should be taken of the expected increase in productivity over the next 20 years. The comprehensive benefits which would be provided for workers by the full National Insurance Scheme would enable them to reduce their weekly contributions to other funds, and they might reasonably be expected to pay contributions at higher rates than suggested by the Social Services Committee. If part of the extra burden involved in paying pensions at the rate of 26s. a week could be met in this way and if it were accepted that the possibility of raising the rates of contribution in later years was not excluded, it would not be unreasonable to ask the Exchequer to bear some share of the cost of paying pensions at the rate of 26s. It might, for example, be possible to fix the share to be borne by the Exchequer by reference to the estimated savings in supplementation payments which would accrue if the rate were fixed at 26s.

(c) Retirement condition.

There was general agreement that, apart from persons already in receipt of old-age pensions when the scheme came into operation, who would continue to receive pensions at the rate of 10s. a week; the payment of old-age pensions should be conditional on retirement; and that the objective of retaining persons in employment could best be achieved by offering a substantial increase of pension for deferred retirement. If the basic pension for a single person
were to be fixed at 21s. a week, the increased award for deferred retirement could be 2s. 6d. for each year by which retirement was postponed. On the other hand, if the basic rate of pension were to be 26s., an increase of 2s. should be sufficient. It was also suggested that it would be better to award an increase for each six months by which retirement was deferred rather than to make any increase in pension dependent on the completion of a full year of further employment. If increases at the rate of 2s. or 2s. 6d. a week were to be given, they would be limited to the period between 65 and 70.

The Prime Minister said that it was clearly desirable that the difficult questions relating to the payment of unemployment benefit and the rate of old-age pensions for single pensioners should be further examined in the light of the suggestions made in the course of the discussion. In view of the urgency of reaching final decisions with a view to the drafting of the Bill, he hoped it would be possible for the Cabinet to resume their consideration of these matters during the following week.

The Cabinet—

Invited the Foreign Secretary, the Chancellor of the Exchequer, the Lord Privy Seal, the Minister of Labour, and the Minister of National Insurance to consider further, in the light of the discussion, the problems relating to the payment of unemployment benefit and the rate of retirement pension and to submit revised proposals for consideration by the Cabinet during the following week.

5. The Cabinet had before them a memorandum by the Minister of Labour (C.M. (45) 305) submitting proposals for regulating the continued employment in this country of prisoners of war.

The Minister of Labour said that, since his memorandum was circulated, he had been informed that the number of prisoners available for employment in this country could be substantially supplemented by bringing here German prisoners now in the United States. The United States Government would probably be willing that these prisoners should be diverted to this country instead of being returned to Germany. He suggested that this possibility should be explored before the proposals made in his memorandum were considered.

Points in discussion were:

(a) The Parliamentary Secretary, Ministry of War Transport, said that there should be no difficulty in transporting these prisoners from the United States to this country. Even if they could not be brought in United States ships, their transport across the Atlantic was likely to cause less disturbance to the release scheme than the movement of prisoners from Germany to this country.

(b) The Ministry of Works could provide winter accommodation for 43,000 additional prisoners. In the spring, additional numbers could be housed under canvas.

(c) Of the additional 5,000 prisoners of war placed at the disposal of the Ministry of Works for housing work, including the preparation of housing sites, only 3,000 were actually employed on the preparation of housing sites. 7,000 prisoners could be used immediately on this work.

(d) 6,150 Italians and 2,400 German prisoners of war were employed in the food trades and there was a demand for a further 900. Replacements for these prisoners should be provided if they were to be withdrawn.

The Cabinet—

(1) Invited the Minister of Labour to explore further the possibility of supplementing the supply of prisoner-of-war labour in this country by bringing prisoners of war from the United States.
Government Publicity Services.

Future of Ministry of Information.

6. The Cabinet had before them a Note by the Prime Minister (C.P. (45) 316) covering Reports by the Lord President and the Foreign Secretary on the future organisation of Government publicity.

The Lord President said that the urgent question for decision by the Cabinet was whether the Ministry of Information should be retained as a separate Department under its own Minister. The view of the majority of the Ministers with whom he had discussed the matter was that the Ministry should not continue in its present form.

The Minister of Information said that he still favoured the retention of the Ministry, for the reasons which were fully stated in the papers before the Cabinet. It was, he was sure, of great importance that there should be a central organisation to provide single direction for publicity. He could not believe that any alternative arrangement would be as effective for that purpose as a single Department with unequivocal responsibility working under its own Minister.

In discussion there was general agreement that there must continue to be an effective central organisation to handle Government publicity both overseas and at home. The question at issue was whether that organisation should be headed by a Minister.

The Prime Minister said that it seemed to him politically dangerous that there should be a Minister with no other responsibility but the conduct of publicity.

There was general agreement with this view. It was, however, recognised that the alternative arrangements for the central handling of Government publicity required further elaboration. For instance, the Reports now before the Cabinet did not deal with the future of the British Council or future relations with the B.B.C. It was agreed that, if the general principle was now accepted that there should no longer be a separate Ministry, the alternative arrangements could be worked out in further detail by officials for subsequent submission to the Cabinet.

If a separate Ministry was not to continue, an early announcement in Parliament would be desirable. It would also be essential to make a statement to the staff to reassure them as to their future; for, if the present staff continued to disintegrate, it would be difficult to recreate an efficient organisation.

The Cabinet—

(1) Agreed that the Ministry of Information should not continue as a separate Department under its own Minister.

(2) Agreed that it was essential to retain some effective central organisation to handle Government publicity; and invited the Lord President to arrange for a Committee of officials to work out the details of an alternative organisation on the general lines indicated in his Report.

(3) Invited the Lord President, in consultation with the Chancellor of the Exchequer and the Minister of Information, to draft an announcement to be made in Parliament and a statement to be made to the staff of the Ministry of Information.

Cabinet Office, S.W. 1,

6th December, 1945.
CABINET 61 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on Monday, 10th December, 1945, at 11.45 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).
The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.
The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.
The Right Hon. T. WILLIAMS, M.P., Minister of Fisheries.
The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Items 2 and 3).
The Right Hon. JAMES GRIFFITHS, M.P., Minister of National Insurance (Item 1).
Mr. J. B. HYND, M.P., Chancellor of the Duchy of Lancaster (Item 3).
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.
The Right Hon. Sir STAFFORD CRIFFS, K.C., M.P., President of the Board of Trade.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.
The following were also present:
The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Items 2 and 3).
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State (Item 3).
The Right Hon. WILFRED PALING, M.P., Minister of Pensions (Item 1).

Secretariat.
Mr. NORMAN BROOK.
Mr. W. S. MURRIE.
Mr. C. G. EASTWOOD.
### CABINET 61 (45).

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1. The Cabinet had before them the following memoranda:—

C.P. (45) 300: by the Lord Privy Seal, submitting the recommendations of the Social Services Committee on proposals for changes in war pensions made by the Minister of Pensions; and

C.P. (45) 326: by the Chancellor of the Exchequer, dissenting from the recommendation that dependants' allowances should be paid in respect of the post-injury wife and children of a pensioner during periods when he was able to work.

The Lord Privy Seal said that the Social Services Committee had accepted the view of the Minister of Pensions that, if he was to resist successfully the appointment of a Select Committee on war pensions, he must be able to announce substantial improvements in the Royal Warrant. In examining the Minister's proposals, the Committee had sought to reduce to a minimum the disparities between the rates payable under the war pensions scheme and rates under other schemes.

Points in discussion were:—

(a) The Minister of Pensions said that he would have favoured an increase in the lowest rate of disablement pension from 40s. a week to 50s. The ex-Servicemen's organisations were pressing for as much as £3 to £4 a week, and it should be remembered that the 40s. rate had remained unchanged throughout the war. While the cost of living had risen by about 30 per cent. since 1939, the proposed increase in the rate of disablement pension would represent a rise of only 12½ per cent. This would be compared with the much greater increases made in Service pay and allowances and in workmen's compensation rates. He believed that the conditions under which men served in the Forces justified a higher rate of pension for a war injury than for an industrial injury, and that there would be no more difficulty in justifying a disparity between the war pension rates and the industrial pension rates than between the industrial pension rates and the general rates under the National Insurance Scheme.

The Chancellor of the Exchequer and the Minister of National Insurance said that they could not agree to an increase in the lowest rate of disablement pension beyond 45s. The Government had had great difficulty in resisting the pressure in Parliament for a higher rate under the National Insurance (Industrial Injuries) Bill, and if a rate of 50s. were fixed under the war pensions scheme it would be impossible to defend a rate of 45s. for the industrial pensioner.

(b) The Chancellor of the Exchequer said that he could not accept the proposal that allowances should be paid for the post-injury wife and children while the pensioner was able to work. If this proposal were adopted it would be difficult to resist a similar concession for the post-injury dependants of industrial pensioners.

The Minister of Pensions said that, if a completely fresh start had been possible, there might well have been a case for giving no allowances in respect of dependants while the pensioner was working. In fact, however, allowances were given for pre-injury dependants, whether the pensioner was working or not, and he found it impossible to justify different treatment for post-injury dependants.

In further discussion there was general agreement that, while the exclusion from eligibility for allowances of all post-injury dependants would bear hardly on pensioners who, for good reasons, had postponed marriage until after their discharge from the Forces, it would be desirable to limit any concession to cases in which marriage had taken place within a period of ten years after the end of the war.
(c) The Minister of Pensions said that, subject to the approval of the Cabinet, he proposed to present to Parliament before Christmas a White Paper setting out the new rates. There was no question of this being debated before the Christmas Recess.

The Cabinet—

(1) Invited the Minister of Pensions, after consulting the Chancellor of the Exchequer, to submit to the Social Services Committee proposals for limiting the payment of allowances in respect of post-injury wives and children to cases in which marriage had taken place within ten years from the end of the war.

(2) Subject to (1), approved the proposals in C.P. (45) 300 and authorised the Minister of Pensions to present a White Paper to Parliament setting out the new rates.

Shipping.

(Previous Reference: C.M. (45) 29th Conclusions, Minute 1.)

2. The Cabinet had before them memoranda by the Minister of War Transport (C.P. (45) 299 and 324) and the First Lord of the Admiralty (C.P. (45) 325) regarding the control of British shipping after February 1946 and the disposal of Government-owned shipping.

The Minister of War Transport said that his proposals had been fully discussed by the Lord President's Committee (L.P. (45) 45th Meeting, Minute 3, and 46th Meeting, Minute 2). In the light of those discussions, he had reconsidered the question of giving ship-owners another opportunity to acquire Government vessels on the basis of their war losses before these vessels were sold to the highest bidder. While he felt that ship-owners had already had ample opportunity to acquire vessels on the basis of their war losses and while it must be understood that, if all the ship-owners concerned accepted such an offer there would not be enough tonnage to go round, he was prepared to make a further offer on the lines suggested. He had also examined the possibility of selling Government-owned vessels to Indian ship-owners, and was willing to give Indian and Dominion ship-owners an opportunity of acquiring Government-owned tonnage, provided that they would conform to the same conditions as were being imposed on British ship-owners, including the retention of Government control over the ships for some considerable period. He would settle the detailed arrangements with the Secretaries of State for Dominion Affairs and for India.

In discussion attention was drawn to the importance of avoiding the damage to British interests caused after the 1914-18 war by the sale of British ships to foreign owners or by their transfer to foreign flags. It was thought essential that owners should be prevented from transferring ships to foreign flags in order to escape from the obligations imposed by this country with regard to wages and conditions of service of crews, or to profit by the shipping subsidies offered by other countries.

The Minister of War Transport said that he was fully alive to these dangers and thought he had adequate powers to prevent them. He would, however, look further into the question whether anything need be done to secure the continuance of his powers in peace-time.

The Cabinet—

Approved the proposals made in C.P. (45) 299, subject to the modifications which the Minister of War Transport had agreed to make as a result of the discussions in the Lord President's Committee and on the understanding that he would satisfy himself that he had adequate powers to prevent the transfer of British ships to foreign flags.
3. The Chancellor of the Duchy of Lancaster recalled that at their meeting on the 3rd December the Cabinet had approved in principle, subject to agreement by the Chancellor of the Exchequer on the use of dollar tonnage, a proposal to divert to Germany up to 200,000 tons of wheat now being loaded for the United Kingdom on the east coast of the United States to the extent to which supplies of wheat in replacement could be loaded on the west coast. Treasury consent had been obtained for the use of the dollar tonnage involved; but it now appeared that delay in procuring wheat for loading at west coast ports would prevent shipments from the east coast reaching Germany in time to relieve immediate needs. The present position was that only 60,000 tons of wheat were to be shipped for Germany during December from east coast ports in the United States; and, taking account of stocks, wheat supplies in the British Zone of Germany at the 1st January, 1946, could not be higher than 85,000 tons, which represented only ten days' consumption. The other measures discussed by the Cabinet at their meeting on the 3rd December could not be expected to produce results during the next few weeks; and there was urgent need of supplementary action to meet the immediate requirements of the British Zone.

The Minister of Food said that the position had been reviewed that morning, in consultation with the Departments primarily concerned. To meet immediate requirements he was prepared to make available—

- 50,000 tons of national flour from the United Kingdom.
- 25,000 tons of barley from the United Kingdom.
- 16,000 tons of United States white flour, now afloat, to be diverted to Germany.

If the shipping could be provided, these supplies should begin to reach Germany before the end of December and delivery would be complete before the end of January.

He was also prepared to ship a further 25,000 tons of barley from the United Kingdom during January, and to divert to Germany 30,000 tons of United States white flour which was now being bought for shipment in January.

By these means he would be able to provide 96,000 tons of flour and 50,000 tons of barley, equivalent to nearly 150,000 tons of wheat at the German rate of extraction.

The Minister of War Transport said that this offer would involve his finding shipping for an additional 100,000 tons of flour and barley. He would do his utmost to provide the shipping required.

The Chancellor of the Duchy of Lancaster said that the supplies which the Minister of Food had now offered to make available should meet the requirements of the British Zone of Germany until towards the end of February 1946. It was, however, desirable that the Cabinet should hold a further review of the supply position for Germany up to the end of June 1946.

The Prime Minister said that he proposed to arrange for a further appreciation of the wheat position to be submitted to the Cabinet, taking into account, not only supplies to Germany, but the possibility that wheat might have to be supplied to India to meet deficiencies of rice there and in South-East Asia.

The Cabinet—

(1) Took note of the statement by the Minister of Food regarding the additional supplies of flour and barley which he proposed to make available for shipment to Germany before the end of January 1946.

(2) Invited the Minister of War Transport to do his utmost to provide the shipping required to convey these additional supplies to Germany.

(3) Took note that the Prime Minister would arrange for a further appreciation to be submitted to the Cabinet regarding the supply of wheat for Germany during the first half of 1946.
4. The Cabinet had before them a memorandum by the Minister of Education (C.P. (45) 307) containing the text of the constitution of the United Nations Educational, Scientific and Cultural Organisation, which had been drawn up at the Conference recently held in London. The entry into force of the draft constitution was dependent on its formal acceptance by twenty Governments.

The Cabinet—

(1) Agreed that His Majesty’s Government should proceed with formal acceptance of the draft constitution.

(2) Took note that the Minister of Education would present a White Paper giving, with a short introduction, the text of the constitution, the Final Act of the Conference and the instrument establishing a Preparatory Commission.

5. The Foreign Secretary recalled the Cabinet’s discussion on the 20th November regarding the disposal of some 220 Spaniards who had been taken into custody by Allied troops during the advance across France in 1944 and were now detained in a prisoner of war camp in this country. He reported that the French Government had now agreed to the return of these men to France at the rate of 10 a week, which they hoped to raise later to 20 a week.

The Secretary of State for War asked that, meanwhile, he should be authorised to arrange for those remaining in this country to be treated in all respects in the same way as the Italian Co-operators.

The Home Secretary said that it would be necessary for him to retain sufficient control over these men to enable him to compel them to leave the country when their turn came.

The Cabinet—

(1) Took note of the statement by the Foreign Secretary.

(2) Agreed that while they remained in this country these men should be treated in the same way as Italian Co-operators, subject to the retention of such measure of control as was necessary to secure that they could be compelled to leave the country when their turn came.

Cabinet Office, S.W. 1,
10th December, 1945.
CABINET 62 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 13th December, 1945, at 10 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.

The Right Hon. Sir STAFFORD CRIFPS, K.C., M.P., President of the Board of Trade.

The Right Hon. LORD JOWITT, Lord Chancellor (Items 1 and 2).

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.

The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.

The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.

The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs (except for Item 6).

The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.


The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department (Items 1 and 2).

The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.

The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.

The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The following were also present:

The Right Hon. JOHN WILMOT, M.P., Minister of Supply and Aircraft Production (Items 6-8).

The Right Hon. JAMES GRIFFITHS, M.P., Minister of National Insurance (Item 2).

The Earl of Listowel, Postmaster-General (Item 7).


Mr. JOHN STRACHEY, M.P., Parliamentary Under-Secretary of State, Air Ministry (Items 8-9).

The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Items 6-8).

The Right Hon. LORD WINSTER, Minister of Civil Aviation (Item 8).

The Right Hon. WILFRID PALING, M.P., Minister of Pensions (Item 2).

Sir Frank Soskice, K.C., M.P., Solicitor-General (Item 1).

The Right Hon. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury (Items 1-5).

Secretariat.

Sir Edward Bridges.

Mr. Norman Brook.

Mr. W. S. Murrle.

Mr. C. G. Eastwood.
## CABINET 62 (45).

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1. The Cabinet had before them a memorandum by the Lord President (C.P. (45) 336) proposing the appointment of a Select Committee to deal with a number of cases in which Members of Parliament appeared to have exposed themselves to the risk of disqualification by retaining offices or places of profit.

The Lord President said that the Lord Chancellor and the Law Officers had considered these cases and, while they inclined to the view that the Members were not disqualified, they had felt that the proper course was to appoint a Select Committee to investigate the position. The Committee should be appointed as soon as possible, as the Members concerned had been advised to abstain from attending Parliament until the Committee had reported. After consultation with the Clerk of the House, he suggested that the terms of reference of the Select Committee should be as follows:

"That a Select Committee be appointed to consider any cases which may be brought to their notice of Members of this House who may have been incapable of election to this House by reason of the fact that at the time of their election they held offices or places of profit under the Crown within the meaning of Section 24 of the Succession to the Crown Act, 1707, and to report whether any such Member was on that account incapable of election to this House; and if so what course should be adopted in any such case."

In discussion there was general support for the proposal that a Select Committee should be appointed to consider these cases and any others which might subsequently come to light. It was, however, suggested that further consideration should be given to the possibility of amending the law so as to bring it into line with modern conditions. Recommendations to this end have been made by the Select Committee on Offices or Places of Profit under the Crown, which had reported in 1941. Was it not desirable that legislation should now be introduced to give effect to those recommendations?

The Cabinet—

(1) Authorised the Lord President to make arrangements for the appointment of a Select Committee to investigate particular cases of possible disqualification for election to Parliament by reason of the holding of an office or place of profit under the Crown.

(2) Invited the Lord Chancellor to consider and report to the Lord President's Committee on the possibility of introducing legislation to implement the recommendations of the Select Committee of 1941 on Offices or Places of Profit under the Crown.

2. The Cabinet had before them a memorandum by the Lord Privy Seal (C.P. (45) 331) reporting the results of the further consideration which had been given, in the light of the Cabinet's discussion on the 6th December, to the problems relating to the payment of unemployment benefit and the rate of retirement pension.

The Lord Privy Seal said that the Ministers to whom these problems had been referred had not been able to reach complete agreement on the question whether there should be a time-limit on the duration of unemployment benefit, and he had, therefore, set out the opposing arguments in paragraph 2 of C.P. (45) 331. As regards retirement pensions, they had agreed to recommend a rate of 26s. a week for a single person, on the understanding that any pressure to increase this rate when the Bill was before Parliament would be resolutely resisted, and that the Bill would specifically provide that after a period of five years the rates of contribution would be increased in order to meet some part of the increasing burden of retirement pensions. As a consequence of the higher rate of retirement pension proposed, it had been agreed that the inducement for deferred retirement should be an increase of 1s. a week for a
Discussion turned primarily on the question whether unemployment benefit should be continuous or subject to a time-limit.

It was urged, on the one hand, that the imposition of an automatic time-limit on the duration of benefit would mean that, after an unemployed man had exhausted his right to insurance benefit, he would receive further payments only after some form of enquiry into his needs. The imposition of such a condition on men who were unemployed for long periods through no fault of their own could not be justified. While, therefore, there might be a good case for transferring the burden of maintaining these men from the Insurance Fund to the Exchequer, this transference should not involve the imposition of a greater disability. The problem of married women, seasonal workers and other classes who could not properly be regarded as within the employment field, could be dealt with separately by regulations, and it was right that it should be so dealt with rather than by the application of an automatic time-limit to all cases.

On the other hand, it was argued that the principle should be maintained that insurance benefit was paid automatically to any claimant who satisfied the necessary conditions, and that if no time-limit were imposed it would be impossible to maintain this principle. Moreover, while there was possibly room for some amendment of the conditions on which assistance would be given after the right to benefit was exhausted (for example, it might be possible to provide that assistance should be payable at the insurance rate so long as the claimant could prove that he needed any assistance at all), the Cabinet should not accept without further examination the proposition that after the right to benefit had been exhausted assistance should be payable without any regard whatever to need.

After a full discussion, The Prime Minister said that the preponderant view in the Cabinet was that the National Insurance Bill should provide for a time-limit on the duration of unemployment benefit. At the same time, however, the Social Services Committee should examine further the question of the conditions on which claimants would be entitled to assistance after the exhaustion of their right to benefit, with a view to the submission to the Cabinet of a statement which the Minister of National Insurance might make on this point when the Bill was before Parliament.

Other points in discussion were:—

(a) It was suggested that when the Bill was before Parliament the Minister of National Insurance should be authorised to state that the Government would look with favour on the provision of special pension schemes in certain industries where the workers normally found it necessary to retire at an earlier age than that which was general throughout other industries. It was not suggested that any promise should be given of a financial contribution to such schemes from the Exchequer; but it would be helpful if an assurance were given that those responsible for such schemes would be able to make use of the administrative machinery of the National Insurance Scheme.

The Chancellor of the Exchequer said that he saw no difficulty in putting this administrative machinery at the disposal of existing special schemes, but he was doubtful about extending this offer to fresh schemes, since he was most anxious to avoid giving any encouragement to premature retirement. Other Ministers pointed out, however, that it might prove desirable to initiate new schemes of this kind in some of the heavy industries, e.g., in coal-mining, and there was no logical basis for discriminating between existing and new schemes.

It was the general view of the Cabinet that this assurance could not be limited to existing schemes. The Minister of National Insurance was invited to consult with the Chancellor of the
Exchequer regarding the terms in which the assurance should be given.

(b) The Secretary of State for India expressed apprehension about the effect of the proposal to award substantial increases of pension to persons who deferred their retirement. Under the present proposals a man who had been able to remain at work until the age of 70 would be entitled to a very much higher rate of pension than his neighbour who, because his health had been less good or his occupation more exacting, had been obliged to retire at the age of 65. The resulting inequalities would in the end give rise to pressure, which it would be difficult to resist, to raise the general rate of old-age pensions to the higher level.

(c) The Lord President drew attention to the recommendation in paragraph 68 of the White Paper on Employment Policy (Cmd. 6527 of 1944) that the rates of contribution under the National Insurance Scheme might be varied in sympathy with the state of employment. He had hoped that the necessary powers for this purpose would have been included in this Bill.

The Minister of National Insurance said that this proposal raised considerable difficulties, since, if the actuarial basis was to be maintained, any reductions made would have to be offset by corresponding increases. The matter had not been examined by the Social Services Committee and it might be desirable that the Committee should examine it before any final decision were taken.

The Cabinet—

(1) Agreed that the National Insurance Bill should provide for a limit of 30 weeks on the payment of unemployment benefit, with extensions for contributors with good employment records.

(2) Invited the Social Services Committee to consider what changes might be made in the conditions for the receipt of assistance by unemployed persons who had exhausted their title to benefit, with a view to the submission to the Cabinet of a draft statement which the Minister of National Insurance might make when the National Insurance Bill was before Parliament.

(3) Approved the payment of retirement pensions to single persons at the rate of 26s. a week on the understanding that any pressure for an increase in this rate when the Bill was before Parliament would be firmly resisted.

(4) Agreed that the inducement to postpone retirement should be an increase of 1s. a week for a single person and 2s. a week for a couple, both of pensionable age, for each six months by which retirement was postponed.

(5) Agreed that the initial rates of contribution for Class I should be 4s. 10d. from the employed man and 4s. 2d. from the employer, and that the Bill should specifically provide that after a period of five years these rates would rise to 5s. and 4s. 4d., corresponding rates being fixed for women and persons in Classes II and IV.

(6) Invited the Social Services Committee to consider the proposal that provision should be made in the National Insurance Bill for varying the rates of contribution in sympathy with the state of employment.

(7) Subject to (1) to (6) above, authorised the Minister of National Insurance to proceed with the preparation of the National Insurance Bill on the lines proposed in C.P. (45) 315.
3. The Lord President informed the Cabinet of the business which it was proposed to take in the House of Commons during the following week.

4. The Foreign Secretary informed the Cabinet that agreement had now been reached with the French Government on the question of withdrawing British and French troops from the Levant States, and on a Statement of British and French aims in the Middle East.

British and French military experts were to meet on the 21st December to draw up a detailed programme for the evacuation of British and French troops by stages, beginning at a very early date. This programme would provide for maintaining in the Levant sufficient forces to guarantee security until such time as the United Nations Organisation had decided on the organisation of collective security in this zone. For the time being the French Government would retain forces re-grouped in the Lebanon. The two Governments would invite the Governments of Syria and the Lebanon to appoint representatives to discuss the dispositions to be jointly agreed upon as a result of this decision and the measures to be taken to enable the Governments of the Levant States to discharge their duty of maintaining order.

The agreement on British and French aims in the Middle East would declare that the two Governments were animated by the same intention to ensure the independence of the Levant States and were agreed that it was in their mutual interest to promote, in collaboration with other Governments, the economic well-being of the peoples of this region in conditions of peace and security. Each Government would disavow any intention of doing anything to supplant the interests or responsibilities of the other in the Middle East, and the two Governments would undertake to examine in this spirit any proposals submitted to the United Nations Organisation on the subject of collective security.

The Foreign Secretary said that he proposed, subject to the views of the Cabinet, to sign the two agreements at noon that day, and to make an announcement to Parliament and the press at 3 p.m. regarding the successful conclusion of these discussions. He read to the Cabinet the text of the two agreements and of the communique which he proposed to issue to the press.

The Cabinet—

Took note with approval of the agreement which had been reached with the French Government on these questions.

5. The Prime Minister said that he had seen the Leader of the Opposition and Mr. Eden and had explained to them the reasons why the Cabinet had thought it would be a mistake to invite Parliament to pass Motions of Gratitude thanking by name the principal leaders of the British and United States Forces during the war. Mr. Churchill and Mr. Eden were still, however, very anxious that Parliament should pass some Motions expressing gratitude to named war leaders. In order to meet the objections taken by the Cabinet to the draft Motions which they had previously proposed (Annex A of C.P. (45) 328) it was now suggested that the Motions of Gratitude to British Commanders might be so phrased as to express Parliament's gratitude to "all the principal Commanders of His Majesty's Navies, Armies and Air Forces represented by" a list of nine principal leaders, three from each Service. Under this formula the names would be included merely as representative names, and the Motion would be so worded as to cover all the principal Commanders, including those from the Dominions. There would be a separate Motion of Gratitude to American Commanders.
In discussion the view was expressed that, if the Government brought forward or supported a Motion on these lines, there would be difficulty with some of the Dominions, because of the omission of specific reference to Dominion Commanders. It was also thought that there would be criticism of the omission of any reference to a Commander concerned with the operations in Burma. Finally, some Government supporters would be opposed in principle to according to named Commanders a special mark of appreciation in addition to the thanks which Parliament had already expressed to members of the Forces as a whole.

It was the view of the Cabinet that the Prime Minister should send a reasoned reply to Mr. Churchill conveying the Cabinet's view that it was not in the public interest for him to pursue this proposal for Motions of Gratitude thanking individuals by name. If, in spite of this, the Opposition tabled Motions on these lines, the Government should not afford facilities for them to be debated.

The Cabinet—

Invited the Prime Minister to send a letter to the Leader of the Opposition urging him not to proceed further with his proposal for Motions of Gratitude thanking by name principal Commanders of the British and United States Forces during the war.

6. The Cabinet considered a memorandum by the Minister of Fuel and Power (C.P. (45) 329) covering a draft of the Coal Industry (Nationalisation) Bill and a supplementary memorandum (C.P. (45) 337) on the same subject.

The Minister of Fuel and Power explained that the main features of this scheme for nationalising the coal-mining industry had already been considered by the Lord President's Committee, by the group of Ministers directly concerned with the socialisation of industries and also by another special committee of Ministers. In addition, he had discussed the financial provisions with the Chancellor of the Exchequer. As a result of all these discussions, he believed there was general agreement with the Bill now presented to the Cabinet.

The Bill provided for the setting up of a National Coal Board with clearly defined functions, operating under the general direction of the Minister of Fuel and Power. It was his intention that the Board should consist of a full-time Chairman and eight full-time members, each with special competence in particular aspects of the industry—for instance, the commercial, technical and welfare sides and labour matters.

The assets to be transferred to the Board included both the undertakings themselves and also ancillary undertakings. The terms of compensation for the undertakings themselves would be settled by a tribunal which was to consist of Lord Greene, Mr. Justice Cohen and an accountant chosen by agreement between the Government and the Mining Association. The terms of reference of this tribunal had now been agreed with the Association, and the tribunal would be able to get to work at once.

The ancillary undertakings would be taken over in some cases automatically and in some cases at the option either of the Board or of the owners. Compensation would be assessed on the basis of value in an ordinary commercial transaction between a willing buyer and a willing seller.

The Bill provided for safeguarding the public interest by the establishment of two Consumers' Councils, one for industrial consumers and the other for domestic consumers. Two separate councils were proposed, as a single Consumers' Council would not have been able to develop the same corporate spirit which he hoped the two separate bodies would acquire. Both Councils would be able to negotiate with the Board and also to make representations direct...
to the Minister. The utility of the Industrial Consumers' Council was obvious, and he hoped that the Domestic Consumers' Council would also act as a check on the Board both as to the price and the quality of coal.

It was proposed to transfer the Coal Commission to the Coal Board, and certain adjustments would be made in the independent status of the Miners' Welfare Commission.

The Bill did not in terms deal with reorganisation within the industry. This process would be lengthy and would involve considerable expenditure, estimated by the Reid Committee at £150 millions, spread over a period of years. The Board were given powers to borrow up to this total from the Treasury.

The Bill provided for payments to undertakings during the interim period between the vesting date and the completion of valuation for compensation. During this period the undertakings must have funds to meet their commitments to creditors and shareholders. It had, therefore, been agreed with the owners that for two years after the vesting date they should receive an annual payment equivalent to half the profits earned during a previous period. This would be in substitution for the interest which they would have been entitled to receive on the amounts of compensation when finally determined.

The Bill was based on the assumption that the industry must pay its own way. In order to do so it must meet its current expenses and interest and amortisation on the compensation payments or, in the initial years, the interim payments to undertakings. The Minister estimated that the outgoings of the industry would amount to some £7 millions a year, including amortisation charges, and that the interim payments would amount to about £2 millions. These figures compared with present profits of about £14 millions. Thus, at existing prices and wages and without any of the advantages expected from reorganisation, it should be possible for the industry to pay its way and even to make some small price reductions.

The Bill would not cover retail distribution. This would require further consideration after the production side had been nationalised.

Points made in discussion were:

(a) It was essential to get the services of the best possible men for the National Coal Board, as upon them would largely depend the success of this most important measure.

(b) The Chancellor of the Exchequer was not sure that the Bill, as drafted, made sufficiently positive provision that the Board's programme of capital expenditure on development must receive the specific approval of the Government. This was important from the point of view of Government planning of capital expenditure; and he would like to discuss this matter further with the Minister of Fuel and Power.

(c) The Minister of Health drew attention to the proposal that there should be an obligation on the Board to pay over to the Government funds to meet interest and amortisation on stock issued to owners as compensation. One of the problems of the industry was to remove the feeling among the workers that they were working to make profits for the owners and, while he did not object to the substance of the proposal, he suggested that, for psychological reasons, it was important to avoid any suggestion that under the new dispensation miners would still be working to provide payments to the owners to compensate them for their former profits. After discussion, it was suggested that a verbal amendment might be made to Clause 20 (1) (a) so as to avoid directly linking the payments to be made by the Board to the Government with the compensation paid to the owners.

(d) The Lord President drew attention to the fact that the Bill made no provision for compensation to displaced employees. The
Board would have power to pay compensation where they considered it desirable, and he was sure that it was right not to impose a statutory obligation on them. There might, however, be criticism on this point.

The Cabinet—

(1) Approved the proposals submitted in C.P. (45) 329 and 337 for legislation for the nationalisation of the coal-mining industry, subject to further consideration of the points noted at (b) and (c) above.

(2) Invited the Minister of Fuel and Power to submit a revised draft of the Bill for detailed examination by the Legislation Committee.

(3) Agreed that the terms of reference of the compensation tribunal, as set out in C.P. (45) 337, should be announced in a White Paper to be presented at the same time as the Bill.

7. The Cabinet considered a suggestion that some additional leave should be given to the Civil Service at Christmas.

It was recognised that any general closing of Government Offices for the whole of the Christmas week would be impracticable from the point of view of public business and would have embarrassing repercussions in industry. At the same time it was desirable that senior members of the Civil Service who had been working under great pressure should be encouraged to take a reasonable break at Christmas.

The Prime Minister said that, unless urgent business arose which could not be postponed, there would be no meetings of the Cabinet and its Committees during Christmas week.

The Cabinet—

Agreed that all Ministers in charge of Departments should instruct their Permanent Secretaries to see that, with the fewest possible exceptions, senior officials took a week's holiday at Christmas. No general publicity need be given to this decision.

8. The Cabinet had before them a memorandum by the Minister of Civil Aviation (C.P. (45) 332) covering a draft of a White Paper on the future organisation of British air services, and outlining the interim arrangements which he proposed to make, pending legislation, for operating air services other than those which could be run by the British Overseas Airways Corporation.

The Prime Minister pointed out that this memorandum had not been circulated to the Cabinet until the previous day, and Ministers had not had much time in which to study the terms of the proposed White Paper. This would be an important pronouncement of Government policy, and it was desirable that the Government should stand firmly to it once it was made. The Cabinet might, therefore, wish to have more time to consider the draft.

Several Ministers said that they would welcome an opportunity for further study of this memorandum.

The Cabinet—

Agreed to defer consideration of C.P. (45) 332 until their meeting on Monday, the 17th December; and asked that Ministers desiring to comment on these proposals should inform the Minister of Civil Aviation before the meeting of the points which they intended to raise.
9. The Chancellor of the Exchequer informed the Cabinet that a comprehensive review of the pay and allowances of members of the Forces below officer rank had now been completed. A new and improved system of remuneration had been worked out by an inter-departmental Committee, whose recommendations had been considered by the Ministers primarily concerned at meetings convened by the Prime Minister. As a result of these discussions, a White Paper had been prepared, setting out the new rates, and this was to be presented to Parliament during the following week.

The new rates were constructed round a basic rate of 42s. a week for a two-star private. It was estimated that, when account had been taken of all that a man in the Forces received in kind, this basic rate was equivalent, in the case of a married man, to a civilian wage of 89s. a week. In drawing up the new rates, the opportunity had been taken of greatly simplifying the structure of service pay and allowances.

The Cabinet—

Took note that a White Paper setting out the new rates of pay for members of the Forces below officer rank would be presented to Parliament in the following week.

Cabinet Office, S.W. 1,
13th December, 1945.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 17th December, 1945, at 11 a.m.

Present:
The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair) (Items 1-2).
The Right Hon. H. Dalton, M.P., Chancellor of the Exchequer.
The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.
The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. Lawson, M.P., Secretary of State for War.
The Right Hon. Ellen Wilkinson, M.P., Minister of Education.
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

The following were also present:
The Right Hon. John Wilmot, M.P., Minister of Supply and of Aircraft Production (Item 1).
The Right Hon. E. J. Williams, M.P., Minister of Information (Item 2).
The Earl of Listowel, Postmaster-General (Item 2).

The Right Hon. Alfred Barnes, M.P., Minister of War Transport (Item 1).
The Right Hon. Lord Winster, Minister of Civil Aviation (Item 1).

Secretariat.
Sir Edward Bridges.
Mr. Norman Brock.
Mr. W. S. Murrie.
Mr. C. G. Eastwood.
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1. The Cabinet had before them a memorandum by the Minister of Civil Aviation (C.P. (45) 332) covering a draft White Paper on the future organisation of British air services. In his covering memorandum the Minister also submitted his proposals for operating British air services pending the enactment of legislation authorising the formation of the proposed new Corporations.

The Minister of Civil Aviation explained that the draft White Paper had been discussed with the Ministers primarily concerned, and he had incorporated in the draft a number of suggestions which they had made. He had not, however, felt able to accept a suggestion made by the Minister of Supply and Aircraft Production for amendment of the passage in paragraph 11 of the draft dealing with the provision for repairs and overhauls. The Minister of Supply had asked that this paragraph should lay it down as a general principle that major overhauls and repairs should be undertaken only by the aircraft industry in order that they might be kept closely in touch with the practical operation of their products. It seemed likely, however, from the pre-war experience of companies operating aircraft, that it would be more economical to reserve to the operating agencies the right to carry out themselves some of these repairs and overhauls. The Minister of Civil Aviation therefore thought it inexpedient to go further than to say that advantage would be taken of suitable facilities for repair, &c., offered by the aircraft and engineering industries.

The President of the Board of Trade said that, in his experience, it was of great importance that the manufacturers should undertake repairs. First-hand experience of the faults of existing machines was invaluable in securing technical advances in design and manufacture.

In discussion general agreement was expressed with the view put forward by the President of the Board of Trade and the Minister of Supply and Aircraft Production. It was agreed that paragraph 11 of the draft should be recast so as to make it clear that the operating agencies would be required to comply with arrangements made by the Minister of Civil Aviation in consultation with the Minister of Supply and Aircraft Production for associating the aircraft and engineering industries with the repair and overhaul of aircraft.

Various drafting amendments in other paragraphs of the draft White Paper were discussed and approved; and the Minister of Civil Aviation undertook to incorporate these in the final version of the White Paper.

The Cabinet—

(1) Authorised the Minister of Civil Aviation to present the White Paper before the Christmas adjournment, in the terms of the draft annexed to C.P. (45) 332, subject to the amendments approved in discussion;

(2) Invited the Lord President and the Minister of Civil Aviation to arrange for statements to be made, in the two Houses of Parliament, if possible on the 19th December, announcing the presentation of this White Paper.

The Cabinet then considered the interim proposals for operating British air services.

Points made in discussion were:—

(a) The Air Ministry were most anxious to hand over the European services, at present operated by 110 Wing, to a civil organisation. This would be facilitated by the fact that it had within the last few days become possible to purchase Dakota aircraft for civilian use.

(b) No provision was made in the interim proposals for a service across the Pacific. The Secretary of State for Dominion Affairs emphasised the importance of starting such a service as...
soon as possible, even on an extemporised basis, in order to assist the Australian and New Zealand Governments in resisting efforts by American lines to obtain facilities to provide such a service.

The Minister of Civil Aviation said that plans for such a service were now being worked out. It would be operated by B.O.A.C. and Lancastrians and flying-boats would be used on it for the present.

(c) The Board of B.O.A.C. would be temporarily enlarged by two members specially appointed to concern themselves with the European services. When the European Corporation was eventually formed, these two members would leave the Board of B.O.A.C. and join that of the European Corporation.

(d) The selection of individuals for appointment to the Boards and the terms of their appointment should be discussed with the group of Ministers concerned with the socialisation of industries and thereafter with the Prime Minister.

The Cabinet—

(3) Approved, subject to (d) above, the interim arrangements proposed in C.P. (45) 332 for operating British air services pending the enactment of the legislation outlined in the draft White Paper.

2. The Cabinet considered a report on broadcasting policy by the Lord President, the Minister of Information, the Postmaster-General and the Minister of State (C.P. (45) 293).

The Lord President said that in January, 1944, the War Cabinet had appointed a Committee, under the Chairmanship of Lord Woolton, to enquire into future broadcasting policy. Although this Committee had not completed their work by the time the present Government took office, they had prepared a draft report which, subject to certain modifications, formed the basis of the recommendations now before the Cabinet.

These recommendations did not deal with the question of Ministerial control over the B.B.C., since it seemed desirable that this should be considered in connection with the general question of the future of the Government Information Services; and he suggested that, in the first instance, it should be examined by the Official Committee to whom this question had been referred.

He and his colleagues were satisfied that there need not be any enquiry by an independent Committee, on the lines of the Ullswater Committee, before the charter of the B.B.C. was renewed, and that the B.E.C. should continue to be the sole authority licensed to broadcast in the United Kingdom for the further period of ten years from the 1st January, 1947, covered by the new charter. They also felt that the Governors, although they should not be on a full-time functional basis, should take a more active interest in the financial and establishment policy of the Corporation. It was, however, for consideration whether the salaries now paid to the Chairman and members of the Board should not be reduced: a salary of £500 or £750 a year seemed adequate for the part-time services to be rendered by a member of the Board.

A decision was urgently required on the question whether the European service was to be continued on an effective scale. If this were to be done and if the B.E.C. were to provide three home service programmes, it would be necessary to reduce the number of regional programmes from seven to six by amalgamating the Midland and West of England regions. The original Broadcasting Committee had stressed the importance of increased devolutions to the regions and his colleagues and he were generally in favour of this. Devolution, however, meant additional expenditure, and the Cabinet should know that Lord Reith doubted whether increased devolution would, in fact, improve the quality of the programmes.
As regards finance, the B.B.C. were spending on their home programmes alone more than the product of the present licence fee of 10s. and there was a strong case for an early increase to £1. Indeed, it was unfortunate that the fee had not been increased during the war. The first practicable date on which such an increase could take effect was now April 1946, but if this were to be done an immediate decision was necessary. Other decisions required by the Report were not so urgent, as the charter did not fall to be renewed until the end of 1946; and the question of a general statement of the Government’s policy on broadcasting could be deferred until it could be considered in the light of general policy with regard to the future of the Government Information Services.

Discussion turned first on the proposal to raise the licence fee from 10s. to £1 a year.

Against this proposal it was urged that it was wrong in principle to treat broadcasting on a commercial basis and that the cultural activities of the B.B.C. were eligible for subsidy from the Exchequer in the same way as other cultural work. Moreover, it did not seem right to include in the balance-sheet the income tax liability of the B.B.C. or the cost of television (in so far as it was not met from revenue from special television licences) particularly since the cost of television represented mainly capital expenditure. If these items were excluded, the gap between the revenue derived from licence fees and publications and the expenditure on home broadcasting would be only £2,400,000, and if a real effort were made to cut down excessive expenditure (e.g., on fees to particular artists) it should be possible to bring revenue and expenditure nearly into balance. It was also suggested that, if the fee were to be increased to £1, it should be payable in two instalments.

On the other hand, it was argued that in principle it was desirable that the services provided by the B.B.C. for home audiences should be self-supporting, and that a licence fee of £1 a year was by no means an excessive payment for the service provided. Further, it was important that the revenue from licence fees should produce a substantial margin for experiment and development.

The Cabinet—

(1) Agreed that the licence fee should be raised from 10s. to £1, on the understanding that the Postmaster-General would examine the possibility of arranging for the payment of the licence fee in two instalments of 10s. each and that the possibility of exercising a closer control over expenditure by the B.B.C. should be explored.

The Cabinet then considered the continuation of the European Service. There was general support for the proposal that the European Service should continue, and it was pointed out that unless a decision were taken quickly the B.B.C. would lose the expert staff who had done so much to build up the reputation of this Service. If the Service were continued and if the B.B.C.’s proposal to provide three programmes in the Home Service were adopted, it would be necessary to reduce the Regional programmes from seven to six. There would, however, be no objection to this provided that there was a greater measure of Regional devolution.

The Cabinet—

(2) Approved the proposal to continue the European Service on the scale proposed in the Report, and agreed that the number of Regional programmes should be reduced from seven to six.

Other points in discussion were—

(a) Stress was laid on the importance of appointing to the Board of Governors members who would take an active interest in the work and of securing a variety of political outlook on the Board.

(b) Attention was drawn to the problem of interference with maritime wireless services from broadcasting stations used for the European service. It was suggested that everything possible should
be done to improve ships' wireless equipment at an early date. In
the meantime, the possibility of increasing the frequency of the
periods of silence to allow for distress messages might be considered.
(c) With reference to paragraph 17 of the report, it was
suggested that the Minister of Supply and Aircraft Production and
the Postmaster-General should consider the possibility of making
an immediate statement as to the Government's intention to intro-
duce legislation requiring manufacturers of electrical appliances to
incorporate in new appliances devices to prevent interference with
wireless reception.
(d) The President of the Board of Trade said that he doubted
whether it was wise, as proposed in paragraph 43 of the report, to
defer until 1949 a decision on the question whether the relay
exchange should be taken over by the Government, since any post-
oponement would increase the amount of compensation payable.
(e) Attention was drawn to the importance of ensuring that the
news given by the B.B.C.—particularly in the European Service—
was factually accurate. The B.B.C. was widely believed to be under
Government control and when, as occasionally happened, their news
broadcasts gave inaccurate information, the Government were put
in an embarrassing position.

The Cabinet—

(3) Agreed to resume discussion of the Report at a later
meeting and, in the meantime, authorised the Lord
President to ask the Committee of Officials, who were
examining the future of the Government Information
Services, to consider the question of ministerial responsi-
bility for the B.B.C.

Brother Fascist Movement.

3. The attention of the Cabinet was drawn to a meeting held
in London on the 15th December of persons who had been detained
under Defence Regulation 18B. It was reported that about 600
people had been present and that Sir Oswald Mosley had addressed
the meeting.

The Home Secretary said that the police were submitting to him
a report on this meeting and, when he had received this, he would
consider carefully whether there was any action which he could
take. He reminded the Cabinet, however, that the special war-time
powers conferred by Defence Regulations 18AA and 18B, under
which action had been taken against the British Union of Fascists,
had been revoked; and that activities of adherents of Fascism,
including meetings and the expression of political views, could not
now be prohibited or interfered with unless they contravened the
ordinary law.

In discussion it was suggested that serious consideration ought
now to be given to the question whether special steps should not be
taken to prevent the re-emergence of a Fascist movement in this
country. A political movement which exploited anti-Semitic
feeling would be likely to provoke serious trouble, and possibly out-
breaks of disorder, in this country at the present time. Apart from
this, the effect on public opinion in Europe should also be considered.
Many countries where the Fascist movement had established a much
stronger hold than it had ever secured in this country were now
seeking to establish a democratic system; and public opinion in
those countries would be greatly influenced by the attitude taken
here towards the re-emergence of a Fascist movement.

The Cabinet—

Invited the Prime Minister to arrange for the appoint-
ment of a small Committee of Ministers to review the
available evidence as to the re-emergence of a Fascist
movement in this country, and to consider the case for
amending the existing law with a view to checking the
growth of such a movement.
4. The Minister of State said that the Parliamentary Under-Secretary of State for Foreign Affairs had to answer in the House of Commons that afternoon a Question asking for a further statement about the situation in the Dutch East Indies; and it was likely that supplementary Questions would be put about the burning of native villages by way of reprisal for the murder of individual members of the British Forces.

The Minister of State said that in the Debate on the Adjournment on the 11th December he had defended against criticism a specific instance in which a native village had been burned; but other cases had been reported since then and it now appeared that it was the settled policy of the Supreme Commander in South-East Asia that native villages should be burned by way of reprisals. He feared that such a policy would be strongly criticised by some Government supporters; and he felt that, if the Government proposed to support that policy, it would be necessary to issue a carefully considered statement in justification of it.

The Cabinet—

(1) Invited the Prime Minister to arrange for the Defence Committee to review the question of policy involved in the burning of native villages in the Dutch East Indies as reprisals;

(2) Agreed that, if this issue were raised in supplementary Questions in the House of Commons that afternoon, the Parliamentary Under-Secretary of State for Foreign Affairs should avoid saying anything which could be construed as a statement of Government policy in this matter.

Cabinet Office, S.W. 1,
17th December, 1945.
64th Conclusions.

CABINET 64 (45).

CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister’s Room, House of Commons, S.W. 1, on Thursday, 20th December, 1945, at 10 a.m.

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).
The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department (Items 1 and 2).
The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma (Items 1 and 2).
The Right Hon. Viscount Stansgate, Secretary of State for Air.
The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.
The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The following were also present:

The Right Hon. Alfred Barnes, M.P., Minister of War Transport (Item 3).
The Right Hon. E. J. Williams, M.P., Minister of Information (Items 1 and 2).
Mr. A. Creech Jones, M.P., Parliamentary Under-Secretary of State, Colonial Office (Item 4).

The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.
The Right Hon. Lord Jowitt, Lord Chancellor.
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. J. J. Lawson, M.P., Secretary of State for War.
The Right Hon. G. A. Isaacs, M.P., Minister of Labour and National Service (Items 1–3).
The Right Hon. Ellen Wilkinson, M.P., Minister of Education (Items 1 and 2).
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.
The Right Hon. Sir Ben Smith, M.P., Minister of Food (Item 3).
The Earl of Listowel, Postmaster-General (Items 1 and 2).

Mr. J. B. Hynd, M.P., Chancellor of the Duchy of Lancaster (Item 3).
Mr. J. H. Wilson, M.P., Parliamentary Secretary, Ministry of Works (Item 3).

Secretariat:

Sir Edward Bridges.
Mr. Norman Brook.
Mr. W. S. Murrin.
Mr. C. G. Eastwood.
CABINET 64 (45).

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1. The Cabinet resumed their discussion of the Report on broadcasting policy (C.P. (45) 293). They also had before them a memorandum by the Lord President (C.P. (45) 344) drawing attention to the more important recommendations of the Report which had not been disposed of in the earlier discussion, and a memorandum by the Postmaster-General (C.P. (45) 343) on wire broadcasting.

The Lord President said that the conclusions reached by the Cabinet in their earlier discussion of the Report implied approval of the recommendations that no public enquiry need be held before the charter of the B.B.C. was renewed, that the B.B.C. should retain its monopoly of the right to originate broadcasts in this country, and that the charter should be renewed for a further period of ten years from the 1st January, 1947. The more important of the remaining recommendations were set out in paragraph 3 of C.P. (45) 344.

Discussion turned first on the recommendation that the B.B.C. should be required to broadcast an adequate and impartial daily account of the proceedings in both Houses of Parliament. It was pointed out that the B.B.C. had already arranged for daily broadcasts of Parliamentary proceedings by a professional reporter, in addition to the Saturday broadcasts in the "Week in Westminster" series. Some criticism was expressed of the daily broadcasts. Thus, in the account of the proceedings in the House of Lords debate on the Financial Agreement with the United States the Government speakers had not been reported. Reference was also made to the awkward situation which arose when a Member of Parliament, chosen to give a broadcast in the "Week in Westminster" series, had taken a prominent part in the proceedings during the week under review. On the other hand, it was urged that on the whole the daily broadcasts gave a fair account of the proceedings in Parliament and that, so far as concerned broadcasts in the "Week in Westminster" series, the arrangements were made a considerable time in advance and it would sometimes be embarrassing to change the speaker at the last moment.

The Prime Minister said that these difficulties illustrated the need for a strong Board of Governors. The attention of the B.B.C. should, however, be drawn to particular broadcasts which gave an inadequate account of the proceedings in Parliament. The Secretary of State for Dominion Affairs should see the reporter about the broadcast on the Financial Agreement with the United States.

The Cabinet next discussed the proposal that the cost of all B.B.C. services should be borne out of a single broadcasting vote and that the cost of overseas broadcasting should be borne by the Exchequer independently of any licence fee revenue. The Chancellor of the Exchequer said that he accepted this proposal. Ministerial responsibility for the vote could not be finally determined until the Cabinet had settled the general question of Ministerial responsibility for broadcasting as a whole.

Discussion then turned on the recommendation that every effort should be made to eliminate commercial broadcasting directed to this country from overseas. The Cabinet were informed that negotiations for the lease of Radio Luxembourg (see paragraph 51 of C.P. (45) 293) were proceeding and that the attitude of the French Government was satisfactory. There was general support for the view that all commercial broadcasting directed to this country from overseas should be eliminated; and that, if necessary, international agreement to eliminate broadcasting of this type should be sought through the United Nations Organisation.

Other points made in discussion were:

(a) The Lord President suggested that the salaries of the Chairman and members of the Board of Governors should be discussed as part of the wider question of salaries for chairmen and...
members of public Boards, on which a committee of officials was to submit recommendations to the Lord President's Committee (L.P. (45) 47th Meeting, Minute 2).

(b) The Postmaster-General reported that he had examined the administrative implications of the proposal that the increased licence fee should be payable in two half-yearly instalments of 10s. On the assumption that about 75 per cent. of the holders of licences would elect to pay by instalments, this proposal would involve an addition of 500 to the staff of the Post Office and an increase of £250,000 in the annual cost of collection.

(c) The Secretary of State for India and for Burma said that the recommendations in paragraph 32 of the Report for the extension of broadcasting in the Colonies and India should be applied also to Burma.

(d) The Lord President said that it might be necessary at a later stage to present a White Paper setting out the Government's policy on broadcasting, but this must await the Cabinet's decision on the question of Ministerial responsibility for the B.B.C.

The Cabinet's conclusions were as follows:

1. The B.B.C. should retain its monopoly of the right to originate broadcasts in the United Kingdom; the Charter of the B.B.C. should be renewed for a further period of ten years from the 1st January, 1947; and no public enquiry need be held before the Charter was renewed.

2. The B.B.C. should be under an obligation to broadcast an adequate and impartial daily account of proceedings in both Houses of Parliament.

3. The Secretary of State for Dominion Affairs should take up with the B.B.C. reporter concerned the failure to give an adequate account of the House of Lords debate on the Financial Agreement with the United States.

4. The cost of all B.B.C. services should be borne on a single Broadcasting Vote, and the cost of overseas broadcasting should be borne by the Exchequer independently of any licence fee revenue.

5. In view of the estimated cost of arranging for the payment of the increased licence fee by instalments, the fee should in the first instance be payable as a single sum, on the understanding that if this were found to involve hardship on classes such as old age pensioners the matter would be reviewed.

6. Decision on the question whether the Government should bring the relay exchange system under public ownership should be deferred, and the situation should be reviewed again nearer the date of the expiry of the licences held by the Relay Companies.

7. The Lord President should arrange for the salaries of the Chairman and members of the Board of Governors of the B.B.C. to be reviewed as part of the general question of the salaries of chairman and members of public Boards.

8. The remaining recommendations in C.P. (45) 293 were approved.

Political Broadcasting.

(Previous Reference: C.M. (45) 42nd Conclusions, Minute 3.)

2. At their meeting on the 16th October the Cabinet had invited the Lord Privy Seal to reconsider, in the light of the discussion, the original proposals of the B.B.C. regarding political broadcasts, and to discuss the matter further with representatives of the B.B.C. before approaching the Opposition Leaders. The Cabinet now had before them a memorandum by the Lord Privy Seal (C.P. (45) 335) to which was annexed a revised statement prepared after further discussions with the B.B.C.
The Cabinet considered the text of this revised statement paragraph by paragraph.

Paragraph 1 proposed that, if a Minister desired to broadcast, the Department charged by the Prime Minister with responsibility for dealing with such matters should “ascertain the views of the B.B.C. before conveying approval to the broadcaster.” This language was criticized as implying that the B.B.C. had a right to challenge the Government view that a Ministerial broadcast should be made on a particular subject. It was felt that the B.B.C. should not be put in a position to override the Government on such a point, though they should be brought into consultation and given an opportunity of expressing their views on timing and technical matters.

The Cabinet agreed that the second sentence of this paragraph should be amended so as to read: “If the initiative for a Ministerial broadcast comes from the Government side, the Government Department prescribed will make the necessary arrangements with the B.B.C.”

Paragraph 2 proposed that, when a Minister had made a broadcast which the B.B.C. regarded as falling within the region of Party politics rather than as being a statement of national policy, the B.B.C. should be free to arrange for a broadcast in reply to be given by a spokesman of the official Opposition.

In discussion of this paragraph, it was argued that it would be wrong to put the B.B.C. in the position of determining after the event whether a Minister’s broadcast had been of such a character that the Opposition should be given an opportunity to reply. Under this procedure the Government spokesman might be put at a serious disadvantage. He might have designed his broadcast as an objective statement and refrained from Party advocacy, yet if the B.B.C. chose after the event to regard his broadcast as “within the region of Party politics” an Opposition speaker would be given an opportunity to broadcast a debating reply.

It was also pointed out that under Party Government most of the important statements made by Ministers could be regarded as “falling within the region of Party politics.” The real question was whether such a statement would be so controversial as to warrant giving the Opposition an opportunity to reply; and that question was one which was better decided, not by officials of the B.B.C. but by consultations between the Parties through the usual channels. Moreover, the question should normally be settled before the Ministerial broadcast was made.

The Cabinet agreed that this paragraph should be re-cast so as to provide that when a Minister proposed to broadcast a statement which, in the opinion of the B.B.C. or of the Department charged by the Prime Minister with responsibility for dealing with these matters, might be regarded as controversial, the Department should arrange for consultations to be held between the political Parties through the usual channels with a view to deciding whether the Opposition should be given an opportunity to broadcast a reply; and, where it was agreed as a result of such consultations that the Opposition should have an opportunity to reply, the B.B.C. should be required to afford the necessary facilities.

Paragraphs 3 and 4.—It was agreed that if paragraph 2 were re-cast as outlined above, paragraphs 3 and 4 could be omitted.

Paragraph 5 proposed that if the Opposition desired to initiate a political broadcast the B.B.C. would be approached on the authority of the Leader of the Opposition: if the B.B.C. accepted the proposal they would inform the Government without delay and, if asked, would arrange for a Government reply.

In discussion it was pointed out that this was a new proposal which would appear to confer on the Opposition a right to initiate
political broadcasts, which they had not hitherto enjoyed. Such a
right might be so used to throw the Government on to the defensive.

The Cabinet agreed that this paragraph should be deleted;
but that a sentence should be added to the revised draft
of paragraph 2 providing merely that the Government
should be informed without delay if the B.B.C.
proposed to afford facilities for a broadcast to be
made on behalf of any other political Party. The pro­
posal could then be taken up, if desired, in consultation
between the Parties through the usual channels.

Paragraph 6.—It was agreed that this paragraph should be
omitted.

Paragraph 7.—This paragraph was approved.

Paragraph 8 proposed that the B.B.C. should not as a rule
allow Ministerial or other ex parte statements to be broadcast on
matters under discussion in Parliament until the Bill had received
its Third Reading in the House of Commons, or the business had
been completed.

It was generally felt that this rule was unduly restrictive.
There would be occasions on which it would be proper that matters
should be discussed on the wireless before the Parliamentary pro­
ceedings had been completed.

The Cabinet agreed that paragraph 8 should be omitted.

Paragraph 9 provided that arrangements privately reached
between the political Parties in regard to broadcasting on political
matters should not "override or affect" the agreement.

The Cabinet agreed that this paragraph should be omitted.

In general discussion of the document as a whole, the view
was expressed that a formal agreement on the lines proposed in
C.P. (45) 335 would confer on the B.B.C. rights of denying to the
Government of the day the use of the wireless as a medium for
explaining Government policy and would bring the B.B.C. into the
position of passing final judgment on issues which were more
appropriate for discussion through the usual channels between
representatives of the political Parties. Some Ministers felt that
in these matters the power of decision should rest with the Govern­
ment, and that the B.B.C. should afford such facilities as the
Government desired. On the other side, it was pointed out that
the Governors of the B.B.C. had a responsibility to the public and
the Government should not interfere unduly in their exercise of
that responsibility. It was, of course, essential that the B.B.C.
should behave reasonably in these matters, and this emphasised the
need for great care in making appointments to the Board of
Governors. If, however, a capable and responsible Board were
appointed, they should be allowed to retain a substantial measure
of independence in their day-to-day administration of the B.B.C.

The general conclusion of the Cabinet was that it would be
inexpedient to seek to define the detailed procedure for political
broadcasts in a formal document, and that it would be preferable
that these matters should continue to be governed by understandings
as to the normal practice. The Lord Privy Seal should convey the
Cabinet’s views to the B.B.C., and, if any document was drawn
up as a result of his further discussions, this should take the form
of an informal aide-memoire or a minute of the meeting. Such a
document would embody the substance of paragraphs 1, 2 and 7 of
the statement annexed to C.P. (45) 335, revised to take account of
the points noted above.

The Cabinet—

Invited the Lord Privy Seal, in consultation with the
Minister of Information, to resume his discussions with
representatives of the B.B.C. on the lines indicated at
"X" above.
3. The Cabinet had before them a memorandum by the Minister of Labour and National Service (C.P. (45) 341) regarding the employment of German prisoners of war in this country. Since the matter had previously been considered by the Cabinet there had been further developments. First, the Minister had explored the possibility of bringing prisoners of war from the United States. Secondly, it had been impossible, in the face of representations made by the Russians, to adhere to the arrangement whereby 225,000 prisoners of war were retained in Germany under German officers and staffs until they could be moved to this country for employment. The men in these units were now in process of being either disbanded or, to the limited extent that it was possible, transferred to prisoner-of-war camps. As a result, there would now be only 165,000 men available from Germany after the end of March, instead of 225,000.

The Minister of Labour said that in these circumstances he made the following proposals:—

(i) The German prisoners in Canada should be brought to this country as quickly as possible, the aim being to have them all here not later than the end of March.

(ii) Every effort should be made to reach agreement with the United States authorities to enable us to begin bringing here as soon as possible as many of the German prisoners in the United States as we could transport and accommodate.

(iii) The Minister of Works, in collaboration with the Secretaries of State for War and Air, should do everything possible to increase the accommodation available for extra prisoners before the end of March above the present estimate of 45,000.

(iv) The Secretary of State for War and the Minister of War Transport should do everything possible to expedite the programme for repatriating Italians in order to increase the accommodation available up to the end of March for incoming Germans.

(v) The Minister of Labour, in collaboration with the other Ministers concerned, should explore further the possibility of arranging for the maximum number of German prisoners to be held in Norway for transfer to this country when transport and accommodation were available.

(vi) The Minister of Labour, in collaboration with the Secretary of State for War and the Ministers of War Transport and Works, should ensure that the necessary preparations were put in hand now to enable us to bring and accommodate here as quickly as possible after the end of March such German prisoners as we should then be holding in Germany and Norway.

The Minister of Labour explained that if these proposals were approved there would be a total of 422,000 German prisoners of war available for work in this country in the summer of 1946, plus possibly a further 30-40,000 to be brought from Norway. This compared with 334,000 German and Italian prisoners in employment during 1945. There would, therefore, be an increase of 90-130,000. Accordingly, there would be no need to reduce allocations to Departments.

Points in discussion were:—

(a) The Secretary of State for Air, commenting on (iii) of the proposals set out above, said that if a number of prisoners of war could be allocated soon to the Air Ministry they would be able to accelerate demobilisation and to make available before the end of March accommodation for an additional number of perhaps 30,000 prisoners. This would make possible a corresponding increase in the number that could be brought from America.

(b) Various Departments were concerned with the movement, accommodation and allocation of prisoners of war. There was already an official Committee to maintain contact between the Departments on certain aspects of this question, but it might be that this Committee did not cover all aspects of it. It might be desirable that additional Departments should be represented on the Committee.
(c) The Minister of Food feared that there would be some reluctance among men working on food distribution to work alongside German prisoners of war.

The Minister of Labour suggested that Trade Union assistance might be invoked to overcome any difficulty of this kind, and he promised to give his help in the matter if the Minister of Food so desired.

(d) The Secretary of State for Dominion Affairs said that the appropriate channel for any approach to the Canadian Government on this matter would be through the Canadian High Commissioner in London.

(e) It was believed that among the German prisoners of war in the United States there were many strong sympathisers with the Nazi régime. It was desirable that they should be segregated when they arrived in this country.

The Cabinet—

(1) Approved the proposals made by the Minister of Labour as set out at (i)-(vi) above.

(2) Invited the Minister of Labour to consider whether any alteration in the composition of the existing inter-departmental Committee was desirable in order to ensure closer working between all the Departments concerned with the movement, accommodation and allocation of prisoners of war.

International Trusteeship:

Territories held under Mandate.

(Previous Reference: W.M. (45) 61st Conclusions, Minute 3.)

The Cabinet considered a memorandum by the Secretary of State for the Colonies (C.P. (45) 342) regarding the future of United Kingdom territories now held under mandate. This proposed that an announcement should be made before the first session of the General Assembly of the United Nations: (a) stating that it was the policy of His Majesty’s Government to place Tanganyika, the Cameroons and Togoland under Trusteeship, subject to the conclusion of satisfactory Trusteeship Agreements; and (b) inviting reference as regards Palestine to the statement made by the Foreign Secretary on the 13th November. No reference would be made at this stage to Transjordan or Nauru. The Governments of the Mandated Territories and Dominion Governments would be notified before the statement was made.

The Parliamentary Under-Secretary of State for the Colonies said that since the memorandum was prepared a telegram had been received from the Governor of Tanganyika from which it was clear that there would be strong opposition in the Territory, at least among the European community, to its being placed under Trusteeship. He felt, however, that in spite of this it would be necessary to do so; and there was general agreement with this view.

The Secretary of State for Dominion Affairs said that he was anxious that no decision should be taken to make the proposed statement until there had been consultation with the Dominions. Australia and New Zealand were very much concerned on account of the mandates for New Guinea, Nauru and Western Samoa. South Africa was also concerned; and he thought there would be a sharp reaction from Field-Marshal Smuts if the Soviet Government showed signs of demanding a share in the Trusteeship of Tanganyika.

There was general agreement that Dominion Governments should be consulted before it was decided to make the announcement proposed in C.P. (45) 342.

Other points in the discussion were:

(a) The Minister of Fuel and Power expressed anxiety about the economic consequences of placing these territories under Trusteeship. He referred particularly to the value of associating Tanganyika with Kenya and Uganda in economic matters.
The Parliamentary Under-Secretary of State for the Colonies explained that the proposals for co-operation between Kenya, Uganda and Tanganyika, which had recently been published in a White Paper, had been worked out so as to fit in with the Trustee-ship proposals. There was already a Customs Union between the three territories and it could, he thought, be assumed that there would be nothing in the Trusteeship Agreement for Tanganyika to prevent the continuance of this. Under the United Nations Charter there was an additional safeguard which had not existed under the Mandate system. Under Trusteeship the equal treatment to other members of the United Nations must not prejudice the paramount interests of the inhabitants of the territory. Under the Mandate system there was an entirely "open door" to all members of the League of Nations.

(b) The Cabinet were informed that the Chiefs of Staff had been invited to consider whether all, or any parts of, the existing mandated territories should be regarded as strategic areas, and to express their views on the military provisions to be included in the Trusteeship Agreements.

The Cabinet—

(1) Took note that the views of the Chiefs of Staff were being obtained on the point noted at (b) above.
(2) Invited the Secretary of State for Dominion Affairs to arrange for Dominion Governments to be consulted about the announcement proposed in C.P. (45) 342.
(3) Agreed that the question should be re-submitted to the Cabinet early in the New Year in the light of the views expressed by the Chiefs of Staff and Dominion Governments.

Cabinet Office, S.W. 1,
20th December, 1945.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 20th December, 1945, at 4 p.m.

Present:
The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.
The Right Hon. VISCOUNT STANSGATE, Secretary of State for Air.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.
The following were also present:
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State (Items 1–2).
Mr. GEORGE BUCHANAN, M.P., Joint Parliamentary Under-Secretary of State, Scottish Office (Items 3–4).

Secretariat:
Mr. NORMAN BROOK.
Mr. W. S. MURRIE.
Mr. C. G. EASTWOOD.
## CABINET 65 (45).

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1. The Prime Minister gave the Cabinet an account of the course of the discussions at the meeting of Foreign Ministers in Moscow.

Up to now these discussions had been concerned mainly with the procedure for the preparation of Peace Treaties with the ex-enemy States. The Soviet Government were still maintaining the thesis, which they had advanced at the London meeting of the Council of Foreign Ministers, that the preparation of the Treaties should be entrusted exclusively to the States signatory to the armistice terms, other Allied Powers being invited subsequently to sign the Treaties. This procedure would not be acceptable to Dominion Governments; and the United Kingdom Government had consistently opposed it as being wrong in principle and likely to prove unworkable in practice. The Prime Minister said that he had advised the Foreign Secretary not to give way on this point.

The Cabinet—

(1) Endorsed the action taken by the Prime Minister in this matter.

The United States Government were putting forward at Moscow the proposal that the Peace Treaties should be considered by a Conference, broader than the Council of Foreign Ministers and representing the Powers which had made a substantial military contribution towards the Allied victory. M. Molotov was urging that the number of States to be represented at such a Conference should be reduced and was pressing, in particular, for the exclusion of India on the ground that India was not a sovereign State and had not an independent responsibility in matters of foreign policy. He argued that, if India were invited to such a Conference, he would have to claim that invitations should be extended to the three Baltic States. Mr. Byrnes would apparently be prepared to acquiesce in the exclusion of India, but was opposed to the inclusion of the Baltic Republics. The Foreign Secretary was disposed to insist on the inclusion of India, but had asked whether the Cabinet would be prepared to accept in return the inclusion of the three Baltic Republics. Alternatively, would they agree that India should be excluded from the Conference, provided that the Ukraine and Byelo-Russia were also excluded?

In discussion there was general agreement that, in view of India's contribution to the victory and the extent to which she had been separately recognised in international affairs since 1919, there could be no question of our acquiescing in her exclusion from the proposed Peace Conference. The Cabinet could not accept the alternative solution, favoured by Mr. Byrnes, of excluding India in return for the exclusion of the Ukraine and Byelo-Russia.

Discussion then turned on the question whether we need object to the inclusion of the Baltic Republics among the States to be invited to the proposed Peace Conference. It was the general view of the Cabinet that there was no serious objection to making this concession, if it proved necessary in order to secure the inclusion of India in the proposed Peace Conference—though it was recognised that such a concession might subsequently make it necessary for us to recognise the inclusion of the Baltic Republics within the Soviet Union.

The Secretary of State for Dominion Affairs recalled, however, that in connection with the recognition of the separate States of the Ukraine and Byelo-Russia we had promised Dominion Governments that we would not agree to similar treatment of other federal units of the Soviet Union without prior consultation with them. We should, therefore, explain the position to Dominion Governments and should, if possible, give them an opportunity of expressing their views before we agreed that the Baltic Republics should be included among those to be invited to the proposed Peace Conference.

[31200]
The Cabinet—

(2) Invited the Prime Minister to inform the Foreign Secretary that in the view of the Cabinet it was essential that India should not be excluded from the proposed Peace Conference; but that, subject to prior consultation with Dominion Governments, he was free to agree to the inclusion of the three Baltic Republics if he considered that such a concession was necessary in order to secure agreement to the inclusion of India.

(3) Invited the Secretary of State for Dominion Affairs to explain the position to Dominion Governments and ascertain their views on the question of including the three Baltic Republics among the States to be invited to the proposed Peace Conference.

Japan.

2. The Prime Minister said that at the meeting of Foreign Ministers in Moscow agreement was being sought between the three Commonwealth Powers on the composition of the Allied Council in Tokyo. It had previously been suggested that more than one member of the British Commonwealth might be represented on this Council; and the Governments of both Australia and India had been anxious to obtain separate representation. The Foreign Secretary had now reported that there was little prospect of securing separate representation for both the United Kingdom and Australia and even less chance of securing separate representation for India. In the circumstances he was proposing to say that he would recommend to his Government and to the interested Dominion Governments that there should be a single British member on the Council, who would jointly represent those parts of the British Commonwealth (including India) whose forces might participate in the occupation of Japan.

In discussion there was general agreement with the line which the Foreign Secretary was proposing to take. It would probably be convenient that all the Governments of the Commonwealth (including India) should be represented on this Council by Australia.

The Cabinet—

Agreed that the interests of the British Commonwealth might be represented on the Allied Council in Tokyo by a single British member who, in view of Australia’s close interest in this area, might be nominated by the Australian Government.

National Health Service.

3. At their meeting on the 18th October the Cabinet had agreed that the proposals for the future organisation of the hospital service should be considered in detail by the Social Services Committee. The Cabinet now had before them:

(i) a memorandum by the Minister of Health (C.P. (45) 339) submitting his general proposals for a National Health Service; and

(ii) a memorandum by the Secretary of State for Scotland (C.P. (45) 345) explaining the application of these proposals to Scotland.

The Minister of Health said that he had felt it right that his scheme for the hospital service should be presented to the Social Services Committee in the wider framework of his proposals for the health service as a whole; and the Committee had approved these proposals. He drew attention to the provision which he had made for the decentralisation of the hospital service by the creation of regional hospital boards and local hospital management committees; and pointed out that the assignment of the health centres to county and county borough councils would make it easier for the work of the centres to be correlated with the activities in the
clinics which would remain the responsibility of these local authorities. The proposals set out in Part IV of the Appendix to C.P. (45) 339 would, he believed, secure an even distribution of doctors over the country without involving direct control from the Ministry of Health; and the proposed basis of remuneration for doctors should eliminate the worst features of the capitation rate system and lead eventually to a full-time salaried service. He had explained to Government supporters in Parliament who were interested in non-orthodox forms of medicine why such forms could not at present be made a part of the National Health Service; and he had been able to persuade the Labour Members of Parliament who were doctors to accept his proposals for the remuneration of doctors, although they had originally pressed strongly for a full-time salaried service.

The Joint Parliamentary Under-Secretary of State for Scotland said that his Secretary of State was in full agreement with the general scheme put forward by the Minister of Health, although in its application to Scotland it would have to be modified in one or two respects. For example, the ambulance service in Scotland would be associated with the hospital service instead of being a function of the major health authorities; and the health centres would, as proposed in the White Paper (Cmd. 6502), be the direct responsibility of the Secretary of State. During the war the Department of Health for Scotland had run a number of hospitals directly, and on the basis of this experience the Secretary of State was confident that a State hospital service was feasible in Scotland.

The Lord Privy Seal said that, although the proposals had been approved by the Social Services Committee, he doubted whether, in view of the difficult negotiations which would have to be undertaken, it would be possible to pass the necessary legislation in the current Session. The Government had already found it impossible to adhere to their original programme for the National Insurance Bill, and it would be unfortunate if the time of Parliamentary Counsel and of Parliament were wasted on legislation which, in the event, had to be postponed until the following Session. He also pointed out that no guarantee could be given that the supplementary legislation referred to in paragraph 7 of C.P. (45) 339 could be passed in the 1946-47 Session.

The Secretary of State for Dominion Affairs said that he was in general agreement with the proposals of the Minister of Health. He hoped that the Minister would give special attention to the improvement of the general practitioner service through the provision of greater facilities for post-graduate training, and would take steps to reduce to a minimum the inducements to general practitioners to engage in practice outside the public service. He also attached importance to the proposal, made in paragraph 51(e) of the Appendix to C.P. (45) 339, that specialists should be enabled to see their private patients in hospitals and to admit them to pay-bed accommodation, and thought that if a scheme on these lines could be developed it would be right to prohibit specialists employed in the public service from carrying on private work in nursing homes.

Further discussion turned mainly on the question whether, in view of the amount of opposition which the proposals were likely to excite, the time which would necessarily be consumed in negotiations with the various interests, and the further consideration which would have to be given to the financial implications of the proposals, there was a reasonable prospect of passing legislation to give effect to this scheme in the current Session.

The Lord President said that, while he did not seek to re-open the Cabinet's decision to approve in principle the proposals regarding the hospital service, he must reaffirm the misgivings which he had expressed when that decision had been taken. There was bound to be very strong opposition, not only from the voluntary hospitals but also from the local authorities, and when this was
added to the opposition which would be provoked by other elements in the scheme (e.g., the transfer of certain health services from metropolitan borough councils to the L.C.C. or from district councils to county councils), the difficulties which would face the Minister of Health would be very formidable indeed. He was also concerned about the financial aspects of the proposals. Neither the chairmen of the regional hospital boards nor their principal officers would be appointed directly by the Minister of Health, and they would be tempted to press for more and more lavish expenditure at the expense of the Exchequer, particularly since there would be no contribution from the rates to provide an incentive to local economy. The figures given in Part VII of the Appendix to C.P. (45) 339 showed a very large transfer of liability from the ratepayer to the taxpayer and, judging by what had happened after the transfer of hospitals from boards of guardians to county and county borough councils, there was likely to be a sharp rise in expenditure once the hospitals had been taken over by the State. In view of the weight of opposition to be expected, the Minister would, in his view, be well advised to spend some time in negotiating with the interests concerned before embarking on the actual preparation of the Bill.

The Chancellor of the Exchequer said that, while he was generally in favour of the proposals, he must reserve his position on their financial aspect. Although the total expenditure was not greatly in excess of the total given in the White Paper presented by the Coalition Government, the new proposals involved a very large transfer of liability from the ratepayer to the taxpayer, and he could not agree to them without first examining them as part of the whole question of the financial relations between the Exchequer and local authorities. He was not satisfied with the existing formula for distributing the block grant and had intended to review it with the object of increasing the amounts allotted to the poorer authorities. It might, however, be difficult to make a reallocation of this kind if, at the same time, he had to reduce the block grant to anything like the extent required to compensate the Exchequer for such a large shifting of the burden from local rates as was involved in these proposals. He could not, therefore, be committed to the proposals until he had obtained a more accurate estimate of the amounts involved and had been able to consider the distribution of the burden between the taxpayer and the ratepayer in connection with the whole financial relationship between the Exchequer and local authorities. In any event, it seemed to him essential that there should be very close financial control by the Health Departments and the Treasury over the regional hospitals boards and that an efficient system of comparative costing should be set up.

The Home Secretary supported the views expressed by the Lord President. He was convinced that the proposals would excite very strong opposition, not merely from voluntary hospitals, but also from local authorities. With regard to finance, he pointed out that the hospitals element in the existing block grant was relatively small, and that there would be the greatest possible difficulty in getting the local authorities to agree that the block grant should be adjusted on account of the transfer of this service by more than this existing amount.

The Minister of Health said that, in his view, it was important that the National Health Service Bill should be passed during the current Session, so as to enable him to bring the new service into operation concurrently with the new scheme of national insurance. He had been led to believe that if his proposals were submitted to the Cabinet in December it would be possible for him to give instructions to Parliamentary Counsel immediately, with a view to having the Bill ready for introduction in February; and he must press for authority to give instructions forthwith for the drafting of the Bill. If the Cabinet approved his proposals, his intention was to enter into negotiations with the interests concerned on the basis that all the main features of the proposals must stand and that any
concessions made should be such as could be put into effect in administration. He could not go forward on these lines, however, unless he were assured of firm support from the Cabinet.

So far as finance was concerned, he was prepared to enter into negotiations on the understanding that he would not hold out any hope to local authorities of a net reduction in their rate burden as a result of the transfer of hospital services to the State. Although his scheme would undoubtedly meet with considerable opposition, he believed that the hospital service proposals would be favourably received by many members of the medical profession and would tend to diminish their general antagonism. He also believed that some, at least, of the local authorities would favour them; and that, although they would be strongly opposed by the voluntary hospitals, the great majority of Government supporters, both in the country and in Parliament, would welcome them with enthusiasm.

The Joint Parliamentary Under-Secretary of State for Scotland supported the Minister of Health. In Scotland, those local authorities in which there was a Labour majority would not oppose the hospital service proposals and the only serious opposition was likely to come from the voluntary hospitals.

The Prime Minister said that, while the Cabinet appreciated the difficulties of the Minister of Health, it was reasonable that they should have an opportunity of considering the legislative content of his proposals in the light of possible opposition, and it was desirable that the Minister should submit to them the heads of the proposed legislation before Parliamentary Counsel began the preparation of the Bill. This would not involve any loss of time since he could concurrently embark on his negotiations with the local authorities and other interests.

The Cabinet—

(1) Gave general approval to the proposals for a National Health Service set out in C.P. (45) 339 and 345 and authorised the Health Ministers to initiate negotiations with the interests concerned.

(2) Agreed that concurrently with these negotiations the Minister of Health should prepare the heads of the proposed National Health Service Bill and submit them to the Cabinet. A report should also be made to the Cabinet, at the same time or subsequently, on the degree of opposition disclosed by the negotiations.

(3) Invited the Chancellor of the Exchequer and the Health Ministers to report on the financial implications of these proposals, in the general framework of the financial relations between the Exchequer and the local authorities, and agreed that pending consideration of this report the Health Ministers should not hold out any hope to local authorities that the proposed transfer of the hospitals service would lead to any net reduction in the rate burden.

4. In connection with the discussion recorded in the preceding minute the First Lord of the Admiralty said that he was concerned at the extent to which the Cabinet were discussing and approving on their individual merits particular schemes involving substantial expenditure, without having the advantage of relating these financial commitments to any general picture of the budgetary position as a whole. He doubted whether the yield from a given rate of taxation could be maintained at the high levels reached during the war years; and he asked whether the Treasury could not submit to the Cabinet an estimate of the total financial commitments involved in the projects which the Government proposed to bring forward during the present Parliament together with an estimate of revenue during that period.
The Chancellor of the Exchequer said that the Treasury had this point very much in mind, and he gave the Cabinet a broad indication of the probable course of revenue and expenditure on the assumption that the main projects involving heavy expenditure were being put forward during the early part of the lifetime of the present Parliament.

The Prime Minister said that it would be desirable that the Cabinet should review the general financial position in greater detail before the time came for the Chancellor to introduce his next Budget.

Cabinet Office, S.W. 1.
20th December, 1945.