INDEX
OF
CABINET CONCLUSIONS
6th April—31st December, 1955
(C.M. (55) 1st—47th Meetings)

Notes.—References to Minutes are shown thus—1 (1).
References to Memoranda are shown thus—C.P. 1 or C. 1.
References in italics are to Memoranda not discussed by the Cabinet.
Reference

CAB 128/29

ALL ODD NUMBERS BETWEEN

FOLIOS 3-43

ARE BLANK AND HAVE NOT BEEN COPIED
INDEX

(C.M. (55) 1st—47th Meetings)

A

ADEN
Security—
Incidents: assessment of military implications sought. 16(4).
Measures for improvements; review of forces. 17(2) 18(4).

ADMINISTRATIVE TRIBUNALS
Enquiry into procedure and practice proposed. C.P. 43, 15(7).
Proposals for an independent enquiry. C.P. 44, 17(6), 19(7).

AERIAL ADVERTISING
Prohibition favoured. C.P. 139, 24(3).

AFRO-ASIAN CONFERENCE
Loss of Indian airliner with Chinese delegates—enquiry into alleged sabotage. 4(7), 9(2).
Loss of Indian airliner: sabotage confirmed; warrant for culprit, Chou Chiu. 29(8).

AGRICULTURE/AGRICULTURAL POLICY
See also NATIONAL SERVICE for extended system of deferment.
Committee on disciplinary powers and security of tenure suggested. Functions of the County Committees in question. C.P. 77, 24(6).

“ALPHA”
See PALISTINE.

AMALGAMATED ENGINEERING UNION (A.E.U.)
See INDUSTRIAL DISPUTES.

ARMED FORCES
See also DEFENCE POLICY for reduction of forces. ECONOMIC SITUATION for Service pay.
Officers’ retired pay—
Improved rates envisaged. 25(9), 30(5).
Pensions Increase Bill—early announcement. C.P. 89, 38(9), 40(8).
Education grant approved. C.P. 145, 38(2).

ASCOT RACE-MEETING
See INDUSTRIAL DISPUTES—Railways.

ASSOCIATED SOCIETY OF LOCOMOTIVE ENGINEERS AND FIREFMEN (A.S.L.E.F.)
See INDUSTRIAL DISPUTES—Railways.

ASWAN DAM
See EGYPT.

ATOMIC ENERGY
See also CANADA. DEFENCE POLICY.
Weapons programme—
Control of thermo-nuclear weapons likely to be discussed at Four-Power Talks. 5(5).
Usefulness of remote territory for experimental purposes. 38(5).
Bomb tests—handling of Parliamentary Questions. 45(2).
Radium: Opposition motion seeking United Kingdom, United States, Soviet ban on experimental explosions. 46(1).

AUSTRALIA
See also FORMOSA.
Report on Commonwealth Secretary’s visit. C.P. 176.

AUSTRIA
Four-Power talks on future international status—United Kingdom policy. C.P. 12, 7(3).
Treaty: ratification arrangements. 16(6), 17(1).
BACON PRICES
See FOOD.

BAGDAD PACT
See MIDDLE EAST.

BALANCE OF PAYMENTS
See ECONOMIC SITUATION.

BAMANGWATO TRIBE
See BECHUANALAND PROTECTORATE.

BANK RATE
See ECONOMIC SITUATION.

BEATTIE, Mr. C, M.P.
See HOUSE OF COMMONS—Disqualification.

BECHUANALAND PROTECTORATE

BETTING, LOTTERIES AND GAMING
No Government opposition to Private Member's Bill. 42(2).

BOM TESTS
See ATOMIC ENERGY—Weapons programme.

BREAD SUBSIDIES
See ECONOMIC SITUATION.

BRITISH BROADCASTING CORPORATION
See BROADCASTING.
CYPRESS.
TELEVISION DEVELOPMENT.

BRITISH ROAD SERVICES
See ROAD HAULAGE.

BRITISH TOGOLAND
See TOGOLAND.

BRITISH TRANSPORT COMMISSION (B.T.C.)
See INDUSTRIAL DISPUTES—Railways.
ROAD HAULAGE.
TRANSPORT.

BROADCASTING
Party broadcasts on Welsh affairs banned. 16(7).
Labour, Liberal views on television broadcasts of non-political statements by Ministers. 31(8).
Fortnight rule—
Formal notice to B.B.C., with Labour Opposition support. 16(7).
Handling of reversal of Liberal policy. 29(5).
Confirmation of views of Opposition Parties. 31(8).
Government motion—Opposition leaders in favour. 43(1).
Welsh and Scottish political affairs: Party consultation authorised. 40(3).

BUDGET
See also PARLIAMENT for autumn Finance Bill.
Traditional minute. 3(1).

BUGANDA
See UGANDA PROTECTORATE.

BULGANIN, M.
See SOVIET UNION.

BURGESS AND MACLEAN
See FOREIGN OFFICE—Disappearance of two officials.

CABINET
See also GOVERNMENT RECORDS for Cabinet records.
MINISTERS.
Welcome to new Administration. 1(1).
Procedure during summer recess. 27(8).
Guidance on submission of business. C.P. 208.
CALICO PRINTING INDUSTRY
See Monopolies and Restrictive Practices.

CAMBODIA
See INDIA for a report by Mr. Nehru.

CANADA
Consultation on the uses of nuclear weapons authorised. 1 (4).

CANAL ZONE
See EGYPT.

CANALS
Committee of Enquiry on the system of inland waterways authorised. C.P. 151, 33 (10) 37 (6).
Committee of Enquiry: membership. C.P. 165, 192, 38 (6), 45 (5).

CANBERRA AIRCRAFT
See CIVIL AVIATION.

CANNED SALMON
See JAPAN—New Trade and Payments Agreement.

CAPITAL PUNISHMENT
Royal Commission's main recommendations rejected; no legislation on remainder. C.P. 148, 33 (4).
Parliamentary handling. 41 (1), 42 (4), 43 (1).
Growing opinion against death sentence. 43 (1).

CARDIFF
Favoured as capital city of Wales. 40 (7).

CEYLON
Report on Commonwealth Secretary's visit. C.P. 176.

CHARITABLE TRUSTS
Draft White Paper on policy; Statement on Trustees List of investments. C.P. 76, 24 (5).

CHEMICAL FERTILISERS
See Monopolies and Restrictive Practices.

CHIEF JOSEPH DAM
Rejection by United States of British tender. Decision against public protest. 30 (2), 32 (2).

CHINA
See also Afro-Asian Conference for loss of Indian airliner.
FORMOSA.
Handling of a request for visit by Parliamentary delegation. 27 (7).

CITRUS FRUIT
See UNITED STATES for United Kingdom imports.

CIVIL AVIATION
See also AERIAL ADVERTISING.
Canberra aircraft: orders to relieve unemployment in Northern Ireland suggested. 2 (1).
Gatwick Airport: development by private firms agreed. C.P. 38, 39, 15 (5).

CIVIL EXPENDITURE
See ECONOMIC SITUATION.

CIVIL SERVICE
Improved rates of retired pay envisaged. 25 (8), 30 (5).
Pensions Increase Bill—early announcement. C.P. 30, 38 (9), 40 (8).

CLEAN AIR
See FOG.
Legislative Programme.

COAL
See also FUEL POLICY.
INDUSTRIAL DISPUTES.
Prices: increase of 18 per cent, from mid-July. C.P. 45, 17 (4).
Prices: further statement to the 1922 Committee unnecessary. 21 (2).
Debate arrangements. 23 (1), 24 (1).
Fewer exports: need for fuel efficiency, foreign workers: Fleck Report; reorganisation. 24 (1).

COLOMBO PLAN
Report on October Meeting. C.P. 171.
COLONIAL AFFAIRS

See also Commonwealth Affairs.

Committee to consider problems of constitutional development. C.P. 144.
Usefulness of remote territory for experimental purposes. 38 (5).

COLONIAL IMMIGRANTS

Evidence for Conservative candidates: no public commitment to legislation. C.P. 16, 9 (5).
No Parliamentary statement at present. 16 (1).
Committee to consider legislation. C.P. 180.

COLONIAL IMPORTS

See Japan for Trade and Payments Agreement.

COMMERCIAL POLICY

See Cotton Industry.

TARIFF POLICY for Review of the G.A.T.T.

COMMITTEES

To advise on election business. C.P. 8.
To prepare a draft of The Queen's Speech on the Opening of Parliament. 10 (4).
To report on measure of checking unofficial strikes and improving industrial relations. 12 (5).
To consider constitutional advance in Cyprus. 14 (2).
To consider remuneration for Ministers, allowances for Peers. 17 (7).
To consider the report of the Monopolies Commission on collective boycott and exclusive dealing. 18 (10).
To consider problems of constitutional development in Colonial territories. C.P. 144.
To reconsider provision of draft Road Haulage Disposals Bill. 44 (3).
To consider Social Services expenditure. 45 (6).
To consider legislation on Colonial immigrants. C.P. 180.

COMMON LAND

Independent enquiry into law of commons authorised. C.P. 4, 6 (8).

COMMONS, HOUSE OF

See House of Commons.

COMMONWEALTH/COMMONWEALTH AFFAIRS/COMMONWEALTH RELATIONS

See also Australia, Canada, Ceylon, Cyprus, India, Malaya, Pakistan, Singapore, South Africa, Uganda Protectorate, West Indies, Zanzibar.

Colonial Affairs/Colonial Immigrants.

FORMOSA.

Prime Minister's Meeting.

Report on Commonwealth Secretary's visit. C.P. 176.
Membership: approach to South Africa about admitting the Gold Coast. C.P. 182, 44 (5).

CONSERVATIVE PARTY

Chairmanship: resignation of Lord Woolton. 18 (1).

CONVERTIBILITY

See also Economic Situation.

Discussion by O.E.E.C. C.P. 42.

COST OF LIVING

Comparison with National Assistance and National Insurance scales. C.P. 134.
Rise in the Retail Prices Index figure. 41 (10).

COTTON INDUSTRY

Help foreseen. 1 (3).
Consultation on Indian import duty. C.P. 1, 2, 2 (5).
Draft Parliamentary Statement on the current difficulties. C.P. 5, 3 (2), 4 (3), 5 (2).
Review of possible relief: Indian duty, purchase tax concessions, quotas on imports of grey cloth. 7 (2).
Cut in Indian tariff rates. Abolition of purchase tax. 9 (3).

COUNCIL OF EUROPE

Overconfidence in Soviet goodwill. 21 (4).

CROSSLAND, Mr. R. H. S., M.P.

See Cyprus.

CROWN LANDS

New form of management organisation approved. White Paper authorised. C.P. 40, 16 (3).
CYPRUS

Future policy on constitutional advance undecided. Need for Greek, Turkish support.
C.92, 93, 4 (8).
Action on statements attributed to Mr. R. H. S. Crossman, M.P. 9 (8).
Committee to consider constitutional advance. United Kingdom/Greek/Turkish discussions proposed. C.P. 33, 14 (2).
Possible need for (i) state of emergency (ii) arrest of Archbishop Makarios and Bishop of Kyrenia. 17 (2).
Colonial Secretary's visit authorised. Measures to suppress terrorism invited. 21 (1).
Powers to stop terrorism. 22 (5).
Strategic considerations. 23 (6).
Three-Power Conference—
Greece and Turkey to attend a London conference on political and defence questions. 18(8), 21 (1).
Arrangements. 23 (6).
United Kingdom line: no offer of self-determination. Conduct of the meeting. C.P. 94, 28 (9).
Greek, Turkish aims. United Kingdom offer of self-government, not self-determination.
Standing tripartite committee for consultation suggested. New Constitution foreshadowed. C.P. 115, 117, 30 (1).
Maintenance of public order should conference fail. 28 (9), 29 (4), 30 (1).
Governor's broadcast on new detention law authorised. 28 (9).
Handling of B.B.C. proposal to televise (i) Archbishop Makarios (ii) the Governor. 31 (5).
Not for discussion at present Session of United Nations—action against Bishop of Kyrenia postponed. 32 (5).
Expulsion law—timing. 37 (2).
Anglo-Yugoslav exchange of views. C.P. 179.
Formula on constitutional development rejected by Makarios: Greeks to be informed; publicity withheld. 42 (7), 44 (1).
Authority for arrest and deportation of Bishop of Kyrenia withheld. 45 (8).
Hope of Greek help in persuading Archbishop Makarios to resume talks. Action against disorders. 47 (3).

DEATH PENALTY
See Capital Punishment.

DECIMUS BURTON SCREEN
See London Traffic Congestion.

DEFENCE POLICY/PROGRAMMES
See also Armed Forces.
Atomic Energy—Weapons Programme.
Economic Situation.
Four-Power Meeting for disarmament.
Israel for supply of arms to Jews and Arabs.
Middle East.
United Nations for Disarmament.

United Kingdom, United States divergent views on uses for small and large nuclear weapons.
C. 95, 1 (4).
Cost of United Kingdom forces in Germany: timing of Supplementary Estimate. 19 (5).
Reply to declaration by scientists, including Lord Russell, on the manufacture of nuclear weapons. 22 (1).
Guided weapons: training range in the Hebrides authorised. Compensation undertaking.
British sovereignty over Rockall planned. C.P. 86, 25 (10).
Reduction of forces by changed National Service arrangements. 33 (1).

DEPARTMENTAL RECORDS
See Government Records.

DISARMAMENT
See Four-Power Meeting.
United Nations.

DISAPPEARANCE OF TWO FOREIGN OFFICE OFFICIALS
See Foreign Office.

DOCK LABOUR SCHEME/DOCKS
See Industrial Disputes.

DOENITZ, Admiral
See Germany—War criminals.

DOWNING STREET
Reconstruction authorised. No evacuation before mid-1958. C.84, 16 (9).

DULLES, Mr., United States Secretary of State
See Palestine.

EAST-WEST TRADE
Revision of security controls to be suggested to United States and France. C.P.122, 33 (5).
ECONOMIC AFFAIRS/POLICY/SITUATION
See also EUROPE—ECONOMIC INTEGRATION.
MANPOWER for draft White Paper on industrial relations.
Hire-purchase facilities and bank advances further restricted. Bread subsidy untouched. C.P. 85, 25 (6).
Investment for Social Services to stand; no statement about convertibility; housing targets. 26 (2).
Reception and effect of further restrictions, 27 (5).
Further measures. Case for selected capital investment. 28 (2).
"Corrective" plan including local authority. Government expenditure. C.P. 98, 106, 29 (1).
Debate arrangements, 35 (1), 38 (1).
Local authorities to review capital expenditure. C.P. 136.
EDUCATION
See also ARMED FORCES for education grants.
SOCIAL SERVICES.
TECHNOLOGICAL EDUCATION.
English teaching overseas: officials to consider methods. C.P. 175, 35 (6), 41 (7).
Teachers' superannuation—
New scheme for discussion with local authorities and teachers. C.P. 138, 34 (2).
Committee stage obstruction. 40 (1).
Delay in contributions increase pending salaries increase suggested. 47 (1).
EGYPT
See also ISRAEL.
PALESTINE.
SUDAN.
Purchase of arms from Soviet bloc, 33 (6), 34 (8).
High Dam at Aswan—
Prospects for European consortium. International Bank, United States interest. 36 (1).
Aims: financial help from the International Bank and the United States; equitable division of the Nile waters. 40 (5).
Support for international working party on financial arrangements. 42 (9).
Re-engagement of surplus Palestinians in the Canal Zone. C.P. 191, 45 (7).
ELECTION BUSINESS
Committee appointed: composition and terms of reference. C.P. 8.
ELECTORAL REFORM
See also HOUSE OF COMMONS for Redistribution of Seats.
No Royal Commission on alternative systems. C.P. 75, 41 (11).
ELECTRICAL STREET LIGHTING
See MONOPOLIES AND RESTRICTIVE PRACTICES.
ELECTRICAL TRADES UNION (E.T.U.)
See INDUSTRIAL DISPUTES—Newspaper industry.
ELECTRIC BATTERIES
See MONOPOLIES AND RESTRICTIVE PRACTICES.
ENGINEERING INDUSTRY
See also INDUSTRIAL DISPUTES—Newspaper industry.
Joint talks on wage claims. 45 (9).
ENGLISH TEACHING OVERSEAS
See EDUCATION.
ERASMUS, Mr., South African Minister of Defence
See SOUTH AFRICA.
EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)
See EUROPE—ECONOMIC INTEGRATION.
EUROPEAN DEFENCE
See also FOUR-POWER MEETING.
New hope of prompt French ratification of Paris Agreements. 9 (6).
United States change of attitude. 19 (6).
EUROPE—ECONOMIC INTEGRATION
Objectives of six E.C.S.C. countries at Messina Conference—United Kingdom attitude
C.P. 55. 19(9).

EUROPEAN FUND
See INTERNATIONAL ORGANISATIONS.

EUROPEAN PAYMENTS UNION
To be continued for a year. C.P. 42.

EXTERNAL TRADE AND PAYMENTS
See Economic Situation for balance of payments.

FAR EAST
Mr. Nehru's assessment of the situation. C.P. 64.
United States change of attitude. 19(6).
Record of private talks at Four-Power Meeting. C.P. 99.

FINANCE BILL
See PARLIAMENT.

FLECK COMMITTEE
See Coal.

FOG
See also LEGISLATIVE PROGRAMME.
Uncertainty of finding a sound scheme for clean air. 11(3).
Clean Air Bill—assistance for house-owners. C.P. 66, 71, 22(4).
Clean Air Bill—presentation before the summer recess. 22(7).

FOOD
See also ECONOMIC SITUATION for bread subsidies.
UNITED STATES for United Kingdom imports of fruit.
WHITFISH SUBSIDY.
Sugar: price increase authorised. 18(6).
Bacon prices: no further increase for releases of imported stocks. 29(10).
Potatoes: risk of shortage—licence to import. 41(10).

FOOD AND AGRICULTURE ORGANISATION (F.A.O.)
See UNITED NATIONS.

FOREIGN AFFAIRS
See also appropriate headings, e.g., FORMOSA.
Report on Foreign Secretary's visit to the United States. 19(6).

FOREIGN OFFICE
Disappearance of two officials—
Debate arrangements. 35(1), 38(1).
Opposition plan for Committee of Privy Councillors favoured. 39(1).

FORMOSA
Attitude to Australian project for multilateral security guarantee. Commonwealth interest. 2(3).
Australian project—United States requirements. Statement on policy should China attack. 4(6), 5(7).
Willingness to test sincerity of Chinese offer to ease tension. 6(4).

FORTNIGHT RULE
See Broadcasting.

FOUR-POWER MEETING
Western Powers' objectives. Preparatory meeting of officials suggested. C. 83, 4(5).
Discussion of Formosa possible. 4(6).
Control of thermo-nuclear weapons, general disarmament—probable topics. 5(5).
Preliminaries. 6(5).
Invitation to Soviet Government. Time-table. 9(6).
Geneva, 18-21 July, proposed. 12(2).
United Kingdom line: German reunification. 23(5).
Interim report. 25(2).
Report: Far East, European security, German unification. 26(4).
Record of private conversations. C.P. 99.

FOUR-POWER TALKS OF FOREIGN MINISTERS
Western policy on European security, German unity. 36(5).
Report: Russian attitude. 41(8).
FRANCE
See also East/West Trade.
Egypt for High Dam at Aswan.
European Defence.
Middle East.
New Hebrides.
Saar.
Risk of inflation. 32 (2).

FREIGHT RATES
See Transport for railway charges.

FUEL POLICY
See also Coal.

Uncertainty of supplies of smokeless fuel. 11 (3).
Further statement to the 1922 Committee about coal prices unnecessary. 11 (2).

FULL EMPLOYMENT
See Man-power.

GATWICK AIRPORT
See Civil Aviation.

GENERAL AGREEMENT ON TARIFFS AND TRADE (G.A.T.T.)
See Tariff Policy.

GENERAL ELECTION
See also Election Business.
Ministers.
Procedure for dealing with enquiries during the campaign. C.P. 15.
Use of official transport. C.P. 19.
Outcome. 10 (1).

GENERAL POST OFFICE
See Post Office Finance.

GERMANY
See also Defence Policy.

Egypt—High Dam at Aswan.
European Defence.
Four-Power Meeting, Four-Power Talks.
North Atlantic Treaty Organisation.
Saar.
Shipping Industry.
Record of private talks at Four-Power Meeting. C.P. 59.
War Criminals: Raeder, nor Dönitz, to be released. 28 (11).
United States, French views on agreement with Soviet Union. 31 (9).
Risk of inflation. 32 (2).
Anglo-Yugoslav exchange of views. C.P. 179.

GEORGE, Mr. J. C, M.P.
See House of Commons—Disqualification.

GIBRALTAR
See also Spain.
Proposal to make labour force independent of mainland. 36 (2).

GOA
Anglo-Indian views. C.P. 199.

GOLD
See Economic Situation for balance of payments prospects.

GOLD COAST
See Commonwealth—Membership.

GOVERNMENT ORGANISATION
Ministry of Agriculture, Fisheries and Food: timing of transfer of responsibility for food cleanliness and hygiene to Ministry of Health. 6 (7).
Ministry of Housing and Local Government—no change of name. 12 (8).

GOVERNMENT RELATIONS WITH THE I.T.A.
See Television Development.

GOVERNMENT RECORDS
Grigg report: recommendations on departmental records accepted; no decision on Cabinet records. C.P. 17, 12 (9).

49610
GRAPE FRUIT
See UNITED STATES for United Kingdom imports.

GREECE
See CYPRUS.

GREY CLOTH
See JAPAN—New Trade and Payments Agreement.

GRIGG REPORT ON DEPARTMENTAL RECORDS
See GOVERNMENT RECORDS.

GUIDED WEAPONS
See DEFENCE POLICY.

HEAVY GOODS VEHICLES
See SPEED LIMITS.

HEBRIDES
See DEFENCE POLICY for guided weapons—training range.

HEROIN
Case for maintaining ban on United Kingdom manufacture. C.P. 185, 44 (4).
Postponement of manufacturing ban on legal grounds. 46 (1).

HIGH DAM AT ASWAN
See EGYPT.

HIRE PURCHASE
See ECONOMIC SITUATION.

HOUSE OF COMMONS
See also ELECTORAL REFORM.

Parliament
Redistribution of Seats—
Legislation possible. 11 (4).
Amending legislation authorised. Consultation with Opposition leaders. C.P. 83, 119, 33 (3).

Registers of Parliamentary Electors—
Legislation possible. 11 (4).
No introduction of second annual revision. C.P. 58, 20 (8).

Disqualification—
Draft Bill: procedure. C. 74, 14 (3).
Draft Bill: basis for discussion with Opposition parties and Northern Ireland Government. C.P. 49, 18 (5).

Cases of Mr. J. C. George and Mr. J. Mcleanes. 18 (5).

Sinn Fein Members in prison—disqualification procedure. 18 (5).

Case of Sir Roland Jennings. 20 (2).

Legislation: timing. 35 (3).

Case of Mr. C. A. Howell. 35 (2).

Future disqualification of controlling shareholders of companies doing Government work. 39 (3).

Case of Mr. C. Beattie. 44 (2), 47 (2).

HOUSE OF LORDS
Expenses of Peers—
Committee to report on the introduction of a scheme. 17 (7).

HOUSING POLICY/PROGRAMME
See also SOCIAL SERVICES.

Interest on Public Works Loans to be increased. 21 (7).

Replies to Questions on decline in building by local authorities. 24 (3).

Revised target. 26 (2).

Subsidies—
Level to be considered. 21 (7), C.P. 67, 23 (7), 24 (3).


Bill: Committee Stage amendments. 40 (1), 41 (1), 45 (1), 46 (1), 47 (1).

Slum clearance compensation: legislation for improvement authorised. C.P. 186, 44 (7).

HOWELL, Mr. C. A., M.P.
See HOUSE OF COMMONS—Disqualification.

HUGHES HALLETT, Vice-Admiral J.
Dispute over retired pay. C.P. 86, 61, 20 (3).

No settlement to be offered. 21 (6).
IMPERIAL COLLEGE, LONDON
See TECHNOLOGICAL EDUCATION.

IMPLICATIONS OF FULL EMPLOYMENT
See MAN-POWER.

INDEPENDENT TELEVISION AUTHORITY (I.T.A.)
See TELEVISION—DEVELOPMENT.

INDIA
See also AFRO-ASIAN CONFERENCE for loss of airliner.

COTTON INDUSTRY.
Record of talks between the Prime Minister and Mr. Nehru: Soviet policy, Far East, Cambodia, Laos, Viet Nam, United States, China Relations, Indo-China. C.P. 64, 72.

Report of Commonwealth Secretary's visit. C.P. 172.

Anglo-Indian views of Baghdad Pact, Goa. C.P. 199.

INDUSTRIAL DISPUTES
See also INDUSTRIAL RELATIONS.

Coal—
Unofficial strike at Doncaster. 9 (1).

Dock—
Risk of trouble from inter-union rivalry. 4 (2), 9 (1).
Strike damage to national economy. T.U.C.'s efforts unsuccessful. Prime Minister proposing to intervene. 14 (1).

Return to work likely. Opportunity for inter-union reconciliation. 16 (5).

T.U.C. considering N.A.S.D./T.G.W.U. issues. 18 (9).

T.U.C.'s findings. Minister to hold further consultations. 19 (8).

Strike ended. Enquiry into Dock Labour Scheme. 20 (6).

Hawker aircraft workers: report. 41 (12).

Newspaper Industry—
Features of Court of Inquiry Report, e.g., inadequacy of negotiating machinery. C.P. 3, 2 (4).

T.U.C. intervention. N.P.A. project of a single London newspaper. 3 (3).

Basis for resumption of work. 4 (2).

Ocean Liners—
Strikes at Liverpool and Southampton. Unhelpful reference by B.B.C. 12 (3).
Communist activity. 13 (1).

Call-up of strikers liable for military service. Legal action against crews disobeying masters. 14 (1).

Effect on sailings. 15 (3).

Merchant seamen: no right to strike. C.P. 50, 16 (5), 17 (5).

Port of London—
Lightermen: risk of trouble. 41 (12), 45 (9).

Railways—
A.S.L.E.F. strike threatened on 1st May. 3 (3).

Difficulties on differentials: maintenance of essential services. C.P. 10, 11, 6 (6).

Hope of averting strike. Commons statement. Use of troops authorised. 7 (1).


Strike averted following T.U.C. intervention. 9 (1).

B.T.C. offer. No negotiations during strike. 13 (1).

Parliamentary debate deferred. 13 (2).

B.T.C. suggestion: appointment of referee as basis of settlement. 14 (1).

Basis of end of strike. End of emergency. 15 (3).

B.T.C. settlement proposals—objections. Sandown and Ascot race-meetings affected. 12 (3).

B.T.C. offer. No negotiations during strike. 13 (1).

Parliamentary debate deferred. 13 (2).

B.T.C. suggestion: appointment of referee as basis of settlement. 14 (1).

Basis of end of strike. End of emergency. 15 (3).

Rolls-Royce factories in Scotland—
Report. 41 (12).

Changed basis of dispute. Less prospect of settlement. 43 (5).

Danger of spreading. 45 (9).

49610
INDUSTRIAL HOSTELS
All to close: timing. 34 (9).

INDUSTRIAL RELATIONS
See also MANPOWER for draft White Paper on the implications of full employment.
Suggestions for checking disputes and improving relations. C.P. 25, 11 (2), 12 (3).
Debate arrangements. 15 (1).
Prime Minister's discussions with T.U.C. representatives. 15 (3).
Wage-claims expected in the autumn. Risk of disputes. 29 (2).

INLAND WATERWAYS
See CANALS.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
See also EGYPT—High Dam at Aswan.
Meeting at Istanbul: report on trends of United States trade policy. 32 (2).

INTERNATIONAL FINANCE CORPORATION
See INTERNATIONAL ORGANISATIONS.

INTERNATIONAL MEETINGS
See FOUR-POWER MEETING/FOUR-POWER TALKS.

INTERNATIONAL MONETARY FUND
Meeting at Istanbul: report on trends of United States trade policy. 32 (2).

INTERNATIONAL ORGANISATIONS
Privileges and immunities approved—
European Fund. C.P. 70, 22 (2).
Multilateral Compensation Agency. C.P. 70, 22 (2).

INFRINGEMENT AND DESIGNS (DEFENCE) BILL
See LEGISLATIVE PROGRAMME.

IRAQ
Speedy delivery of tanks advantageous. 30 (9).

IRISH REPUBLIC
See also COLONIAL IMMIGRANTS.
Raid by I.R.A. on Army depot and theft of arms: precautions against further losses. 28 (1).
Invitation to foreign inventors—no immediate protest. C.P. 105, 28 (8).

ISRAEL
See also PALESTINE.
Threat of raid on Egyptian territory at Gaza. Delay in supply of arms to Jews and Arabs. 14 (7).
Bid to stop early supply of French aircraft. 30 (3).
Supply of French aircraft: grant of transit facilities in Cyprus. 33 (6).
Implications of Egyptian purchase of Russian arms. 34 (8).
Expected United States attitude in any conflict with Egypt. 36 (1).

JAPAN
See also TARIFF POLICY.
War criminals: readiness to consider clemency. C.P. 74, 92, 23 (10), 27 (3).
New Trade and Payments Agreement—
Shipping to be separate issue. C.P. 109, 29 (3).
Final objectives: canned salmon, Colonial imports, grey cloth. Shipping a separate issue. C.P. 142, 34 (5).

JENNINGS, SIR ROLAND, M.P.
See House of Commons—Disqualification.

JOINT SELECT COMMITTEES
Labour Party antipathy. 40 (4), 46 (2).

KABAKA OF RUGANDA
See UGANDA PROTECTORATE.

KEGS AND DRUMS
See MONOPOLIES AND RESTRICTIVE PRACTICES.
KENYA
Suggested withdrawal of surrender offer to Mau Mau. 10 (5).
Limit to surrender offer; land penalties. C.P. 22, 30, 11 (5), 12 (6).

KOREA
Timing of withdrawal of United Kingdom forces. 41 (4).

KHRUSHCHEV, M.
See SOVIET UNION.

KYRENIA, Bishop of
See CYPRUS.

LAND
See ADMINISTRATIVE TRIBUNALS.
COMMON LAND.

LAOS
See INDIA for Mr. Nehru's comments on the situation.

LEGISLATIVE PROGRAMME—1955/56 SESSION
Duration. 6 (3).
Main constituents. C.P. 23, 11 (4).
C.P. 52, 18 (7).
Progress, Re-appointments. C.P. 63, 22 (7).
Bills for introduction after reassembly in October. C.P. 95, 27 (4).

LINERS
See INDUSTRIAL DISPUTES—Ocean liners.

LIVERPOOL
See INDUSTRIAL DISPUTES—Ocean liners.

LOCAL AUTHORITIES' EXPENDITURE
See ECONOMIC SITUATION.

LONDON FARES
See TRANSPORT.

LONDON TRAFFIC CONGESTION
Park Lane Scheme—
Modifications sought. C.P. 91, 96, 26 (9).
Removal of Decimus Burton screen a possibility. Models of alternative plans to be made.
C.P. 148, 141, 34 (4).

LONDON TRANSPORT
See TRANSPORT.

LORDS, HOUSE OF
See HOUSE OF LORDS.

MACLEAN AND BURGESS
See FOREIGN OFFICE—Disappearance of two officials.

MAKARIOS, Archbishop
See CYPRUS.

MALAYA
See also FAR EAST.
Basis of review of constitutional position. C.P. 81, 25 (8).
Announcement of amnesty. 30 (4).
Constitutional position. C.P. 162.
Amnesty failure. Chief Minister's plan for talks with Communists. 37 (4).

MALTA
Closer association with the United Kingdom—
Claim for representation at Westminster—Opposition support. C.P. 53, 18 (2).
Round Table Conference to consider proposals. C.P. 59, 20 (5).
Round Table Conference: terms of reference; United Kingdom delegation. 25 (3), 26 (3).
Report on the economic, financial, social and constitutional implications of possible schemes. C.P. 121, 30 (6), 31 (1).
Round Table Conference Report: Parliamentary statement; timing of Maltese referendum.
C.P. 194, 46 (4), 47 (4).
MANPOWER
See also NORTHERN IRELAND for unemployment
WEST LOTHIAN for unemployment.
Draft White Paper on full employment, popular version; publication authorised. C.P. 173 42 (6).
Draft White Paper on full employment, popular version; publication postponed. 44 (8).

MAU MAU
See Kenya.

McINNES, Mr. J., M.P.
See HOUSE OF COMMONS—Disqualification.

MESSINA CONFERENCE
See EUROPE—ECONOMIC INTEGRATION.

MIDDLE EAST
See also ADEN.
EGYPT.
IRAQ.
ISRAEL.
P A L E S T I N E.
SOUTH AFRICA.
SUDAN.
T U R K E T.

Bid to stop supply of French aircraft to Israel. Effect on balance of military power. 30 (3).
French aircraft for Israel: grant of transit facilities in Cyprus. 33 (6).
Supply of arms: Russian activities—Prime Minister's approach to M. Bulganin. 34 (8).
Oil: working party to consider United Kingdom interests; more expenditure foreseen. C.P. 152, 35 (6).

Need for teachers of English. 35 (6).
New Russian policy. 36 (1).
Northern Tier defence. 36 (1).

Anglo-Yuoslav exchange of views. C.P. 179.

Anglo-Indian views of Baghdad Pact. C.P. 199.

MINISTERS
See also CABINET.

Contribution of articles to the press during General Election campaign authorised. 6 (1).
Use of official transport during the General Election. C.P. 19.

Remuneration—Committee to report on proposals. C.P. 46, 17 (7).
Opposition plan to link increase with improved Member's allowances. 19 (1).
Informal soundings among M.Ps. authorised. 23 (3), 24 (2).
Approach to Opposition leaders deferred. 25 (5).
Labour-Liberal views on television broadcasts of non-political statements. 31 (8).

Guidance on submission of business to Cabinet. C.P. 208.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

MINISTRY OF HEALTH

MINISTRY OF HOUSING AND LOCAL GOVERNMENT
See GOVERNMENT ORGANISATION.

MOBILE DEFENCE CORPS
See NATIONAL SERVICE.

MONOPOLIES AND RESTRICTIVE PRACTICES

New references to the Commission: structural steel; electrical street lighting; kegs and drums. C.97.

Government policy; possible future references. C.P. 28, 12 (7).

Statement on policy authorised. New references: steel frames, electrical street lighting, ten,

chemical fertilisers, electric batteries. Wish to see recommendations on Calico Printing carried out. C.P. 41, 13 (4).

Committee to consider Commission's report. 18 (10).

Parliamentary discussion—tactics. C.P. 99, 19 (2), 20 (9), 21 (3), 22 (6).

Calico printing: profit-sharing and price-fixing to end. C.P. 163, 38 (4).

Tyre manufacture: bid for exclusion of passages from report before publication. 40 (2).

Criteria for judging practices (the justiciable issue); form of tribunal, in proposed legislation.
C.P. 196, 209, 46 (5), 47 (5).

MULTILATERAL COMPENSATION AGENCY
See INTERNATIONAL ORGANISATIONS.
NATIONAL AMALGAMATED STEVEDORES AND DOCKERS (N.A.S.D.)
See INDUSTRIAL DISPUTES.

NATIONAL ASSISTANCE
Comparison with the cost of living. C.P. 134.
Recommended increases. 42 (8).
Debate foreseen. 43 (1).

NATIONAL HEALTH SERVICE
See Social Services.

NATIONAL INSURANCE
See also Social Services.
Comparison with the cost of living. C.P. 134.

NATIONALISED INDUSTRIES
Select Committee: no change of terms of reference without submission to Parliament. 19 (3).

NATIONAL SERVICE
See also Economic Situation.
Opposition proposal for enquiry on length of service negatived. 6 (2).
Stroke of ocean liner crews: call-up of men liable for military service. 14 (1).
Science teachers—basis of deferment. C.P. 90, 26 (10).
Age of call-up to rise. Reduced part-time service—effect on Mobile Defence Corps reservists.
More deferment for agricultural workers. C.P. 125, 130, 33 (1).
Draft announcement on future arrangements. Effect on youths. 34 (1).
White Paper: debate arrangements. 35 (1), 38 (1).
Effects on education and employment. C.P. 149, 37 (5).

NATIONAL UNION OF RAILWAYMEN (N.U.R.)
See INDUSTRIAL DISPUTES—Railways.

NAVAL DISCIPLINE BILL
Labour Party antipathy to consideration by a Joint Select Committee. 40 (4), 46 (2).

NEHRU, Shri Jawaharlal
See INDIA.

NEW HEBRIDES
Revision of Anglo-French administration arrangements authorized. C.P. 143, 38 (5).

NEWSPAPER INDUSTRY
See INDUSTRIAL DISPUTES.

NEWSPAPER PROPRIETORS’ ASSOCIATION (N.P.A.)
See INDUSTRIAL DISPUTES.

NEWSPRINT
See Raw Materials.

NEW ZEALAND
Report on Commonwealth Secretary’s visit. C.P. 176.

NORTH ATLANTIC COUNCIL/NORTH ATLANTIC TREATY ORGANISATION (N.A.T.O.)
See also European Defence.
Timing of Germany’s admission. 2 (2).
Anglo-Yugoslav exchange of views. C.P. 179.

NORTHERN IRELAND
Relief of unemployment: orders for Canberra aircraft for overseas sale suggested. 2 (1).

NORTHERN TIER DEFENCE
See Middle East.

NUCLEAR WEAPONS
See Atomic Energy.
Defence Policy.

OCEAN LINERS
See INDUSTRIAL DISPUTES.

OFFICERS’ RETIRED PAY
See Armed Forces.

OFFICIAL SECRETS
Unauthorized disclosures. ‘Need for discretion. 20 (1).
OIL
See MIDDLE EAST.

OPENING OF PARLIAMENT
Cancellation of ceremonial drive suggested owing to railway strike. C.P. 21.

ORGANISATION FOR EUROPEAN ECONOMIC CO-OPERATION (O.E.E.C.)
Possible application for membership by Spain. 36 (2).

OVERSEAS EXPENDITURE
Severer scrutiny of commitments. C.P. 134, 44 (6).

"OVERSPEW"
See Housing Policy.

PAKISTAN
Decision to join Iraq-Tunis Pact. C.P. 84.
Report on Commonwealth Secretary's visit. C.P. 176.

PALESTINE
See also EGYPT for Palestinians in the Canal Zone.

"Alpha"—Anglo-American plan for settlement between Arab States and Israel. C.P. 35, 36, 13 (6).
Record of private talks at Four-Power Meeting. C.P. 99.
Hope of delaying United States announcement. C.P. 75, 23 (9).
Conditions for accepting revised United States announcement. C.P. 87, 27 (2), 30 (9).
Note on the Statement made by Mr. Dulles on 26th August. C.P. 127.

PARIS AGREEMENT
See EUROPEAN DEFENCE.

PARK LANE SCHEME
See LONDON TRAFFIC CONGESTION.

PARLIAMENT
See also BROADCASTING—Fortnight Rule.
ECONOMIC SITUATION for timing of "Corrective" Plan.
ELECTORAL REFORM.
HOUSE OF COMMONS for (i) Redistribution of Seats,
(ii) Registers of Parliamentary Electors,
(iii) Disqualification.

HOUSE OF LORDS for Expenses of Peers.

LEGISLATIVE PROGRAMME.
MINISTERS—Remuneration.
QUEEN'S SPEECH ON OPENING OF PARLIAMENT.
QUEEN'S SPEECH ON THE PROROGATION OF PARLIAMENT.

Finance Bill—Time-table. 4 (1).
Opposition proposed enquiry on period of National Service negatived. 6 (2).
Duration of 1955-56 session. 6 (3).
Effect of rail strike on Opening arrangements. 10 (3).
Emergencies during a period of dissolution—no voluntary amending legislation. C.P. 29, 12 (4).
Rail strike—debate deferred. 13 (2).
Debate arrangements: Industrial Relations; Colonial Affairs. 15 (1), 16 (2).
Second Finance Bill not favoured. 16 (2).

Autumn Revenue Bill possible. 18 (1).
Opposition plan for improved attendance allowance. 19 (1).
Coal debate arrangements. 23 (1).

Economic Situation, National Service, Burgess and Maclean: debate arrangements. 35 (1), 38 (1).

Finance Bill—Second Reading arrangements. 39 (2).

Housing Subsidies Bill—Committee Stage arrangements. 40 (1), 45 (1).
Labour Party antipathy to Joint Select Committee. 40 (4), 46 (2).
Finance Bill—Committee Stage arrangements. 41 (1), 42 (1).

Christmas recess. 44 (1), 45 (1).

PEERS
See HOUSE OF LORDS.

PEMBA
Constitutional changes. C.P. 137.

PENSIONS
Improvement of parents' war pensions affected by increased old-age rates. 8 (3).
Public Services: improved rates of retired pay envisaged. C.P. 80, 25 (9).
Pensions Increase Bill foreseen. 30 (5).

Public Services: increase Bill—early announcement. 38 (9), 40 (8), 41 (9).
Public Services: increase Bill—introduction deferred. 43 (1).
POLITICAL BROADCASTING
See Broadcasting.

PORT OF LONDON
See INDUSTRIAL DISPUTES.

POST OFFICE FINANCE

POTATOES
Risk of shortage, licence to import. 41 (10).

PRIME MINISTERS’ MEETING
January 1956 suggested. 28 (4).

PRIVILEGES AND IMMUNITIES OF INTERNATIONAL ORGANISATIONS
See INTERNATIONAL ORGANISATIONS.

PUBLIC EXPENDITURE
See ECONOMIC SITUATION.

PUBLIC SERVICES
See PENSIONS for rates of retired pay.

PUBLIC WORKS LOANS BOARD (P.W.L.B.)
See also ECONOMIC SITUATION.
Higher interest rates. 21 (7).

PURCHASE TAX
See COTTON INDUSTRY.
ECONOMIC SITUATION.

QUEEN'S SPEECH ON THE OPENING OF PARLIAMENT
Committee to prepare a draft. 10 (4).
Consideration of draft. C.P. 24, 11 (3).
Revised draft. C.P. 26.
Further revised draft. C.P. 27.

QUEEN'S SPEECH ON THE PROROGATION OF PARLIAMENT
Draft approved. C.P. 13, 9 (4).
Revised draft. C.P. 18.
Approved text. C.P. 20.

RAEDER, Admiral
See GERMANY for war criminals.

RAILWAYS
See INDUSTRIAL DISPUTES.
TRANSPORT.

RASHEBOLAI KHAMA
See BECHUANALAND PROTECTORATE.

RATING AND VALUATION
Scotland: preparation of legislation on Sorn Committee's recommendations authorised. C.P. 14, 9 (7).

RAW MATERIALS
See also MIDDLE EAST for oil.
WEST LOTHIAN for shale oil.
Newsprint: end of Government control foreshadowed. C.P. 93, 27 (6).

REDEMPTION OF SEATS
See HOUSE OF COMMONS.

REGISTERS OF PARLIAMENTARY ELECTORS
See HOUSE OF COMMONS.

REMEMBRANCE OF MINISTERS
See MINISTERS.

RENT CONTROL
See HOUSING POLICY.
49610
RETIRED PAY
See Armed Forces for Officers retired pay.
HUGHES HALLETT, Vice-Admiral, J.

ROAD HAULAGE
Disposal of lorries by B.T.C. to end. Announcement. C.P. 62, 73, 21, 5, 23 (4).
More lorries to be kept by B.T.C. at Sir Malcolm Trustain Evo's suggestion. C.P. 101, 28 (6).
Disposals Bill—
Parcels company sale to go on. C.P. 154, 35 (9).
Committee to reconsider provisions to allay anxiety of Government supporters. 44 (3).
Immediate introduction following change of supporters' views. 46 (1)

ROAD PASSENGER TRANSPORT
See Transport.

ROAD TRAFFIC
See Speed Limits.

ROCKALL
See Defence Policy.

ROLLS-ROYCE
See Industrial Disputes.

ROYAL NAVY
Resumption of visits to Spain authorised. 16 (8).

RUSSELL, Lord
See Defence Policy—Nuclear weapons—Declaration by Scientists.

RUSSIA
See Soviet Union.

SAAR
Dangers of rejecting the Agreement. 21 (4).
Policy on possible consequences of referendum. C.P. 159, 36 (4).

SANDOWN RACE-MEETING
See Industrial Disputes—Railways.

SCHOOL MEALS
See Social Services.

SCIENCE TEACHERS
See National Service.

SCOTLAND
See Rating and Valuation.

SECURITY
See Foreign Office—Disappearance of Two Officials.

SELECT COMMITTEES
See Joint Select Committees.

SERETSE KHAMA
See Bechuanaland Protectorate.

SHALE OIL
See West Lothian.

SHAW SAVILL LINE
See Shipping.

SHIPPING
See also Japan—New Trade and Payments Agreement.
Cargo liners for Shaw Savill Line—orders given to Germany. 15 (2).

SIMONSTOWN
See South Africa.
SINGAPORE

Constitution—
Legislative Assembly's bid for changes in interpretation. 26 (5).
Background to talks between the Colonial Secretary and the Chief Minister. Decision on
proposals. C.P. 97, 28 (3).
Constitutional negotiations. C.P. 102.
Plans for any reinforcements necessary. 28 (3).

SINN FEIN
See House of Commons—Disqualification.

SLUM CLEARANCE
Compensation: legislation for improvements authorised. C.P. 186, 44 (7).

SMOG
See FOG.

SOCIAL SERVICES
Survey of cost over next five years—education, housing, national insurance, national health
service—planned. C.P. 57, 20 (4).
Committee to examine expenditure, including cost of school meals. C.P. 188, 189, 45 (5).

SCORN COMMITTEE ON RATING AND VALUATION IN SCOTLAND
See Rating and Valuation.

SOUTH AFRICA
See also COMMONWEALTH—Membership.
Defence Co-operation—
Report on discussions with Mr. Erasmus: Simonstown; naval co-operation; Middle East
defence. C.P. 51, 17 (8).
Conclusion of agreements authorised. C.P. 54, 18 (3).
White Paper on satisfactory conclusion of talks. 19 (4).
Further talks with Mr. Erasmus: naval programme; agreement; staff talks; radar early
warning system. C.P. 170.

SOUTHERN HIGHLANDS
See INDUSTRIAL DISPUTES—Ocean Liners.

SOUTH AFRICA
See also COMMONWEALTH—Membership.
Defence Co-operation—
Report on discussions with Mr. Erasmus: Simonstown; naval co-operation; Middle East
defence. C.P. 51, 17 (8).
Conclusion of agreements authorised. C.P. 54, 18 (3).
White Paper on satisfactory conclusion of talks. 19 (4).
Further talks with Mr. Erasmus: naval programme; agreement; staff talks; radar early
warning system. C.P. 170.

SOUTHAMPTON
See INDUSTRIAL DISPUTES—Ocean Liners.

SOVIET UNION
See also ATOMIC ENERGY.
AUSTRIA
COUNCIL OF EUROPE.
EAST-WEST TRADE.
EGYPT for supply of arms.
EUROPEAN DEFENCE.
MIDDLE EAST.
FOUR-POWER MEETING, FOUR-POWER TALKS.
MIDDLE EAST for supply of arms.
UNITED NATIONS—Disarmament.

Mr. Nehru’s report on his visit. C.P. 64.
Exchanges of military visits: navy visit in October. 28 (5).
United States, French concern on agreement with Germany. 31 (9).
Changed attitude of Western Powers. 34 (7).
Anglo-Yugoslav views on policy. C.P. 179.
Visit of MM. Bulganin and Krushchev to United Kingdom—
Timed for April 1956. 28 (5).
Accommodation, programme. 35 (5).
Adverse statements by Soviet leaders—possible effect on visit. 45 (3).
Revised draft programme. C.P. 198.

SPAIN
See also GIBRALTAR.
Resumption of naval visits authorised. 16 (8).
Hope of improved relations, membership of international organisations, difficulty of Gibraltar.
C.P. 147, 36 (2).

SPEED LIMITS
Heavy goods vehicles: 30 m.p.h. authorised. C.P. 201, 47 (6).

STEEL BUILDING FRAMES
See MONOPOLIES AND RESTRICTIVE PRACTICES.

STEEL PRICES
No interference with imminent increase. 25 (4).

STREET LIGHTING, ELECTRICAL
See MONOPOLIES AND RESTRICTIVE PRACTICES.

STRIKES
See INDUSTRIAL DISPUTES.

49610
STRUCTURAL STEEL
See MONOPOLIES AND RESTRICTIVE PRACTICES.

SUDAN
See also EGYPT—High Dam at Aswan.
Legislative Programme for Sudan officials compensation.
Disturbances in the South: avoidance of Egyptian reinforcements to restore order. 29 (9).

SUGAR
See also LEGISLATIVE PROGRAMME for Sugar Bill.
Price increase authorised. 18 (6).

SUMMER TIME

SUPPLY OF ARMS ABROAD
See IRAQ.
ISRAEL.
MIDDLE EAST.

TARIFF POLICY
Japan and the G.A.T.T.—
Accession: Pro and cons of United Kingdom support. C. 34, 37, 14 (5), 19 (11),
23 (8), 24 (7).
United Kingdom to support accession. 26 (7).
Review of the G.A.T.T.—
Japan: consultations on amendment to United Kingdom policy. 1 (3).

TEA
See MONOPOLIES AND RESTRICTIVE PRACTICES.

TEACHERS’ SUPERANNUATION
See EDUCATION.

TEACHING OF ENGLISH OVERSEAS
See EDUCATION.

TECHNOLOGICAL EDUCATION
Programme for expanding facilities. Speed up of work on the Imperial College, London. 23 (2).
Assistance by Industry to independent schools promised. 38 (8).
Proposals for expansion sought. 45 (6).

TELEPHONE RENTALS
See POST OFFICE FINANCE.

TELEVISION DEVELOPMENT
Principles governing Government relations with the I.T.A. C.P. 78, 136, 24 (5).
Labour, Liberal views on television broadcasts on non-political statements by Ministers; 31 (8).

THERMO-NUCLEAR WEAPONS
See ATOMIC ENERGY.
DEFENCE POLICY.

TOGOLAND
Future administration—undertaking at United Nations. 40 (6).

TRADE
See EAST-WEST TRADE.

TRADE UNION CONGRESS (T.U.C.)
See INDUSTRIAL DISPUTES.

TRANSPORT
See also CANALS.
LONDON TRAFFIC CONGESTION.
Road Haulage.
Railways—transport charges increase to follow normal course; statement on economies. 5 (3), 8 (2).
Road passenger services—B.T.C. to keep control of bus companies. C.P. 135, 38 (3).
London Transport: B.T.C. to apply for fares increase due to wage award. 43 (5).

TRANSPORT AND GENERAL WORKERS’ UNION (T.G.W.U.)
See INDUSTRIAL DISPUTES.

TROOPING THE COLOUR
Cancellation suggested owing to railway strike. C.P. 21.
TURKEY
See also CYPRUS.
Turco-Iraqi Pact: Pakistan's decision to accede. United States consultation. C.P. 84.
Pivot to Northern Tier Defence. 36(1).

TYRE MANUFACTURE
See MONOPOLIES AND RESTRICTIVE PRACTICES.

UGANDA PROTECTORATE
Timing of return of the Kabaka to Buganda. 23(11).

UNITED NATIONS
See also TOOGOOD.
Disarmament Sub-Committee.
Delay in reporting. 5(6).
United Kingdom line on conventional and nuclear weapons at autumn meeting. C.P. 100, 28(10).
Cautious support for United States inspection plan. C.P. 110, 29(6).
Report. Concentration on control. 30(10).
United States new plan—erial surveys, exchanges of information—held over. 31(6).
New members: Canadian proposals for East/West agreement on candidates. C.P. 124, 31(7).
Cyprus not for discussion at present meeting of General Assembly. 32(5).
Possible application for membership by Spain. 36(2), 36(3).
Admission of new members—support for Canadian proposal. C.P. 158, 36(3).
F.A.O.: exclusion of United Kingdom from Council. 43(2).

UNITED STATES
See also ATOMIC ENERGY.
CHIEF JOSEPH DAM.
DEFENCE POLICY.
EAST/WEST TRADE.
EGYPT for High Aswan Dam.
EUROPEAN DEFENCE.
FORMOSA.
FORMOSA POWER MEETING.
INDIA for Mr. Nehru's views of United States/Chinese relations.
ISRAEL.
P ALESTINE.
TURKEY for Turco-Iraqi Pact.
UNITED NATIONS.
Change of attitude towards European and Far Eastern problems. 19(6).
Trend of trade policy. 32(2).
United Kingdom imports of fruit: limit on grapefruit; effect on West Indian economy. C.P. 129, 32(3), 33(4).

USSR
See SOVIET UNION.

VIET NAM
See INDIA for Mr. Nehru's assessment of Diem's Government.

WALES
See also BROADCASTING.
Cardiff favoured as capital city. 40(7).

WAR PENSIONS
See PENSIONS.

WEST INDIES
See UNITED STATES for fruit trade.

WEST LOTHIAN
Prospects of unemployment should the shale oil industry close. C.P. 177, 41(5).

WHITE FISH SUBSIDY
Smaller reduction for the in-shore fishing fleet. C.P. 200, 46(3).

WOOLTON, Lord
Resignation as Chairman of the Conservative Party.

YUGOSLAVIA
Talk between the Prime Minister and M. Kardelj.

ZANZIBAR
Constitutional changes. C.P. 137.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W. 1., on Thursday, 7th April, 1955, at 3 p.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence (Designate).
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. OسبERT Peake, M.P., Minister of Pensions and National Insurance.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

Also present:
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Cabinet</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Industrial Disputes, Newspapers.</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Commercial Policy, Cotton, Review of the G.A.T.T.: Japan.</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Nuclear Weapons</td>
<td>4</td>
</tr>
</tbody>
</table>
1. The Prime Minister said that, at this first meeting of the Cabinet under the new Administration, he would like to extend a welcome to all his Cabinet colleagues and particularly to those who were joining the Cabinet for the first time.

The Lord President said that he knew he would be speaking for all members of the Cabinet in expressing their united support for the Prime Minister and in saying how greatly they looked forward to serving under his leadership.

2. The Minister of Labour reported the latest developments in the dispute between the Newspaper Proprietors' Association (N.P.A.) and the unions representing employees of the national newspapers. Those members of the General Council of the Trades Union Congress who had sought to bring about a resumption of publication of the newspapers had so far had little success, but they hoped that the report of the Court of Inquiry might introduce a fresh element which would bring about a return to work. It was understood that the Court might lay stress in their report on the inadequacy of the negotiating machinery between the N.P.A. and the unions with which they were in dispute, and the unions might be prepared to accept a recommendation by the Court in this sense as sufficient ground for resuming work. The Court would complete its sittings that day and was expected to submit its report early in the following week.

The Cabinet—

Took note of this statement by the Minister of Labour.

3. The Chancellor of the Exchequer suggested that the Cabinet should consider early in the following week the recommendations of the Ministers whom the Cabinet had invited on 30th March to examine the scope for action by the Government to help the cotton industry in its present difficulties. The President of the Board of Trade should then be able to state, in reply to Questions which were to be put to him in the House of Commons on 19th April, that a full statement of the Government's intentions would be made on 20th April. Officials of the Departments concerned should at once work out the detailed measures which would be required to carry out a policy on the lines now contemplated, including the preparation of drafts of the necessary communications, in particular to the Government of India.

The President of the Board of Trade said that he and his officials would co-operate fully in working out the measures which would be called for by a policy on the lines which the group of Ministers might recommend, but he might wish to reserve his own position in respect of such a policy until the matter came before the Cabinet for decision.

The Cabinet—

(1) Invited the President of the Board of Trade, in consultation as necessary with the Chancellor of the Exchequer and other Ministers directly concerned, to submit, for consideration by the Cabinet at a meeting to be held on 12th April, detailed recommendations for action to help the cotton industry in its present difficulties, with a view to a Government announcement in the House of Commons on 20th April.
The President of the Board of Trade said that he would have to make a statement in the House of Commons, either on 19th or on 20th April, about the course which the United Kingdom Government intended to follow in connection with the accession of Japan to the General Agreement on Tariffs and Trade (G.A.T.T.). The Cabinet should also decide on what date the Government should publish their White Paper on the recent review of the G.A.T.T. Even if the statement on Japan were deferred until 20th April, the White Paper could be published on 19th April if that would be more convenient from other points of view.

The Chancellor of the Exchequer said that he would have to make some reference to the G.A.T.T. in the course of his Budget speech on 19th April.

It was the general view of the Cabinet that, while the Budget speech might include a general reference to the Government’s policy towards the revised G.A.T.T., any separate statement on this subject or on the question of Japan’s accession would be better made on 20th April than on Budget day.

The Cabinet—

(2) Agreed that the proposed statement on the Government’s attitude to Japan’s accession to the G.A.T.T. should be made on 20th April.

(3) Invited the Chancellor of the Exchequer and the President of the Board of Trade, in consultation, to decide on what date the proposed White Paper on the Review of the General Agreement on Tariffs and Trade should be published.

4. The Cabinet had before them a memorandum by the former Foreign Secretary and the former Minister of Defence (C. (55) 95) about the attitude of the United States Government towards the use of nuclear weapons.

The Foreign Secretary said that, as would be seen from the telegrams attached to C. (55) 95, President Eisenhower and Mr. Dulles were seeking to establish a distinction, on both moral and technical grounds, between small and large thermo-nuclear weapons. The Prime Minister and he had agreed that any such distinction would be without validity, and that its acceptance would be contrary to the interests of the Western Powers. Subject to the Cabinet’s agreement, they proposed that the question should be discussed with the Canadian Government, who shared our apprehensions about the American attitude, and that agreement should be sought on the terms of a joint communication to the United States Government. The draft of this would be submitted to the Cabinet in due course.

General agreement was expressed with the views set out in C. (55) 95.

The Cabinet—

Invited the Foreign Secretary to arrange for consultations to be held with the Canadian Government with a view to the submission to the Cabinet in due course of the draft of a joint communication on this subject to the United States Government.

Cabinet Office, S.W. 1.
7th April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1., on Tuesday, 12th April, 1955, at 5.30 p.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. Lord De L’Isle and Dudley, Secretary of State for Air (Item 1).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Item 5).

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Northern Ireland</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Relief of Unemployment</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>European Defence</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Formosa</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Industrial Disputes</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Newspapers</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Cotton</td>
<td>5</td>
</tr>
</tbody>
</table>
1. The Home Secretary said that the reductions which were now to be made in the orders for Swift fighter aircraft would have the result that substantial numbers of workers would be dismissed from Short's aircraft factory in Belfast. The general level of unemployment was much higher in Northern Ireland than in England and Wales, and plans for remediying that situation had been under discussion with the Northern Ireland Government for some time past. The hopes that had been founded on those discussions would be disappointed if large numbers of workers were thrown out of employment in Belfast as a result of adjustments in the Government's own programme of aircraft production. This situation could be eased by placing with Short's an order for ten additional Canberra aircraft, some of which might be sold to India. This would provide continuing employment for about 600 of the 1,300 workers who would otherwise be discharged at once from Short's.

In discussion it was pointed out that this proposal involved a serious financial risk. It was not certain that India would buy any of these Canberra aircraft. Nor were they needed for the first-line strength of the Royal Air Force. The Treasury would therefore be assuming a potential liability for their total cost, which would amount to about £14 million. This was a heavy liability to assume in respect of a short-term expedient, when the Northern Ireland Government were failing to show sufficient initiative and energy in pursuing the long-term remedy of attracting light industry to Northern Ireland.

On the other hand, it was argued that the United Kingdom Government would bear a direct responsibility for this particular increase in unemployment in Belfast since this was a Government-owned factory. The aircraft industry in Belfast had already suffered severely by the interruption in the production of Comet aircraft, and public opinion in Northern Ireland would be gravely disturbed if a further substantial contraction had now to be made in the labour force employed there by Short's. There were other possible overseas markets for Canberra aircraft, apart from India, and there was a reasonable prospect that purchasers would be found for these ten aircraft.

It was the general view of the Cabinet that every possible effort should be made to reduce the number of workers to be discharged from Short's aircraft factory in Belfast as a result of the Government's decision to reduce their orders for the production of Swift fighter aircraft. But, when taking measures to this end, the Government should again impress upon the Government of Northern Ireland the urgent need for effective action by them to diversify the pattern of industry in Northern Ireland.

The Cabinet—

Invited the Chancellor of the Exchequer to consider, in consultation with the Minister of Defence and Minister of Supply, whether the prospects of finding overseas purchasers were such as to warrant his under-writing the cost of placing an order for the manufacture of ten additional Canberra aircraft at Short's aircraft factory in Belfast.

2. The Foreign Secretary said that there had been some disturbing indications that the French Government might seek to delay their ratification of the Paris Agreements in order to be sure of securing all their objectives in respect of the Saar. He still hoped, however, that all the ratifications would be completed in time to enable the German Federal Republic to be admitted to the North Atlantic Treaty Organisation at the meeting of the North Atlantic Council which was to be held early in May. He was now trying to persuade all the Governments concerned to work to a definite timetable which would make that possible.

The Cabinet—

Took note of the Foreign Secretary's statement.
Formosa.

(Previous Reference: C.C. (55) 21st Conclusions, Minute 2.)

3. The Foreign Secretary said that the Prime Minister of Australia had been discussing with the United States Secretary of State a proposal that, if the Chinese Nationalists were willing to evacuate their forces from the islands off the China coast, the interested Powers should jointly declare their readiness to assist in resisting any Communist attack on Formosa. Such a guarantee of the security of Formosa would in his view be neither appropriate nor desirable: it was most unlikely to commend itself to public opinion in this country. Mr. Menzies had asked for an expression of our views on this proposal, and it would be possible to put before him the difficulties and dangers which we saw in it. It was, however, desirable that he should also be made aware of the views of other interested Commonwealth Governments: it was known that the Canadian Government, in particular, would not favour such a proposal. The Foreign Secretary had therefore prepared draft telegrams setting out the objections to this plan and suggesting that the Governments of Canada and New Zealand should be consulted before Mr. Menzies became involved in anything approaching a commitment to Mr. Dulles. This alone, however, might seem to Mr. Menzies to be a wholly negative response to his initiative, and it would be preferable that some constructive alternative should also be suggested. The Foreign Secretary had therefore considered whether there was any other means by which we might hope to secure the evacuation of the Chinese Nationalists from the coastal islands without offering any guarantee of the security of Formosa. It seemed to him that it would be worth while to put forward, for consideration by other interested Governments, a double proposal—first that those Governments should give some assurance that, if a full-scale attack were launched against Formosa, they would regard that as a provocative action and a breach of international peace and would give their full support to any measures which the United Nations might decide to take to deal with the situation; and secondly, that in the meantime any four-Power meeting which might be held in the near future should consider what procedures might be adopted for international discussion of the current situation in the Formosa Straits. This alternative proposal would be broached, not only with Australia, but also with Canada and New Zealand. The Foreign Secretary read to the Cabinet the drafts of the telegrams which he had prepared setting out the difficulties of the proposed guarantee and explaining his alternative proposal.

The Commonwealth Secretary said that care would have to be taken to avoid any impression that the United Kingdom Government were consulting other Commonwealth Governments on the merits of a proposal evolved in private and confidential exchanges between Mr. Menzies and Mr. Dulles. This difficulty might be averted if our proposals were related, not to those exchanges, but to Press suggestions of a possible guarantee of Formosa. It would also be helpful if the proposed approach to the Governments of Canada and New Zealand were delayed for a day or so after our intentions had been made known to Mr. Menzies, so that he might have an opportunity of informing us of his preliminary views on it.

In discussion there was general support for the proposal outlined by the Foreign Secretary.

The Cabinet—

(1) Approved in principle the proposals outlined by the Foreign Secretary for diverting the Prime Minister of Australia from pursuing his project for a multilateral guarantee of the security of Formosa.

(2) Invited the Foreign Secretary to concert with the Commonwealth Secretary the form and timing of any approach to the Governments of Canada and New Zealand on this subject.
4. The Cabinet had before them a memorandum by the Minister of Labour (C.P. (55) 3) on the stage reached in the dispute between the Newspaper Proprietors' Association (N.P.A.) and the unions representing employees of the national newspapers.

The Minister of Labour said that he expected to receive the report of the Court of Inquiry that evening and to publish it on the following afternoon. It was likely that the main features of the report would be (i) condemnation of the wage claim made by the Amalgamated Engineering Union (A.E.U.) and the Electrical Trades Union (E.T.U.) as wholly unrealistic; (ii) an expression of the view that the existing negotiating machinery in the industry was inadequate; (iii) a suggestion that the N.P.A. and all the unions concerned should consider urgently how this machinery might be improved; and (iv) a recommendation that in the meantime work should be resumed. He would himself do all in his power to promote action in accordance with the Court's recommendations. The A.E.U. and the E.T.U. might, however, prove obdurate and in that event the dispute was likely to continue for some time. It would not be right for the Government to press the N.P.A. to make concessions. He understood that the N.P.A. were considering possible means of increasing the existing supply of newspapers but the scope for such action was very limited.

In discussion there was general support for the view that the Government would be ill-advised to urge the N.P.A. to make any concession on the wages claim.

The Cabinet—

Took note of this statement by the Minister of Labour.

5. The Cabinet had before them memoranda by the President of the Board of Trade (C.P. (55) 1 and 2) on the possibilities of Government action to relieve the current difficulties of the cotton industry.

The President of the Board of Trade said that he had described in C.P. (55) 2 the steps which would be necessary if the Cabinet should decide to restrict the import of grey cotton cloth from India without taking similar action against the import of such cloth from Hong Kong. He did not himself recommend this course. It would do little to help the cotton industry, whose present difficulties were mainly due to loss of exports. On the other hand, it would be likely to have a number of unfortunate commercial consequences including, in all probability, the loss of our present trade agreement with India. For the reasons given in C.P. (55) 1 he would much prefer the complete removal of purchase tax on all textiles and clothing, for this would help to secure increased production of the finer cotton goods upon which the long-term future of the industry depended. In addition, the Government would be able to claim that they were taking action to prevent unfair Japanese competition and would reap any benefit from tariff concessions which the Government of India might now make on imports of cotton textiles from this country.

The Chancellor of the Exchequer said that he had been inclined to favour the imposition of a quota on retained imports of Indian grey cotton cloth as a preliminary to the introduction of a measure of tariff protection. He was convinced that it would not be possible to maintain indefinitely the system of duty-free entry for all Commonwealth goods. The position had, however, been altered by the prospect that, as a result of the recent visit to India of a trade mission from Lancashire, the Indian Government would lower their duty on imports of cotton textiles from this country sufficiently to increase substantially their present volume. It would seem right as a next step to explain our general attitude to the Government of India and to
seek to obtain from them a firm statement of their intentions in regard to the duty on imports of cotton textiles from the United Kingdom.

The President of the Board of Trade said that, while he agreed that the present moment was particularly inopportune for contemplating protective action against Indian cotton textiles, the Cabinet should not over-estimate the significance of any prospective increase in the volume of Indian imports of cotton textiles from Lancashire. The cotton industry had at first been reluctant to send a mission to India for fear that any resulting increase in exports might be used to justify inaction as regards imports into this country of Indian grey cloth. They had been assured that the Government regarded these two matters as quite distinct. The estimated increase in exports of cotton textiles to India as a result of a possible lowering of the Indian protective duty amounted only to some 10 million square yards which, although useful, would fall far short of Lancashire's expectations of assistance.

There was general agreement in the Cabinet that the Government could not announce a decision to restrict the import of Indian cloth into this country at the very moment when the Indian Government were considering the relaxation of their restrictions on imports of cotton textiles from the United Kingdom. At the same time there was support for the view that additional exports of 10 million square yards of cotton textiles, which were worth about £1½ millions, would hardly be enough to allay Lancashire's anxieties. The Cabinet were, however, informed that there was little practical scope either for negotiating a still further increase in the volume of our exports of cotton textiles to India or for inducing the Government of India to make other concessions in our favour. In these circumstances the Government would be strongly pressed to supplement by other means any concession that the Government of India might make in relaxing their present restrictions on imports of cotton goods from Lancashire.

The Cabinet—

(1) Invited the Chancellor of the Exchequer and the President of the Board of Trade, in consultation with the Commonwealth Secretary, to prepare and submit for the Prime Minister's approval the draft of a communication to the Indian Government explaining the difficulties with which the Government were faced as a result of the rise in the volume of imports of Indian grey cotton cloth into this country and the action which we might find it necessary to take to solve these difficulties, and asking for as early and clear an indication as possible of the intentions of the Indian Government in regard to Indian imports of cotton textiles from this country.

(2) Agreed that, pending receipt of a reply to the communication to be sent under Conclusion (1) above, replies to Parliamentary Questions on this subject should so far as possible be confined to the statement that the Government were now in negotiation with the Government of India on the question.

Cabinet Office, S.W.1,
12th April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W. 1., on Monday, 18th April, 1955, at 2.45 p.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmain, Lord Chancellor.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

Also present:
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 2-3).

Secretary:
The Right Hon. Sir Norman Brook.

---

CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Budget</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Cotton</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Newspapers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
</tbody>
</table>
1. The Chancellor of the Exchequer communicated to the Cabinet particulars of the proposals in the forthcoming Budget. In accordance with precedent, details are not recorded in the Cabinet Conclusions.

2. The Cabinet had before them a note by the President of the Board of Trade (C.P. (55) 5) covering the draft of a Parliamentary statement on the current difficulties of the cotton industry.

The Cabinet’s discussion turned on the extent to which the current difficulties of the cotton industry could be relieved by adjustment of the purchase tax on cotton goods. They had learned from the statement which the Chancellor of the Exchequer had made on the content of his forthcoming Budget that purchase tax on all cloth, other than woollen cloth, was to be reduced from 50 per cent. to 25 per cent.

The Chancellor of the Exchequer said that, now that they were aware of the substance of the Budget proposals, his colleagues would appreciate how difficult it was for him to do more for Lancashire by way of adjustment of the purchase tax on cotton goods. It was the essence of his Budget plan that the Finance Bill should be sufficiently short and simple to be passed into law before Parliament was dissolved. It would therefore deal only with the alterations in income tax: his projected changes in the purchase tax would be made by an Order. A simple reduction of the rate of tax on cotton cloth could be made by Order, and this was as far as he thought it right to go. If it were desired to make more far-reaching adjustments in the incidence of purchase tax on cotton goods, it would be necessary to make alterations in the structure of the tax. This was a difficult and complicated matter, and there was no prospect of completing work on it before Parliament was dissolved. In his earlier consideration of this problem he had assumed that it would be possible to impose a quota on imports of grey cotton cloth from India, and that this action would obviate the need for any substantial adjustment of purchase tax on cotton goods. It was unfortunate that this remedy had been excluded by the later news that the Indian Government were considering a reduction of their duties on imports of cotton goods into India. He recognised that this change in the situation made it necessary that some concession on purchase tax should be made; but it would be inconsistent with his general plan for handling the Budget to make any larger concession than that which he now proposed.

In discussion there was general support for the view that the limited adjustment of purchase tax which the Chancellor of the Exchequer was proposing to make would not suffice to satisfy the political demand for Government action to relieve the difficulties of the cotton industry. The enlarged opportunities for exports of high-quality cloth, which would be opened up by a reduction in the Indian import duties, would be of no benefit to that section of the Lancashire trade which was suffering from increased imports of grey cotton cloth from India. This section in particular, and the cotton industry generally, were looking for some compensating advantages on the home market, and were hoping for a much greater reduction in the incidence of purchase tax on cotton goods. The concession proposed by the Chancellor of the Exchequer, which would cost the Exchequer only £3 millions in a full year, would be regarded by the industry as a wholly inadequate response to their plea for help. Would it not be possible to forgo the whole of the purchase tax on cotton cloth?

The Chancellor of the Exchequer said that, if the rate of purchase tax on cotton cloth was reduced below 25 per cent., there would be serious administrative difficulties in collecting the tax and a dangerous degree of tax evasion. He saw no way of avoiding
these results without detailed alterations in the structure of the tax, for which further legislation would be needed. Moreover, so large a concession would undoubtedly provoke demands from other industries which had at least as good a case for relief, and there was a real risk that the system of purchase tax would be progressively undermined.

On this last point it was argued in discussion that the Chancellor of the Exchequer would be on strong ground in limiting his concession to the cotton and linen industries. He could then claim that he was using taxation as an instrument of policy for the purpose of alleviating or averting unemployment in two particular industries, in Lancashire and in Northern Ireland.

The Chancellor of the Exchequer said that he would reconsider his proposal in the light of the views expressed by his colleagues in the Cabinet’s discussion.

The Cabinet—

Agreed to defer until a later meeting their consideration of the steps to be taken to relieve the current difficulties in the cotton industry.

3. The Minister of Labour said that the Chairman of the Trades Union Congress was that afternoon presiding over a meeting between representatives of the unions concerned in the newspaper dispute. When the results of that meeting were known it might be possible to assess the prospects of breaking the present deadlock. If it appeared that the strike was likely to continue for some time longer, the Newspaper Proprietors’ Association would probably go forward with the project of publishing, as a joint undertaking, a single London newspaper.

The Minister of Labour reported to the Cabinet the decision of the Associated Society of Locomotive Engineers and Firemen to call a strike of their members on 1st May. This decision had been taken in protest against the award of the Railway Staff National Tribunal, which had rejected their latest wage claim. A statement on the situation would be issued that evening by the British Transport Commission.

The Cabinet—

Took note of these statements by the Minister of Labour and agreed to resume their discussion of these two industrial disputes at their meeting on the following day.

Cabinet Office, S.W. 1.
18th April, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 19th April, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmain, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 2).
The Right Hon. Patrick Buchan-Heppburn, M.P., Parliamentary Secretary, Treasury (Items 1-3).

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Newspapers, Railways, Docks.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cotton</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Austria</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>European Defence and Four-Power Meeting</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Formosa</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Afro-Asian Conference</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Loss of Indian Airliner.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Cyprus</td>
<td>7</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in Parliament during the remaining weeks of the present session.

In the House of Commons Government business would receive precedence on Fridays; this would enable the customary four days of general debate on the Budget resolutions to be completed during the present week. If the Opposition should be unwilling to co-operate in carrying through the Finance Bill during the following two weeks, it would be necessary to table a motion for a compulsory time-table and to debate this on 25th April. It was hoped that time would also be found to pass the National Insurance (No. 2) Bill and to complete proceedings on the Oil in Navigable Waters (Lords) Bill.

The Cabinet agreed that no time could be found for the discussion by the House of Commons of any Lords' amendments to Bills, and that any Bills which the House of Lords could not pass in their present form must be left over until the next Parliament.

2. The Minister of Labour said that, as a result of the meeting of Trades Union representatives convened on the previous day by the Chairman of the Trades Union Congress, a meeting was being held that morning between Trades Union representatives and representatives of the Newspaper Proprietors' Association (N.P.A.). The Unions were understood to be ready to order an immediate return to work on condition that the N.P.A. agreed to enter into immediate negotiations upon outstanding matters. It was possible that a resumption of work could be arranged on this basis.

The Minister of Labour said that the British Transport Commission had now invited the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.) to reconsider their decision to call a strike of their members on 1st May in protest against an award of the Railway Staff National Tribunal on wage differentials on the railways. The Tribunal's award had been accepted by the National Union of Railwaymen (N.U.R.) and there seemed to be a fair prospect that N.U.R. members would not join the threatened strike unless they had reason to believe that some concession might be made to A.S.L.E.F. The Minister said that, while he did not propose to take any immediate initiative, he might soon find it expedient to inform A.S.L.E.F. that the situation offered no scope for conciliation by his Department and that, if they adhered to their decision to strike, which had been taken, though not made public, before the recent announcement of the impending dissolution of Parliament, they would be interfering with the processes of democratic government in this country.

The Minister of Transport said that the Transport Commission shared the view that the N.U.R. would not take part in the strike unless something was said on behalf of the Commission or the Government which gave rise to the belief that some concession might be forthcoming. If a strike of members of A.S.L.E.F. alone should take place, the standard of the railway services which could be maintained would vary greatly between one part of the country and another and would range from a virtually complete stoppage in the west to the minimum of interference in the London area.

The Minister of Fuel and Power said that, while the consequences of a railway strike would not be so grave now as in the winter, they would still be serious and after a week or so unemployment would increase as factories found it necessary to close down through lack of fuel.

There was general agreement in the Cabinet that the Government should be careful to refrain from taking any action which might encourage the idea that the present tactics of A.S.L.E.F. might be successful.
The Minister of Labour said that the continuing rivalry between the Transport and General Workers' Union and the National Association of Stevedores and Dockers might at any time give rise to renewed trouble in the docks. The immediate problem was whether the employers in the Merseyside area should recognise the Stevedores' Union for purposes of negotiations on wages and conditions. He was taking such action as was open to him to induce the leaders of the Transport and General Workers' Union to adopt a more reasonable attitude in their dealings with the Stevedores' Union.

The Cabinet—

Took note of these statements.

3. The Chancellor of the Exchequer said that, in the light of the views expressed by his colleagues in the Cabinet's discussion on the previous day, he had considered very carefully whether he could announce in his Budget speech any further concession on purchase tax which might help to relieve the current difficulties of the cotton industry. He had, however, come regretfully to the conclusion that it would not be expedient to reduce the purchase tax on cotton cloth below 25 per cent. Any reduction below that figure would, he felt sure, be criticised by the Opposition, who were well aware of the practical reasons which had determined the current ratio of 2:1 between the tax on cloth and the tax on made-up goods. They would realise that, if the tax on cloth were lower than that on made-up goods, the way would be opened to widespread evasion. In his Budget speech therefore he proposed to go no further on this point than to announce that the rate of tax on cotton cloth would be reduced by Order to 25 per cent. He would, however, continue to consider whether he could make any further concession which might help to relieve the difficulties of the cotton industry. If any different form of relief could be devised, this could be announced at a later stage, when the purchase tax Order was debated.

In discussion it was agreed that some general statement on the difficulties of the cotton industry might have to be made in the course of the Budget debate. The Cabinet agreed that the President of the Board of Trade, if he spoke in the debate, might make a statement following, in substance, the lines of the draft which the Cabinet had had before them on the previous day. They recognised that the subject could be treated more broadly in a speech than in a statement made at the end of Questions.

The Cabinet—

(1) Took note that the Chancellor of the Exchequer would continue to consider whether he could make any further adjustment in purchase tax, which might help to relieve the current difficulties of the cotton industry, in addition to the reduction in the rate of purchase tax on cotton cloth which he was proposing to announce in his Budget statement that afternoon.

(2) Invited the President of the Board of Trade to discuss with the Prime Minister the terms of the statement which he might make later in the Budget debate on the current difficulties of the cotton industry.

4. The Foreign Secretary said that the Soviet Government had been unusually forthcoming in their attitude towards the Austrian delegation which had recently visited Moscow. It was evident that, whatever their motives, they were now ready to end the military occupation of Austria and to conclude an Austrian State Treaty. It was open to us to represent this, as the United States Government
were already doing, as a reward for the policy of patient firmness which the Western Powers had followed in respect of Austria. But we should not overlook the possibility that the Russians' real purpose was to put themselves in a better position to offer independence for a united Germany on a similar basis of military neutrality. It was important that the proposed provision for Austrian neutrality should be so framed that it would not prevent Austria from joining European organisations, such as the Council of Europe or the Organisation for European Economic Co-operation, which had no military purpose. Sweden rather than Switzerland should be the model for Austria's neutrality.

No time should be lost in following up the offer made by the Soviet Government. The Ambassadors of the Occupying Powers should meet this month in Vienna, together with representatives of the Austrian Government, to work out a revised text of the Treaty and to clear the way for its signature before the end of May.

The Cabinet—

Took note of the Foreign Secretary's statement.

5. The Cabinet had before them a note by the former Foreign Secretary (C. (55) 83) indicating the subjects which might be considered at a Four-Power meeting with the Russians and outlining the objectives at which the Western Powers should aim on each.

The Foreign Secretary said that he still hoped that the ratifications of the Paris Agreements would be concluded by 5th May, so that the German Federal Republic could be admitted to the North Atlantic Treaty Organisation before the end of the forthcoming meeting of the North Atlantic Council. In that event the Foreign Ministers of the three Western Powers could meet thereafter, in the first instance alone and subsequently with a representative of Germany, to settle the terms of an invitation to the Soviet Government to attend a Four-Power meeting. With this in view he was suggesting that before the end of April there should be a preliminary meeting of officials at which views could be exchanged on the date and place for a Four-Power meeting and on the nature of the agenda.

The Cabinet—

(1) Took note with approval of the steps which the Foreign Secretary was taking in preparation for a Four-Power meeting.

(2) Approved the memorandum annexed to C. (55) 83 as a basis for the instructions to be given to the United Kingdom representatives in the preparatory meeting of officials which it was proposed to hold later in the month.

6. The Foreign Secretary said that, as his colleagues would have seen from Canberra telegrams Nos. 368 and 369, the Prime Minister of Australia was disposed to pursue his project for a joint guarantee of the security of Formosa, despite the objections which had been put to him in pursuance of the Cabinet's decision of 12th April. It was possible that he had gone some way towards committing himself to this project in his personal exchanges with the United States Secretary of State. He was, however, unlikely to be able to enlist support for this course from the Canadian or New Zealand Governments, and it was still open to us to put forward an alternative. The United States Government would be satisfied with something less than a formal guarantee: what they needed was the
moral support of the Commonwealth countries, not their military help: and it should not be impossible to work out the terms of a public statement which would satisfy the United States Government—based partly on respect for our obligations as a member of the United Nations and partly on the possibility that, through a Four-Power meeting, means would be found of arranging some international discussion of the situation in the Formosa Straits. Meanwhile, however, we must be prepared for the possibility that the Chinese Communists might launch a sudden attack on the coastal islands at a time when United Kingdom Ministers were dispersed for the Election campaign. In that event an immediate statement would have to be made on behalf of the United Kingdom Government, and it was desirable that its terms should have been approved in advance by Ministers and, if possible, agreed with the United States Government.

The Foreign Secretary said that he was preparing drafts of both these statements and hoped to be able to submit them for the Cabinet's approval at their next meeting.

The Prime Minister said that the statement to be made in the event of a sudden attack on the coastal islands might follow the general line taken by the Canadian Secretary of State for External Affairs in speeches which he had made on 25th January. The other pronouncement, on possible means of easing the international tension in the Formosa Straits, should if possible be made before Parliament was dissolved.

The Cabinet—

Agreed to resume their discussion of this question at a later meeting.

7. On 11th April an Indian airliner, which was carrying part of the Chinese Communist Delegation to the Afro-Asian Conference at Bandoeng, had crashed off the coast of Indonesia. The only survivors were three members of the crew. The Chinese Communist Government had on 10th April informed Her Majesty's Charge d'Affaires in Peking that they had reason to believe that Chinese Nationalists would attempt to interfere with this party while the aircraft was in Hong Kong and had asked him to arrange for appropriate precautions to be taken there. After the accident the Peking Government had at once alleged that it was due to sabotage carried out in Hong Kong by United States and Chinese Nationalist agents for the purpose of disrupting the Afro-Asian Conference. They had asked that urgent enquiries should be made into the causes of the accident and into the precautions which had been taken in Hong Kong to prevent it.

The Prime Minister said that he had received a message from the Prime Minister of India suggesting that we should do everything we could to assist in establishing the causes of this accident. As the aircraft had crashed in Indonesian waters, the primary enquiry must be carried out under the auspices of the Indonesian Government; but we should offer them any technical assistance they might need and should ourselves carry out supplementary enquiries in Hong Kong.

The Colonial Secretary said that enquiries had already been undertaken in Hong Kong. In view, however, of the allegations which were now being made, he would suggest to the Governor that these should be put on a more formal basis; and he would also consider, in consultation with the Minister of Civil Aviation, whether any technical assistance could usefully be offered either to the Governor of Hong Kong or to the Indonesian Government.
The Cabinet—

(1) Took note that the Colonial Secretary would at once arrange for a formal enquiry to be held in Hong Kong into the allegation that the loss of this aircraft was due to a failure by the authorities in Hong Kong to take adequate precautions against the risk of sabotage.

(2) Invited the Colonial Secretary to consider, in consultation with the Minister of Civil Aviation, whether the Governor of Hong Kong or the Indonesian Government could usefully be offered any technical assistance in carrying out their enquiries into the causes of this accident.

(3) Invited the Colonial Secretary to prepare, in consultation with the Commonwealth Secretary, the draft of a reply which the Prime Minister might send to the message on this subject which he had received from the Prime Minister of India.

8. The Cabinet had before them memoranda by the Colonial Secretary (C. (55) 92) and the former Foreign Secretary (C. (55) 93) on future policy in respect of Cyprus.

The Colonial Secretary said that the public statement on constitutional advance in Cyprus, which was proposed in paragraph 12 of his memorandum, was designed to end the present stalemate. Meanwhile, however, the position had been altered somewhat by the disturbances which had broken out in the island, and the Cabinet would wish to consider whether his proposals were still appropriate and, in particular, whether this was the right moment at which to put them forward. It would be possible, though not easy, to take no further step towards constitutional advance in the immediate future. In that event, however, there would be a continuing risk of some incident which might result in a serious deterioration of the position. The course recommended in his memorandum seemed to have some prospect of achieving success but, if it should fail to obtain Greek support or acquiescence, the renewed attempt to introduce a constitution would almost certainly prove abortive. If the Cabinet should consider that the scheme outlined was not sufficiently imaginative, it might be possible to combine with it an offer to discuss such other possibilities as a cultural convention or dual nationality. If the Cabinet decided to go forward, we should explain our intentions to the Turkish Government and try to secure their co-operation or acquiescence. Advance warning might also be given to the King of the Hellenes. We should also seek an assurance of support from the United States Government.

The Foreign Secretary said that he would prefer to make no further move towards constitutional change in Cyprus until we could be assured of an international atmosphere in which it would have some chance of success. Timing seemed to him to be of more importance than the exact form of the constitutional proposals themselves. While he agreed that some move would have to be made before the next meeting of the General Assembly of the United Nations, he doubted whether any statement of the Government's intentions would carry much weight if it were made in the last few weeks of the present Parliament.

Discussion showed that there was general support in the Cabinet for the view that any fresh initiative in respect of Cyprus would be better deferred for the time being.

The Cabinet—

Deferred a decision on the proposals outlined in C. (55) 92 and 93.

Cabinet Office, S.W. 1,
19th April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W. 1, on Friday, 22nd April, 1955, at 10.15 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.

The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.

The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. the EARL OF WINTHROP, Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the EARL OF WINTHROP, Secretary of State for Commonwealth Relations.

The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Items 1–4).

The Right Hon. A. R. W. LOW, M.P., Minister of State, Board of Trade (Items 1–3).

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1–3).

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. R. M. J. HARRIS.

Printed for the Cabinet. April 1955
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Cotton</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Railways</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Transport Charges</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Industrial Disputes</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>European Defence and Four-Power Meeting</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Disarmament</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Formosa</td>
<td>6</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons on those days in the following week when the House would not be occupied with proceedings on the Finance Bill.

The Cabinet recorded their satisfaction at the agreement which the Leader of the House of Commons had made with the Opposition on the handling of business in the House of Commons during the remainder of the present session.

2. The Chancellor of the Exchequer informed the Cabinet of the general lines of a statement on the current difficulties of the cotton industry which he proposed to make in the House of Commons that afternoon when replying to the general debate on the Budget. In particular, he proposed to make it clear that the Government were awaiting the outcome of discussions with the Government of India, and to promise an announcement of the Government's final conclusions before Parliament was dissolved.

Discussion showed that there was general agreement in the Cabinet on the need for some further Government statement on this subject before the end of the Budget debate, and on the terms of the statement which the Chancellor proposed to make.

The Cabinet—

Invited the Chancellor of the Exchequer to include in his speech in the Budget debate that afternoon a statement on the current difficulties of the cotton industry on the general lines indicated to the Cabinet.

3. The Minister of Transport recalled that the Cabinet had already agreed in principle that increases in railway charges of the order indicated in his memorandum C. (55) 67 would have to be accepted, but had invited him to discuss the timing of these increases with the Chairman of the British Transport Commission. In accordance with the Cabinet's wishes he had taken steps, in accordance with the procedure laid down by section 82 of the Transport Act, 1947, to obtain the views of the permanent members of the Transport Tribunal, acting as a Consultative Committee, on proposed increases in railway freight rates and dock and canal charges which would yield £17.7 millions. Their views would probably be submitted to him in the following week, and the way would then be clear for him to authorise the increased charges. The Transport Commission had also made application to the Tribunal, under the special procedure of section 23 of the Transport Act, 1953, for leave to make further increases in main-line fares and increases in fares on London Transport lines and on the London lines of British Railways, which would yield altogether £4 millions. From their discussions as a Consultative Committee the members of the Transport Tribunal would already be aware of the changes which were likely to be made in railway freight rates and dock and canal charges. The Minister had reason to expect that, immediately after he had received the views of the permanent members of the Transport Tribunal on these proposed increases, the Tribunal would reply to the Commission's application for leave to make the proposed further increases in passenger fares, and the Commission were under a statutory obligation to publish without delay the reply of the Tribunal on any such application. In the normal course, therefore, the prospective increases in passenger fares and in railway freight rates and dock and canal charges were likely to be announced within the next two weeks. The increases in passenger fares could be brought
Industrial Disputes. Railways. (Previous Reference: C.M. (55) 4th Conclusions, Minute 2.)

into operation within about ten days after an announcement, but there would be a longer delay before increased railway freight rates and dock and canal charges could be brought into operation. The Commission might, however, decide, as they had on a previous occasion, that it would be advantageous from their point of view to bring all the increases into operation at one time. The Minister said that it was likely that, before Parliament was dissolved, he would be asked in the House of Commons whether the Commission had applied for leave to make increases in railway charges. In any case, the dates when any applications had been made and the dates of their approval and announcement must in due course become public when the Transport Tribunal and the Commission issued their reports.

It was the general view of the Cabinet that the arrangements for announcing, and thereafter bringing into operation, the prospective increases in railway charges should be allowed to follow their normal course. This was likely to lead to a fairly early announcement that the increases were to be made, but their introduction might be deferred until the end of May or early June.

The Cabinet were reminded that, when they had last considered this matter, they had taken the view that the Government would be vulnerable to criticism if they allowed extensive increases in railway charges to be announced without, at the same time, providing further evidence that effective action was being taken to eliminate redundancy and restrictive practices on the railways.

The Minister of Transport said that it would be possible to include in any announcement of the prospective increases in charges some statement about the measures taken to secure further economies which, as explained in C. (55) 67, were estimated to yield a saving of £15 millions in a full year.

The Cabinet—

(1) Invited the Minister of Transport to arrange for further proceedings on the current applications for increases in railway charges to follow their normal course.

(2) Invited the Minister of Transport to arrange that any public announcement of the prospective increases in charges should include a suitable reference to the steps so far taken to secure further economies on the railways.

4. The Minister of Labour said that the Chairman and Secretary of the Trades Union Congress had suggested that he should see the leaders of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.), and he had done so on the previous day. The Union had put before him a strong case on the subject of wage differentials but they had not been able to justify their peremptory rejection of the award of the Railway Staff National Tribunal and their decision to call a strike. He had suggested to them that they could have taken the alternative course of lodging a strong protest and, after a suitable interval, submitting a further wage claim; and he had urged them to reconsider even now their decision to strike on 1st May. There was nothing more that he could do at this stage. Meanwhile, the National Union of Railwaymen had declared their opposition to the proposed strike and their determination to keep their members at work if it should occur. There seemed to be a reasonable prospect that they would succeed in doing so provided that nothing was said on behalf of the Transport Commission or the Government to indicate any prospect of a concession to A.S.L.E.F.

The Cabinet—

Took note of this statement by the Minister of Labour.
5. The Foreign Secretary said that he was still trying to obtain the agreement of the other Western Powers to the time-table which he had put to the Cabinet on 19th April for completing the ratifications of the Paris Agreements, admitting the German Federal Republic to the North Atlantic Alliance and settling the terms of an invitation to the Soviet Government to attend a Four-Power Meeting. The French Government were still, however, reluctant to bring the Saar Agreement into force until they had settled to their satisfaction the question of the future ownership of the Roechling steelworks. He hoped that this difficulty might be overcome by an agreement, between the French and German Governments, that this question should be referred to arbitration. It would be appropriate that the Western European Union should undertake, as one of its first acts, to arrange for such an arbitration.

The Prime Minister recalled that in the motion which the House of Commons had carried on 5th April, 1954, the suggestion of a Four-Power Meeting had been linked with the aim of preventing a war in which thermo-nuclear weapons would be used. He hoped that, in the forthcoming discussion of the agenda for a Four-Power Meeting, this would not be overlooked. Though it should doubtless include other items, the agenda should not exclude discussion of the general question of disarmament. This part of the agenda should, however, be so framed as to ensure that international control over thermo-nuclear weapons was discussed as part of the general problem of reducing armaments of all kinds.

The Cabinet—
Took note of these statements.

6. The Foreign Secretary said that it was evident that the Disarmament Sub-Committee of the United Nations would not be able to make substantial progress towards an international agreement. In the normal course it might be expected that their discussions would be brought to a close within the next few weeks. Their report to the United Nations, when it was made public, would show that it was the Soviet reluctance to make any concessions that had prevented further progress. On the other hand the public, here and abroad, would be disappointed at the failure of the talks; and the timing of the Sub-Committee’s report should therefore be considered in relation both to the Election in this country and to the projected invitation to the Soviet Government to attend a Four-Power Meeting. It seemed to him desirable that the current discussions should not be broken off at least until that invitation had been despatched. He therefore hoped that the Sub-Committee might be able to continue their work for another four or five weeks.

The Minister of State for Foreign Affairs said that, in the absence of any further concessions by the Soviet Government, there was little more for the Sub-Committee to discuss, and the other Western Powers might prefer to bring the proceedings to a close so that their attitude could be publicly stated in the Sub-Committee’s report. The Soviet representatives, on the other hand, might be in no hurry to bring the discussions to an end and he could try to prolong the proceedings, if necessary by moving a further adjournment. The United States Government could presumably be asked to instruct their representative to co-operate in this attempt to defer breaking off the discussions until agreement had been reached on the terms of an invitation to a Four-Power Meeting.

The Cabinet—
Invited the Minister of State for Foreign Affairs to do his utmost to prolong, for another four or five weeks, the presentation of a report by the Disarmament Sub-Committee of the United Nations.
7. The Foreign Secretary said that he had not yet completed the preparation of the two draft statements on Formosa which he had mentioned at the Cabinet’s meeting on 19th April. Meanwhile, however, the United States Secretary of State had asked Her Majesty’s Minister in Washington whether the United Kingdom Government could not produce some suggestions for a fresh initiative in this matter. This enquiry gave us a favourable opportunity for putting to the United States Government proposals on the lines indicated to the Cabinet at their last discussion.

The Prime Minister said that it was desirable that a further public statement on this problem should be made on behalf of the United Kingdom Government well before the Election. He hoped that our suggestions could be put to the United States Government in the course of the following week.

The Cabinet—
Took note of these statements.

Cabinet Office, S.W. 1.
22nd April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W. 1., on Tuesday, 26th April, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.

The Right Hon. Viscount Kilbride, Lord Chancellor.


The Right Hon. James Stuart, M.P., Secretary of State for Scotland.


The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.


The Right Hon. Lord de L'Isle and Dudley, Secretary of State for Air (Item 2).

The Right Hon. Iain Macleod, M.P., Minister of Health (Items 7–9).

The Right Hon. Sir Reginald Manningham-Buller, Q.C., M.P., Attorney-General (Items 6–8).

The Right Hon. Antony Head, M.P., Secretary of State for War (Item 7).


The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 6).

The Right Hon. Patrick Buchanan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1–3).

Secretariat:

The Right Hon. Sir Norman Brook.

Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General Election</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Ministerial Contributions to Press</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Legislative Programme: 1955-56.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Formosa</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Four-Power Talks</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Industrial Disputes</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Ministry of Agriculture, Fisheries and Food</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Common Land</td>
<td>6</td>
</tr>
</tbody>
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1. The Prime Minister said that he proposed to waive, for the period of the General Election, the rule which normally precluded Ministers from contributing articles to the Press. Ministers would be free during that period to accede to requests by the Conservative Central Office that they should contribute signed articles for publication in national and local newspapers. Ministers should not, however, accept payment for such articles.

The Cabinet—

Approved the Prime Minister's proposal to waive, during the period of the Election campaign, the rule precluding Ministers from contributing signed articles for publication in the Press.

2. The Cabinet were informed that on 28th April a motion would be put forward by the Opposition in the House of Commons proposing that the period of National Service should be made the subject of a formal enquiry. The first Government speech on this occasion was to be made by the Minister of Defence. The Cabinet invited the Prime Minister to reply to the debate. The Government spokesmen would take the line that the period of National Service was not a suitable subject for enquiry by an independent body and must remain a matter for Government decision; and that, in view of the international situation, this was not an opportune moment at which to reduce the period of service.

The Cabinet were also informed of the business to be taken in the House of Commons in the following week.

3. The Cabinet considered what should be the length of the Legislative Programme: 1955–56. It was explained that the time between the opening of the new Parliament on 14th June and the beginning of the summer recess must in any event be occupied mainly with Bills left over from the present session. The Government could, however, choose between bringing the first session to an end in November, after a brief resumption, or continuing it until July 1956. If the latter course were adopted, The Queen’s Speech on the opening of the new Parliament should refer to some of the more important legislative measures which were already in preparation or were to be mentioned in the Party’s Election Manifesto.

It was the general view of the Cabinet that the situation would call for a Queen’s Speech of substance, foreshadowing the Government’s legislative plans for the coming year. It would also be desirable that one or two of the more important Bills—for example, the Clean Air Bill and the proposed Bill on safety and welfare in agriculture and forestry—should be introduced and, if possible, obtain a Second Reading before Parliament adjourned for the summer recess.

The Minister of Agriculture said that he would do his utmost to accelerate the preparation of the proposed Bill on safety and welfare in agriculture and forestry. It would be helpful if it could be stated on behalf of the Government during the Election campaign that legislation on this subject was in preparation and that, if the Government were returned, it would be introduced at an early date.

The Lord Privy Seal said that early steps should be taken to enable Ministers to decide provisionally what measures would be mentioned in The Queen's Speech so that the preparation of legislation could be expedited.
The Cabinet—

(1) Agreed that, if the Government were in office after the forthcoming Election, the first session of the new Parliament should be planned to last until the summer of 1956.

(2) Invited the Chancellor of the Exchequer and the Lord Privy Seal to take whatever action was possible to have prepared on this assumption material for The Queen’s Speech and Bills for introduction in the first session of the new Parliament.

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Four-Power Talks.

(Previous Reference: C.M. (55) 5th Conclusions, Minute 7.)

4. The Foreign Secretary said that the United States Secretary of State had now asked whether the United Kingdom Government could make enquiries with a view to testing the sincerity of the offer which the Chinese Communist Government had made to discuss with the United States Government means of easing the current tension in the Far East. Mr. Dulles had also asked whether he might make it publicly known that this request had been made. The Foreign Secretary said that he proposed to give affirmative answers on both points; it could do no harm to let it be known that our good offices had been sought.

In discussion it was suggested that the Prime Minister of India should be made aware of this approach and kept informed of our subsequent exchanges with the United States Government on this question.

The Cabinet—

Took note of the Foreign Secretary’s statement and invited him to concert with the Commonwealth Secretary means of keeping the Prime Minister of India informed of subsequent exchanges on this question.

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5. The Foreign Secretary said that officials of the Governments of the United Kingdom, the United States and France were to meet on 27th April for preparatory discussions on the form of an invitation to the Soviet Government to attend a Four-Power Meeting. It was his intention that at this preparatory meeting the United Kingdom representatives should at once put forward the proposal that the Western Powers should suggest to the Soviet Government that an early meeting of the four Heads of Governments should be held to discuss all outstanding points of difference between the Soviet Union and the three Western Powers. It would, however, be stated in the invitation that this procedure would not exclude a continuation of the practice of convening the four Foreign Ministers to discuss an agreed agenda. This formula should, he thought, avert fruitless discussion on the question whether the proposed meeting should be between Heads of Governments or Foreign Ministers. If a preliminary meeting of Foreign Ministers were held it would be possible to judge, in the light of its progress, whether any useful purpose would be served by proceeding to a meeting of Heads of Governments.

The Cabinet—

Took note of this statement by the Foreign Secretary.
The Cabinet had before them memoranda by the Minister of Labour (C.P. (55) 10) and the Minister of Transport (C.P. (55) 11) on the threatened strike by members of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.).

The Minister of Labour said that, as the settlement to which A.S.L.E.F. were taking exception had been approved by the Railway Staff National Tribunal and accepted by the National Union of Railwaymen (N.U.R.), he would not be justified in setting up an independent court of inquiry or pressing the British Transport Commission to modify their attitude. The Trades Union Congress (T.U.C.) were, however, seriously concerned at the situation and had arranged to see representatives of both railway unions that day. The Minister said that he ought to make a further statement in the House of Commons not later than the following day and, if the threat of a strike continued, a further appeal should perhaps be addressed to A.S.L.E.F., possibly by the Prime Minister.

The following were the main points covered in discussion:

(a) The Cabinet were informed that arrangements to maintain essential supplies and services in the event of a strike were under review by the Emergencies Committee. Preparations were in hand to proclaim a state of emergency, if necessary, if the strike should occur and thereafter to issue emergency regulations. It would be necessary to decide not later than 28th April whether the Post Office should be provided with the 500 troops which would be needed from the outset of a strike to maintain long-distance carriage of mails, and whether the Transport Commission should be authorised to refuse to undertake the carriage of livestock by rail from 29th April.

It was the provisional view of the Cabinet that no objection need be raised to the taking of such precautionary measures provided that they were not of a kind which would induce the N.U.R. to modify their present intention to keep their members at work.

(b) Support was expressed for the view that, although the decision of A.S.L.E.F. to resort to strike action was indefensible, it would be particularly regrettable if the long-threatened railway stoppage were to take the form of a strike by members of A.S.L.E.F. over a question of differentials. It was suggested that, if the T.U.C. were to succeed in persuading A.S.L.E.F. and the N.U.R. to take part in further talks about differentials on the basis that the strike notices issued by A.S.L.E.F. were withdrawn, the Government would be justified in urging the Transport Commission to play their part in any resulting discussions.

The Cabinet were informed that the Chairman of the Transport Commission had already made it clear that, provided the strike was called off, the Commission would be ready to hold further discussions on the subject of differentials provided this was without prejudice to their position in the matter. On the other hand, the N.U.R. seemed unlikely to be willing to enter into such further discussions, at least unless it were made clear that there would be no interference with the recent wages settlement and that the Commission would be willing to make additional funds available to provide for any further wage changes which might be agreed upon. Alternatively, discussions might be directed to the railway wages structure and to the principles on which differentials should be based, any agreed changes in these being left to be introduced as part of any future wages settlement.

It was the general view of the Cabinet that in the circumstances the T.U.C. should be given every encouragement in any further efforts which they might desire to make to break the present deadlock.

The Cabinet—

(1) Took note of the statement by the Minister of Labour and of the points made in discussion.
(2) Agreed to resume, at their meeting on the following day, consideration of the arrangements to maintain essential supplies and services in the event of a strike.

7. *The Minister of Agriculture* invited the Cabinet to decide whether the redistribution of the functions of the former Ministry of Food should be completed before Parliament was dissolved on 6th May. A further Order was required to transfer to the Minister of Health responsibility for food cleanliness and hygiene in England and Wales. If this Order were made and laid before Parliament before the dissolution, it would come into force at once but would remain subject to annulment by either House of Parliament during a period of forty sitting days in the first session of the new Parliament. It would be convenient to the Departments concerned to follow this course, but the Opposition might take the view that the making of the Order should have been deferred until a date when early steps could be taken to debate it in Parliament on a prayer for its annulment.

The Cabinet—

Invited the Minister of Agriculture, Fisheries and Food to defer until after the forthcoming Election the making of the proposed Order transferring to the Minister of Health the responsibility for food cleanliness and hygiene in England and Wales.

8. The Cabinet considered a memorandum by the Minister of Agriculture (C.P. (55) 4) proposing that a formal enquiry should be held, by a Royal Commission or a Departmental Committee, into the law of commons.

In discussion there was general agreement that the time was ripe for an independent enquiry into this question. It was, however, the view of the Cabinet that a decision to hold such an enquiry should not be announced until after a new Parliament had been elected. The announcement might appropriately be made in The Queen’s Speech on the opening of the new Parliament.

The Cabinet—

(1) Decided that an independent enquiry should be held into the law of commons, but agreed that no announcement of this decision should be made until after a new Parliament had been elected.

(2) Invited the Minister of Agriculture to consider, in consultation with the Prime Minister, the membership and status of the proposed body of enquiry and its terms of reference.

*Cabinet Office, S.W.1,*

26th April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Wednesday, 27th April, 1955, at 11 a.m.

Present:
The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.
The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. ANTONY HEAD, M.P., Secretary of State for War (Item 1).
The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 1).

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. R. M. J. HARRIS.

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Disputes</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Cotton</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Austria</td>
<td>4</td>
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<tr>
<td>48024-3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. The Minister of Labour said that there was reason to believe that the leaders of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.) would welcome some means of avoiding the threatened strike by the Society's members. The Trades Union Congress (T.U.C.) had made some progress towards the promotion of agreement on a formula which would enable discussions to be opened between representatives of the A.S.L.E.F. and the British Transport Commission, not on the substance of the A.S.L.E.F.'s claim on differentials, but on the procedure for arranging further talks embracing also the National Union of Railwaymen (N.U.R.). It seemed likely that the Transport Commission would agree to take part in such discussions, without any commitment in advance, if the A.S.L.E.F. accepted, at least for the time being, the award of the Railway Staff National Tribunal and suspended its strike notices indefinitely. The Minister said that this plan offered no more than a possibility of averting the strike, but he hoped the Cabinet would agree that he should accede to any request from the T.U.C. that he should offer facilities for the holding of such discussions, although he did not propose to take any active part in them himself, at any rate at the outset.

The Cabinet—
(1) Took note of this statement by the Minister of Labour.
(2) Authorised the Minister of Labour to offer facilities for the holding of talks between the British Transport Commission and the railway unions on the basis outlined to the Cabinet.

The Cabinet then considered the draft of the statement on the threatened strike which the Minister of Labour proposed to make in the House of Commons that afternoon. Various amendments of the draft were suggested and approved in the Cabinet's discussion.

The Cabinet—
(3) Took note that the Minister of Labour would make a statement on the threatened strike in the House of Commons that afternoon on the general lines approved in their discussion.

The Cabinet were reminded that it would be necessary to decide not later than 28th April whether the Post Office should be provided with the 500 troops which would be needed from the outset of a strike to maintain long-distance carriage of mails.

The Postmaster-General said that, to avoid any risk of a breakdown in the delivery of mails, it would be necessary, if the threatened strike occurred, that the Post Office should have these 500 troops at its disposal from midnight on 1st May. The mails would, however, continue to be delivered to, and collected from, railway stations by Post Office staff.

The Cabinet recognised that cancellation of week-end leave, even for so small a number as 500, might become publicly known and might give rise to misconceptions about the use to which troops were to be put. They agreed that this risk must be accepted but that a statement should be prepared, for issue if required, explaining the limited use to which these 500 men were to be put.

The Cabinet—
(4) Authorised the Secretary of State for War to take discreet action, if necessary, to put 500 Army drivers and lorries at the disposal of the Postmaster-General from midnight on 1st May.
(5) Invited the Home Secretary to prepare and submit to the Prime Minister the draft of a statement explaining the functions which these 500 troops would undertake in the event of a strike.
2. The Cabinet resumed their discussion of the possible means of easing the current difficulties of the Lancashire cotton industry.

The Chancellor of the Exchequer said that it was still his view that the proper remedy was to impose a quota on imports of grey cotton cloth not only from India but from all Commonwealth countries. He believed that the Government would eventually be forced to adopt that course. He recognised, however, that it could not be adopted at the present time—partly because it would extinguish the prospect that India would lower her duties on imports of cotton textiles from Lancashire, and partly because this was not an opportune moment to open the general issue of ending the system of free entry for Commonwealth goods. He had therefore considered very carefully whether he could make any further concession on purchase tax, in addition to the reduction which he had already announced in his Budget Speech, but he was very doubtful whether this could be justified. The leaders of the cotton industry would not be content with anything less than the complete withdrawal of purchase tax from cotton textiles, both cloth and made-up articles; and this, together with consequential adjustments which could not be avoided, would cost the Exchequer £42 millions. If cotton cloth alone were wholly exempted from purchase tax, the additional cost to the Exchequer would be only £3 millions in a full year. But this course was open to many objections. Thus, there would be strong pressure from Yorkshire for a similar concession in respect of woollen cloth. There would be serious administrative difficulties in collecting the purchase tax which would still be payable on made-up cotton garments, and some risk of tax evasion. Traders, who disliked purchase tax, would be encouraged to re-double their efforts to secure the withdrawal of the tax or its radical revision; and the Exchequer could not at present afford to risk the collapse of a tax which yielded about £350 millions a year. Other concessions, such as raising the "D" levels or reducing the purchase tax on clothing, were not likely to give significant relief to the industry. Minor concessions were, he thought, likely to do as much harm as good.

In discussion there was general agreement that it would be inexpedient to impose at the present time a quota on imports of grey cotton cloth from Commonwealth countries. It was, however, the view of the Cabinet that India’s prospective lowering of her duties on imports of Lancashire textiles was not likely to satisfy the political demand in Lancashire for further Government action to relieve the current difficulties of the cotton industry. It thus appeared that this demand could only be satisfied by a further concession on purchase tax. In discussion there was support for the view that, if such a concession had to be made, it should take the form of a further reduction in the level of purchase tax on cotton cloth. On the other hand it was important that the Government should not appear to be yielding progressively to political pressure from the Lancashire cotton interests. It was also inexpedient that the Opposition should be enabled to claim that any further concession was due to their action in moving a prayer for the annulment of this purchase tax Order. On both grounds it was undesirable that any further concession on purchase tax should be announced in the debate on this Order which was to take place in the House of Commons on 28th April. It was preferable that the Cabinet should reserve a final decision until the following week, when they could hope to know how far the Indian Government were prepared to go in reducing their duties on imports of Lancashire textiles into India. If it then appeared that the Indian concession was not enough to satisfy opinion in Lancashire, that might be a reason for making some further adjustment in the purchase tax arrangements; and the Government’s final decision could be presented on that basis in the general statement on the difficulties of the cotton industry which would have to be made before Parliament dissolved.
At the end of the Cabinet's discussion, The Chancellor of the Exchequer said that, while he would still feel reluctant to make any further reduction in the rate of purchase tax on cotton cloth, he agreed that the Government's final decision should be deferred until the following week.

The Cabinet—

(1) Invited the Commonwealth Secretary to take all practicable steps to ensure that the United Kingdom Government would be made aware, by 2nd May, of the Indian Government's decision on the future level of their duties on imports of Lancashire textiles into India, and would be authorised to make that decision public in the statement which would have to be made in the House of Commons not later than 5th May.

(2) Agreed to resume their discussion of this question at a meeting early in the following week.

3. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 12) on the future international status of Austria.

The Foreign Secretary said that the Ambassadors of the four occupying Powers were to meet in Vienna on 2nd May, together with Austrian representatives, to prepare the way for the signature of an Austrian State Treaty. He sought the views of his colleagues on the instructions to be given to our representative at these talks on two particular points:

(i) Should we be ready to recognise an Austrian declaration of neutrality of the type practised by Switzerland?

(ii) Should we be ready to participate in a four-Power guarantee of Austrian territorial integrity and inviolability?

He recommended that we should be ready to agree to recognise an Austrian declaration of neutrality provided that it did not take a form which would debar Austria from joining European and World organisations of a non-military character. On participation in any guarantee of Austrian territorial integrity and inviolability he could make no final recommendation until the nature of any proposed guarantee was more clearly defined. It might vary from a collective guarantee, only operative if all the guarantors agreed that it should come into effect, to one of a variety of individual guarantees which could be either binding or permissive so far as the guarantor was concerned. At this stage he suggested that our representative should enter the talks on the basis that we were prepared in principle to consider participating in a suitable form of guarantee of Austrian territorial integrity and inviolability. He would make a further report to the Cabinet before any definite commitment was accepted.

The Cabinet—

Approved generally the proposals made in C.P. (55) 12.

Cabinet Office, S.W. 1,
27th April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W. 1, on Friday, 29th April, 1955, at 10 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 1-2).
The Right Hon. Patrick Buchanan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Railways</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Transport Charges</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>War Pensions</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Parents' Pensions</td>
<td></td>
</tr>
</tbody>
</table>
The Cabinet were informed that discussions had been held at the Ministry of Labour on the previous day between representatives of the British Transport Commission and of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.). In the course of those discussions, which had lasted until late in the evening, officials of the Ministry had evolved a formula, which was put to both sides. The essence of this was that the Transport Commission should confirm their acceptance of the Tribunal's award and undertake to put it into operation at once; that A.S.L.E.F. should accept this decision and instruct their members not to strike on 1st May, and should proceed to place before the Transport Commission their views and proposals on wage differentials. The Commission, while accepting no prior commitment and affirming the need for consultation with all parties concerned in the agreements covering footplate staffs, would undertake to discuss these proposals at once and would declare their intention that the discussions should be concluded at the earliest practicable date. This formula would have been acceptable to the Transport Commission. It was, however, rejected by the A.S.L.E.F. representatives, who argued that it offered them no new advantage, that it gave no undertaking that the proposed discussions would be completed by any specified date and that it involved participation of the National Union of Railwaymen in the discussion of their claims. They therefore proposed to proceed with their arrangements for calling their members out on strike on 1st May.

The Minister of Labour said that there was no further action which he could take at this stage with a view to averting the strike. He proposed to make a statement to that effect when the House of Commons met later in the morning, and copies of a draft of his proposed statement were handed round at the meeting. In discussion some verbal changes in the terms of this draft were suggested and approved.

In further discussion the Cabinet were informed that the Trades Union Congress (T.U.C.) were considering whether there was any further initiative which they could take with a view to breaking the deadlock. The Prime Minister suggested that, at the appropriate moment, the Government should themselves make a last appeal to both parties to the dispute, stressing the gravity of the national interests which were at stake. While he was willing that the T.U.C. should make a further effort to bring about agreement, he felt that, if this failed, he should himself see representatives of both parties to the dispute before the strike began. Discussion showed that the Cabinet were in agreement with the Prime Minister's proposal.

The Home Secretary said that preparations were well in hand for maintaining essential services if the threatened strike occurred. He read to the Cabinet the draft of a statement which would be issued, when need arose, explaining the limited use which was to be made of Servicemen from the outset of the strike for the purpose of maintaining essential postal services.

The Cabinet—

(1) Took note of the statement which the Minister of Labour proposed to make in the House of Commons later that morning.

(2) Agreed that, if the Trades Union Congress met with no success in any further efforts which they might make to promote agreement between the parties to the dispute, the Prime Minister should see representatives of both parties at an appropriate stage before the strike began.

(3) Approved the terms of the announcement to be made, if need arose, explaining the purposes for which Servicemen were to be employed from the outset of the strike in connection with the maintenance of essential postal services.
Railways.

The Minister of Transport said that he would be announcing that day, in a written answer to a Parliamentary Question, the increases in railway freight rates and dock and canal charges which had been recommended by the permanent members of the Transport Tribunal. These increases would take effect from 5th June. The Transport Commission would also be announcing that day the result of their application to the Transport Tribunal for leave to make further increases in railway fares. These increases would also take effect from 5th June. He had arranged for the Transport Commission to include, in their announcement, a reference to the savings which were to be secured by a more efficient deployment of the labour force on the railways.

The Cabinet—

Took note of this statement by the Minister of Transport.

War Pensions.

The Minister of Pensions said that there were signs of widespread dissatisfaction over the adjustments which were being made in parents' pensions in consequence of the increase in the standard rates of old-age pensions. These pensions, which were payable to parents who had been dependent on sons killed in the war, were assessed individually on the basis of need and had therefore to be reassessed when the recipients' income was increased, e.g., by an increase in the standard rates of old-age pensions. It was this process of reassessment which had given rise to the disquiet expressed in the House of Commons on the previous day. It was evident that some concession would have to be made, and he had at once given instructions that no further notices of reassessment should be issued. He recommended that, in view of the political pressures, a new basis should be found for dealing with this problem. Much of the present difficulty could be avoided by raising, by 10s., the standard of other means on which liability for these parents' pensions was assessed. A similar increase in the standard had been made in 1952, at a cost of about £200,000 a year.

The Chancellor of the Exchequer agreed that, in view of the political pressures, some concession should be made without delay. He would, however, wish to have a further opportunity to consider the effect of the particular proposal put forward by the Minister of Pensions.

The Cabinet—

(1) Agreed in principle that some easement should at once be made in the adjustments of parents' pensions to take account of the increases in the standard rate of old-age pensions.

(2) Invited the Chancellor of the Exchequer to settle, in consultation with the Minister of Pensions, how this easement could best be provided.

Cabinet Office, S.W. 1.
29th April, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1. on Tuesday, 3rd May, 1955, at 11 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. Geoffrey Lloyd, M.P., Minister of Fuel and Power (Item 1).
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir David Eccles, M.P., Minister of Education.
The following were also present:
The Right Hon. Geoffrey Lloyd, M.P., Minister of Fuel and Power (Item 1).
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 1-2).
The Right Hon. Patrick Buchanan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1-3).

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railways.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Docks.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coal.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Afro-Asian Conference</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Loss of Indian Airliner.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cotton</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>The Queen’s Speech on the Prorogation of Parliament</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Colonial Immigrants</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>European Defence</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Rating and Valuation in Scotland</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Cyprus</td>
<td>6</td>
</tr>
</tbody>
</table>
1. The Minister of Labour said that, as a result of further discussions initiated by the Trades Union Congress (T.U.C.), the Executive of the Associated Society of Locomotive Engineers and Firemen had agreed on 30th April to withdraw the instructions they had issued to their members to strike on 1st May. The terms which they had in the end accepted were not different in substance from those previously proposed to them by officials of his Department. The settlement was largely due to the pressure exercised by the T.U.C. Although it was not final, there was reason to hope that the threat of a strike would not be renewed before the Election.

The Minister of Labour said that there was still an awkward situation on the Mersey side, where the Transport and General Workers' Union were maintaining their objections to any recognition of the National Association of Stevedores and Dockers for the purpose of wage negotiations or of operating the dock labour scheme.

The Cabinet were informed that work had been stopped in thirteen pits near Doncaster as a result of a dispute over a new system of piece-rates. This was an unofficial strike in protest against an experiment which the Coal Board had introduced in the Yorkshire coalfield with the support of the National Union of Mineworkers.

The Cabinet—
Took note of these statements.

2. The Cabinet were informed that the Governor of Hong Kong had not yet completed the enquiries which he had undertaken in connection with the loss of the Indian airliner which had been carrying part of the Chinese Communist delegation to the Afro-Asian conference at Bandung. No evidence had yet come to light to support the allegation that the accident was due to sabotage in Hong Kong. No opportunity should be lost of pressing the Peking Government to make available any definite information in their possession which would assist those who were making enquiries, in Indonesia and in Hong Kong, with a view to ascertaining the causes of the accident.

The Cabinet—
Invited the Foreign Secretary, in consultation with the Commonwealth Secretary, the Colonial Secretary and the Minister of Civil Aviation, to prepare and submit to the Prime Minister a draft reply to the further message on this matter which he had received from the Prime Minister of India.

3. The Cabinet resumed their discussion of the possible means of easing the current difficulties of the Lancashire cotton industry.

The Prime Minister said that earlier that day the Indian Finance Minister had announced a substantial reduction in the Indian tariff rates on cotton textiles. This would have the effect of reducing the tariff on imports from the United Kingdom by more than a half, to a level of about 30 per cent. The substantial preference which they now enjoyed would also be preserved. No greater concession could have been expected from India. It was now for the Cabinet finally to decide whether this, together with the reduction of purchase tax which had already been announced, would be enough to satisfy opinion in Lancashire.
The Chancellor of the Exchequer said that it was evident from their earlier discussions that his colleagues thought it expedient that some further concession should be made on purchase tax. He recognised that it was inopportune at the present time to impose a quota on imports of cotton cloth from the Commonwealth, or to raise the general issue of protection against Commonwealth goods. This being so, it might be inevitable that more should be done on purchase tax. He would himself have preferred to avoid this, partly because it would lead to similar demands from other industries, and partly because of the administrative difficulties to which it would give rise in the collection of purchase tax which would still be payable on made-up cotton garments. Nevertheless, if his colleagues thought it necessary to make some further concession, he was prepared to abolish altogether the purchase tax on non-woollen cloth and domestic textiles. This would cost another £3 millions in a full year.

Discussion showed that it was the general view of the Cabinet that this further concession should be made.

The Cabinet then considered the draft of an announcement to be made in the House of Commons that afternoon. Discussion turned mainly on the terms in which the Government should announce their intention to review the structure of the purchase tax in its effect on textiles and other high-quality goods which were of special importance to our export trade. A firm announcement on this point would help to mitigate the disappointment which would be felt in Yorkshire at a concession which brought no benefit to the woollen industry. On the other hand the expectation of alterations in the incidence of the tax would be bad for trade if it created an atmosphere of uncertainty and caused buyers to withhold forward orders. The Cabinet's conclusion was that on this point it would be best to say no more than that the Government proposed to keep under review the structure of the tax in relation to textiles and other high-quality goods which were of importance in the export trade. Other amendments were also approved in the discussion.

The Cabinet—

(1) Took note, with approval, that the Chancellor of the Exchequer proposed to abolish altogether the purchase tax on non-woollen cloth and domestic textiles.

(2) Approved, subject to the amendments adopted in their discussion, the draft statement on the current difficulties of the cotton industry; and invited the Prime Minister to make a statement in those terms in the House of Commons that afternoon.

4. The Cabinet considered a note by the Chancellor of the Exchequer (C.P. (55) 13) covering a draft of The Queen's Speech on the Prorogation of Parliament.

The Cabinet agreed that it was unnecessary to include in the Speech a reference to the passing of the Transport (Borrowing Powers) Act, 1955. They approved a number of suggestions for amendment of the drafting of the Speech.

The Cabinet—

(1) Approved, subject to the drafting amendments adopted in the discussion, the draft of The Queen's Speech on the Prorogation of Parliament annexed to (C.P. (55) 13).

(2) Invited the Prime Minister to submit the amended draft for Her Majesty's approval.
5. The Cabinet considered a memorandum by the Home Secretary (C.P. (55) 16) about the reply which Government candidates should give during the Election campaign to questions on the increasing immigration into the United Kingdom of coloured workers from colonial territories.

_The Home Secretary_ recalled that on 6th December the Cabinet had withheld approval of his proposal for a formal enquiry into this problem and had invited him and the Colonial Secretary to arrange for the preparation of draft legislation designed to place suitable restrictions on the admission of British subjects from overseas to the United Kingdom and on their subsequent stay there. The Home Secretary said that he still favoured the holding of an enquiry, but he recognised that an announcement to this effect at the present time would be regarded as a delaying device. As he was convinced that it would be necessary to pass some legislation sooner or later to deal with this problem, he suggested that he might take an early opportunity during the Election campaign to state publicly that the Government, if returned to power, would introduce such legislation.

In discussion the view was expressed that the Government would be ill-advised to commit themselves to introducing legislation before they had considered the extent and nature of the powers that would be required. It was the general view of the Cabinet that the Government should avoid any definite commitment at this stage. It should suffice for members of the Government to say, during the Election campaign, that this might be a suitable subject for some form of public enquiry. Guidance should be given on similar lines to Conservative candidates in the Election.

The Cabinet—

(1) Invited the Home Secretary and Colonial Secretary to bring before the Election Business Committee a draft note of guidance for Conservative candidates on this subject on the lines suggested in discussion.

(2) Invited the Lord Chancellor to submit this note, in the form approved by the Election Business Committee, for the Prime Minister's approval.

6. _The Foreign Secretary_ said that the French and German Governments had now reached agreement on the question of the future ownership of the Roechling steel works in the Saar. This removed the last impediment to French ratification of the Paris Agreements, and it might now be assumed that all the ratifications would have been completed by 5th May. The Western Powers should therefore be able to keep to the proposed time-table for admitting Germany to the North Atlantic Alliance and settling by 11th May, the terms of an invitation to the Soviet Government to attend a Four-Power Meeting.

The Cabinet—

 Took note of the Foreign Secretary's statement.

7. The Cabinet had before them a memorandum by the Secretary of State for Scotland (C.P. (55) 14) on the recommendations in the report of the Lord Sorn's Committee on Rating and Valuation in Scotland.

_The Secretary of State for Scotland_ said that the main recommendation in this report was that the system of owners' rates in Scotland should be abolished, with consequential changes in rents.
and in the basis of valuation for rating. There were sound reasons for this proposed change but it would be subjected to heavy criticism on political grounds. The Secretary of State proposed that, if they were in office after the Election, the Government should announce in The Queen's Speech their intention to legislate on this subject, and that immediately thereafter he should make the fuller statement contained in the Appendix to C.P. (55) 14. Meanwhile he sought authority to instruct his Parliamentary draftsmen to begin the preparation of the necessary legislation.

The Chancellor of the Exchequer said that he agreed in principle with these proposals but must reserve his position on the future method of valuation for rating in Scotland.

The Minister of Housing and Local Government said that he, too, wished to reserve his position on that question. He attached great importance to the proposed rejection of the recommendation of the Sorn Committee on the subject of Equalisation Grant in Scotland.

The Cabinet—

(1) Subject to Conclusion (2) below, approved in principle the proposals in C.P. (55) 14 and authorised the Secretary of State for Scotland to arrange for the preparation of the necessary legislation.

(2) Took note that the Secretary of State for Scotland would hold further discussions with the Chancellor of the Exchequer and the Minister of Housing and Local Government on particular points which arose on his proposals.

8. The Colonial Secretary said that at the instance of the Opposition there would be a debate on Cyprus in the House of Commons on 5th May. He sought the advice of his colleagues on the question whether he should refer in this debate to certain inflammatory statements alleged to have been made by Mr. R. H. S. Crossman, M.P., during a recent visit to Cyprus. These statements had been reported by a relatively junior official who had been deputed by the Governor to accompany Mr. Crossman on his tour.

It was the general view of the Cabinet that it would be undesirable to mention these alleged statements in the forthcoming debate in the House of Commons. If, however, it were contemplated that, in consequence of them, Mr. Crossman should, in the future, be denied facilities for visiting colonial territories and possibly certain foreign countries, it would be desirable to take early steps to confirm whether he admitted or denied that he had made the statements.

The Cabinet—

(1) Agreed that, in the forthcoming debate in the House of Commons on Cyprus, no reference should be made to inflammatory statements alleged to have been made by Mr. R. H. S. Crossman, M.P., during a recent visit to Cyprus.

(2) Invited the Colonial Secretary to consider whether steps ought not to be taken to ascertain whether Mr. Crossman admitted or denied that he had made the alleged statements.

Cabinet Office, S.W. 1,
3rd May, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1.,
on Friday, 27th May, 1955, at 6 p.m.

Present:

The Right Hon. Sir ANTHONY EDEN, Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. HAROLD MACMILLAN, Secretary of State for Foreign Affairs.
The Right Hon. A. T. LENNOX-BOYD, Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., Minister of Defence.
The Right Hon. R. A. BUTLER, Chancellor of the Exchequer.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. Sir WALTER MONCKTON, Q.C., Minister of Labour and National Service.
The Right Hon. DUNCAN SANDYS, Minister of Housing and Local Government.
The Right Hon. Sir DAVID ECCLES, Minister of Education.
The following were also present:
The Right Hon. GEOFFREY LLOYD, Minister of Fuel and Power.
The Right Hon. JOHN BOYD-CARPENTER, Minister of Transport and Civil Aviation.
The Right Hon. CHARLES HILL, Postmaster-General.
The Right Hon. PATRICK BUCHAN-HEPBURN, Parliamentary Secretary, Treasury.

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. R. M. J. HARRIS.

CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General Election</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Industrial Disputes</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Opening of New Session</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The Queen's Speech on the Opening of Parliament</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Kenya</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Surrender Offer</td>
<td></td>
</tr>
</tbody>
</table>

48025—2
1. The Prime Minister said that, although the final result of the General Election was not yet known, it was already evident that the Government would have an effective majority in the House of Commons. He expressed his appreciation of the strenuous efforts made by all members of the Government throughout the election campaign, and his gratitude to the Chancellor of the Duchy of Lancaster for the efficient service given by the Headquarters of the Party organisation.

The Foreign Secretary said that he would like to express on behalf of his colleagues in the Government their deep appreciation of the Prime Minister's inspiring leadership in the campaign.

2. The Minister of Labour said that there now appeared to be little prospect of persuading the Executive of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.) to withdraw the instructions they had issued to their members to strike at midnight on 28th May. The Union held the view that the British Transport Commission had gone back upon an undertaking to maintain certain minimum differentials between the pay of locomotive men and that of other railway workers, and they had consistently refused to take part in any discussions to which the National Union of Railwaymen (N.U.R.) were a party. The latest example of the Union's obduracy was their refusal to agree to the appointment of a conciliation board under the Conciliation Act, 1896, which was favoured by the Trades Union Congress (T.U.C.) and accepted by the N.U.R. The strike could be averted now only by making some financial offer to A.S.L.E.F. without any corresponding concession to the N.U.R. He could not recommend this course, which would at best procure only a temporary respite from trouble on the railways.

There was general agreement in the Cabinet that, in the situation described, it would not be right for the Government to put any pressure on the Transport Commission to make further concessions to A.S.L.E.F., despite the serious implications of the threatened strike.

The Prime Minister said that he had been considering whether, before a strike began, it would be desirable that he should invite representatives of the T.U.C. or possibly of the Unions concerned to discuss the situation with him.

The Minister of Labour said that, if the Prime Minister were now to invite representatives of A.S.L.E.F. to see him, this might set an awkward precedent. He would, of course, himself remain in constant touch both with the Unions concerned and with the T.U.C., who admitted that there seemed to be nothing further they could do to avert the threatened strike.

The Cabinet agreed that the Prime Minister should not exclude the possibility of his seeing representatives of the T.U.C. or of the Unions concerned if this should appear to the Minister of Labour and him to be required by further developments in the situation.

The view was also expressed that a message should be broadcast to the nation showing how indefatigably the Minister of Labour had worked, in close consultation with the Prime Minister, to avert the threat of a railway strike. In particular, mention should be made publicly of the proposal for the appointment of a conciliation board, which A.S.L.E.F. had rejected.

There was general agreement in the Cabinet that a broadcast by the Prime Minister on these lines would serve a most valuable purpose and that it should be made, if necessary, on the evening of the following day.
The Cabinet were also informed of the state of the arrangements for maintaining essential services in the event of a strike. It was the intention that, if the strike occurred, a proclamation of emergency should be made on 31st May under the Emergency Powers Act, 1920, and that Emergency Regulations should immediately be brought into force. The Cabinet were further informed that the Post Office would be issuing an announcement on the morning of 29th May about the use of the telephone and acceptance of parcels; that a general announcement of advice and information to the public would be issued at noon on that day; that the War Office would be refusing leave unobtrusively to a limited number of officers and men, including men needed for duty with the Post Office early on Whit Monday; and that it was proposed to make arrangements to cancel the rehearsal of the Trooping the Colour which had been arranged for 1st June.

Attention was drawn to the fact that paragraph 2 of the passage in the proposed general announcement dealing with transport arrangements appeared to require revision now that the announcement would be made two days before the proclamation of emergency.

The Cabinet—

(1) Approved the proposal that, in the event of a railway strike, Her Majesty should be advised to proclaim an emergency on 31st May, and that Emergency Regulations should then be made.

(2) Invited the Secretary of the Cabinet to arrange for the draft of the proposed general announcement—particularly Section III, paragraph 2—to be reviewed in the light of the present time-table of action.

Parliament.
Opening of New Session.

3. The Prime Minister invited the Cabinet to consider whether, if the threatened railway strike was not averted, the date of the Opening of Parliament should be advanced from 14th June to 10th June. This would be inconvenient from many points of view, including that of preparing The Queen’s Speech; but the strike would have such serious consequences that Parliament would expect to be given the best practicable opportunity of discussing it. Parliament was summoned to meet on 7th June: by 10th June the House of Commons would have elected a Speaker and the majority of Members would have been sworn. By then the strike would have been in progress for nearly a fortnight: serious effects would be showing themselves, and Members would be anxious to discuss the situation without further delay. Moreover, the Emergency Regulations to be made under the Emergency Powers Act, 1920, would have to be laid before Parliament when it met on 7th June and would expire at midnight on 14th June unless they had previously been continued in force by affirmative resolutions passed by both Houses. If Parliament was not opened until 14th June, neither House would be able to consider the Regulations until late in the day on which they were due to expire. If, however, the date of the Opening of Parliament were advanced to 10th June, it would be possible to adjourn the Debate on the Address after the opening speeches by the mover and seconder of the Address and to proceed to a general debate on the strike. Resolutions approving the Emergency Regulations could also be tabled on that day and approved, if necessary after debate, on 13th June. The Debate on the Address could then be resumed on 14th June.

In discussion there was general support for the Prime Minister’s suggestion. If the threatened strike was not averted, there would be strong grounds for advising Her Majesty to open Parliament on
The Queen’s Speech on the Opening of Parliament.

4. The Prime Minister said that, in view of the decision recorded in the preceding Minute, no time should be lost in preparing a draft of The Queen’s Speech on the Opening of Parliament. A small Committee of Ministers should at once prepare a draft for consideration by the Cabinet on 2nd June. It would be necessary that the final text of the speech should be settled by 6th June.

The Cabinet—

Invited the Prime Minister to arrange for a Committee of Ministers to prepare a draft of The Queen’s Speech on the Opening of Parliament for consideration by the Cabinet on 2nd June.

5. The Colonial Secretary said that he had under consideration proposals by the Governor of Kenya for withdrawing the surrender terms which had been offered to Mau Mau terrorists in January. These raised some difficult issues, on which he would have wished to consult his colleagues if time had been available. He would circulate a memorandum to the Cabinet setting out the Governor’s proposals and his comments on them. This might be considered by the Cabinet at their next meeting on 2nd June. He might, however, find it necessary to send instructions to the Governor before then. If so, he would seek the Prime Minister’s authority to do so.

The Cabinet—

Took note of this statement by the Colonial Secretary.

Cabinet Office, S.W. 1,
27th May, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 2nd June, 1955, at 4 p.m.

Present:

The Right Hon. Sir Anthony Eden, Prime Minister.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.

The Right Hon. Viscount Kilmuir, Lord Chancellor.


The Right Hon. James Stuart, Secretary of State for Scotland.

The Right Hon. A. T. Lennox-Boyd, Secretary of State for the Colonies.

The Right Hon. Selwyn Lloyd, Q.C., Minister of Defence.

The Right Hon. Peter Thorneycroft, President of the Board of Trade.

The Right Hon. Osbert Peake, Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. Geoffrey Lloyd, Minister of Fuel and Power.

The Right Hon. Charles Hill, Postmaster-General (items 1–2).

Mr. Henry Brooke, Financial Secretary, Treasury.

Secretariat:

The Right Hon. Sir Norman Brook.

Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railway</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Industrial Relations</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>The Queen's Speech on the Opening of Parliament</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Legislative Programme: 1955/56 Session</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Kenya</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Surrender Offer</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the efforts which had been made, after their meeting on 27th May, to avert the threatened strike by members of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.). In the course of 28th May proposals had been formulated, with the assistance of the Trades Union Congress, which might have been acceptable to A.S.L.E.F.; but, late in the discussions on that day, the National Union of Railwaymen (N.U.R.) had indicated that, if a settlement were reached on that basis, they would press a claim for consequential increases in pay for all save the lowest grades of their members. The two Unions had been unwilling to contemplate a joint approach to the problem, and they were still unwilling to enter into joint discussions with the Transport Commission. There had been some change in the attitude of the Commission in the last few days before the strike began. While they had previously been unwilling to contemplate any concession, they had in the final stages been ready to offer moderate increases of pay to engine drivers and firemen and to some of the senior grades represented by the N.U.R. In the event, however, it had not been possible to reach any settlement, and the members of A.S.L.E.F. had come out on strike at midnight on 28th May.

In discussion the following points were raised: —

(a) The best chance of securing a settlement was through the appointment of a conciliation board under the Conciliation Act, 1896. Though it was undesirable in principle that negotiations should be resumed before the strikers had returned to work, there would be advantage in making it plain that the Government's offer to appoint such a board was still open. It might even be desirable that the members of the board should be nominated at once, so that it would be evident that their services could be immediately available as soon as the strike was called off. It would not, however, be possible to proceed to the appointment of the board without the consent of the parties to the dispute.

(b) In essence, though not in form, this was a dispute between two Unions. For there could be no lasting settlement with A.S.L.E.F. which did not take into account the consequential claims which were likely to be made by the N.U.R. on behalf of their members. If a satisfactory settlement was to be made, it must cover the claims of both Unions. For this reason the aim must be to induce both Unions to enter into joint negotiations with the Transport Commission.

(c) The public should be made aware of the long-term economic effects of the strike. Some of these would not be felt for some months to come. In particular, delay in building up distributed stocks of coal might give rise to unemployment or short-time working in the coming winter.

The Cabinet—

(1) Took note of the situation and invited the Prime Minister to consider whether the points noted in paragraphs (a) to (c) above should be brought home to the public by official statements issued through the Press or by a Ministerial broadcast.

The Cabinet were informed that at a Privy Council held at Balmoral on 31st May a Proclamation of Emergency and a code of emergency regulations had been made under the Emergency Powers Act, 1920. Prearranged plans for maintaining essential supplies and services had been put into operation and these had materially reduced the dislocation which the strike would otherwise have caused. In discussion of these arrangements the following points were raised: —

(d) If the strike continued, some changes should be made in the arrangements for the Ascot race-meeting. It would seem inappropriate in those circumstances that The Queen should drive
in state from Windsor to the Royal Enclosure. Though it might not be necessary to cancel the meeting, it would be preferable that its ceremonial and social aspects should be substantially curtailed. The meeting might well be reduced to the level of those held at Ascot in July and September.

(e) In some parts of the country strikers were seeking other employment, and some of them were obtaining temporary insurance cards for this purpose. Though it would be unwise for the Government to take any action which might seem inconsistent with the recognition of the right to strike, it might be for consideration whether strikers should be assisted to find other employment by the issue of temporary insurance cards.

The Cabinet—

(2) Invited the Prime Minister to discuss with The Queen what changes should be made in the arrangements for the Royal Ascot Meeting if the railway strike continued.

(3) Invited the Minister of National Insurance to consider, in consultation with the Minister of Labour, whether any action could properly be taken to restrict the issue of temporary insurance cards to persons desiring to seek other employment while on strike.

2. The Cabinet had before them a memorandum by the Minister of Labour (C.P. (55) 25) reviewing some of the suggestions which had recently been canvassed for checking unofficial strikes and for improving industrial relations generally.

The Minister of Labour said that, by statements made in the course of the Election, the Government were committed to discussing these problems with the Trades Union Congress and subsequently with the National Joint Advisory Council. Private and informal conversations were already taking place between members of the Trades Union Congress and of the British Employers’ Confederation, and the results of those conversations would be reported to him during the following week. None of the remedies which had so far been suggested was free from difficulty. He was himself disposed to think that in the first instance an enquiry should be made by an independent committee into the position of the trade unions and the existing practices and procedures of collective bargaining.

The Prime Minister suggested that discussion of this subject could conveniently be postponed so that Ministers might have further time to study the issues raised by the Minister’s memorandum.

The Cabinet—

Agreed to resume their discussion of the issues raised in C.P. (55) 25 at a meeting in the following week.

3. The Cabinet had before them a note by the Lord President (C.P. (55) 24) covering a draft of The Queen’s Speech on the Opening of Parliament.

The following points were raised in discussion of this draft:

(a) A paragraph should be added to the Speech to acquaint Parliament of the fact that a state of emergency had been proclaimed under the Emergency Powers Act, 1920, to deal with the situation arising from the strike on the railways. The Cabinet agreed that a
paragraph should be inserted at the beginning of the Speech in the following terms:—

"Because of the grave situation created by the interruption of the railway services it has been necessary to advance the date of the Opening of Parliament. I have proclaimed a state of emergency under the Emergency Powers Act, 1920, to enable My Ministers to take the necessary steps to maintain supplies and services which are essential to the life of the community."

They also agreed that this paragraph should be followed by the passages in the draft dealing with foreign affairs, viz., paragraphs 5–10.

(b) It was suggested that the Speech should contain some reference to the Government's intention to take action to deal with the general problem of strikes. The Cabinet agreed that paragraph 14 of the draft should be amended to read as follows:—

"The full employment of My People will continue to be the first care of My Ministers. To this end they will actively seek the co-operation of employers and workers in ensuring that employment and output shall not be jeopardised by industrial disputes. They are convinced that, with a steady expansion of production in industry, commerce and agriculture, an ever higher standard of living can be secured for the whole nation."

They further agreed that paragraph 14, amended on these lines, would be better followed by paragraphs 17, 16 and 15 in that order.

(c) It was agreed that paragraph 15 should be amended to read as follows:—

"My Government will take such further action as may be required in the public interest to deal with abuses in the field of monopolies and restrictive practices."

(d) It was agreed that an additional paragraph on the modernisation and re-equipment of the railways should be inserted between paragraphs 22 and 23. The Minister of Transport was invited to submit a draft for this purpose.

(e) It was agreed that the sentence in square brackets in paragraph 26 of the draft should be included in the Speech, subject to the omission of the word "will". The Minister of Education confirmed that the reference in this paragraph to the "needs" of teachers was intended to cover mainly their need for the necessary equipment to enable them to carry out their duties satisfactorily.

(f) The Lord Privy Seal said that paragraph 31 of the draft Speech contemplated a single comprehensive Copyright Bill: this would obviate the need to reintroduce the Copyright and Television Exhibiting Rights Bill which had not been passed in the last session. It must not be assumed, however, that such a major measure could be carried through all its stages in both Houses before July 1956.

(g) The Minister of Housing and Local Government pressed for the inclusion in the Speech of a specific reference to the Government's intention to introduce a Clean Air Bill in the forthcoming session. Had it not been for the Dissolution of the last Parliament, the Government would have been obliged to introduce a Clean Air Bill in the late session, which they had undertaken to do in order to secure the withdrawal of a Private Member's Bill on the subject. If the matter were not now mentioned in The Queen's Speech, the Government would be pressed to declare their intentions in the matter and would be obliged to promise a Bill.

The Lord President said that The Queen's Speech Committee had taken the view that uncertainty about the practicability of a sound scheme for promoting clean air—and, in particular, about the availability of supplies of smokeless fuels—made it undesirable to give a specific promise of early legislation.

The Minister of Fuel and Power said that he was fully satisfied that adequate supplies of smokeless fuel would in fact be available.
The Cabinet agreed that a paragraph on this subject should be included in the Speech in the following terms:

"Legislation will be introduced to reduce the pollution of the air by smoke and from other causes."

In the course of the Cabinet's discussion various detailed amendments of the draft Speech were also suggested and adopted.

The Cabinet—

1. Instructed the Secretary of the Cabinet to prepare a revised version of the draft of The Queen's Speech on the Opening of Parliament annexed to C.P. (55) 24, incorporating the amendments noted above and the drafting amendments approved in the course of the discussion.

2. Authorised the Prime Minister, in consultation with the Lord President, to settle the final text of the draft Speech and to submit it for The Queen's approval.

3. Invited the President of the Board of Trade to report on the present position in regard to monopolies and restrictive practices, and to recommend the lines on which the matter could best be handled during the forthcoming debate on the Address.

Legislative Programme: 1955–56 Session.

4. The Cabinet had before them a memorandum by the Lord Privy Seal (C.P. (55) 23) covering a list of the Bills proposed as the principal constituents of the legislative programme for the forthcoming session.

The Lord Privy Seal said that the main purpose of his memorandum was to provide a background for the Cabinet's discussion of the draft of The Queen's Speech. The accompanying list of Bills, which had been drawn up by the Future Legislation Committee, was not intended to be exhaustive, and the many lesser measures which Departments had proposed would need to be considered by the Committee before a complete programme could be submitted for the Cabinet's approval. It would, however, be convenient if the Cabinet would authorise the immediate reintro­duction of the nine Bills introduced but not passed in the last session, namely, those set out under Item 1 in the Annex to his memorandum.

The Cabinet—

1. Agreed that the Bills set out in the list contained in the Annex to C.P. (55) 23 should form the main constituents of the legislative programme for the 1955–56 session.

2. Authorised the immediate reintroduction into Parliament of the nine Bills set out under Item 1 in that list.

3. Invited the Home Secretary to submit recommendations on the question whether legislation should be introduced in the coming session on the subject of registers of Parliamentary electors and redistribution of seats.

5. The Cabinet considered a memorandum by the Colonial Secretary (C.P. (55) 22) proposing that a limit should now be set to the period during which the current surrender offer to the remaining Mau Mau terrorists should remain in force, and recommending the imposition of severer disabilities on those terrorists who failed to surrender.

The Colonial Secretary said that little hope now remained of a mass surrender of terrorists under the current surrender offer, and the Council of Ministers in Kenya had decided that the time had
come to announce that the offer would remain open for only six weeks more. There was evidence of a split among the terrorists and, in order to exploit this and to reinforce the effect of the surrender offer while it remained open, the Governor had recommended, with the unanimous support of all responsible elements in the Colony, that it should be announced that those terrorists who failed to take advantage of the offer would be subjected to more severe penalties. In particular, it was proposed that the provisions for the forfeiture of terrorists’ land should be extended. Under the existing Forfeiture of Land Ordinance of 1953 terrorists who had been convicted and sentenced and known terrorists who were still at large might be deprived of land which they held in the native reserves. It was now proposed that these provisions should be extended so that (i) the particular land affected need not in future be specified at the time of the making of a forfeiture Order; and (ii) terrorists who failed to surrender should be disqualified from the capacity to hold any land in the future.

The Colonial Secretary said that the Government of Kenya had been anxious to go even further in the direction of a declaration of outlawry, but he had not been satisfied that measures of that degree of severity would be justified. He had discussed the proposals in C.P. (55) 22 with the Lord Chancellor and the Attorney-General and, in order to meet their views, had asked the Governor to provide that the Advisory Committee, which was to be established to advise him on objections lodged by those affected by disqualification orders, should be empowered to publish its recommendations. If the Government of Kenya were not authorised to make any increase whatever in the severity of existing penalties, there was a serious risk that some of the European members of the Legislative Council would resign their appointments.

In discussion grave doubts were expressed both on the propriety and on the probable effectiveness of the proposed new disabilities. These were likely to incur serious criticism in Parliament, and if, as a result, it should be found necessary to modify them, the effect in Kenya was likely to be even more unfortunate than if they had never been introduced at all. It seemed doubtful in any case whether the terrorists would believe that, if such severe disabilities were imposed, they would not be rescinded at a later date. The Cabinet were informed in this connection that it was open to the Governor to rescind forfeitures under the existing Ordinance in cases where individuals affected established a claim to more favourable treatment by their subsequent conduct. There was also the objection that settlement on the land was normally the most effective means of reforming former terrorists and that wholesale disqualification of terrorists from the capacity to hold land in future would be likely to prejudice the use of land settlement for this purpose. The suggestion was made that the proposed disqualification might be limited to a fixed period of years, although the threat of only a limited disqualification would clearly be less effective as an inducement to surrender. It was also suggested that there would be less objection to extending the scope of provisions for the forfeiture of existing rights in land than to the introduction of a disqualification from the capacity to hold land, whether this was of definite or indefinite duration.

The following further points were made in discussion:

(a) The Lord Chancellor said that he had been given to understand that the present attitude of the terrorists was such that the imposition of the proposed severer penalties might well have the effect of inducing surrenders on a decisive scale. He had made it clear that he could only reconcile the proposed disabilities with the Convention on Human Rights on the assumption that the alternative to their imposition was the imposition of the death penalty.

The Colonial Secretary said that this condition would not be fulfilled in all cases, as the death penalty could only be imposed where a conviction for a specific offence could be obtained.
It would be important to make it clear that forfeited land would not be made available for the use of Europeans but would be held by the Crown for the benefit of other Africans.

The Colonial Secretary said that it was evident from the discussion that the Cabinet were reluctant to approve the proposals in his memorandum. He would, therefore, inform the Governor of Kenya at once of the doubts which had been expressed about them, and would seek his views on the more limited proposals for extending the provisions for forfeiture put forward in the Cabinet's discussion. He would at the same time make it clear to the Governor that it was open to him to announce forthwith a time-limit after which the current surrender offer should be withdrawn, although he doubted whether the Governor would wish to take this action until it was clear whether he would ultimately secure authority to announce increased penalties for terrorists who failed to surrender by the prescribed date.

The Cabinet—
Invited the Colonial Secretary to consult further with the Governor of Kenya on the possibility of devising sanctions less drastic than those outlined in C.P. (55) 22 for inducing Mau Mau terrorists to surrender before the expiration of the current surrender offer.

Cabinet Office, S.W. 1,
3rd June, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Tuesday, 7th June, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, Prime Minister.

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.


The Right Hon. JAMES STUART, Secretary of State for Scotland.

The Right Hon. A. T. LENNOX-BOYD, Secretary of State for the Colonies (Items 1–6).

The Right Hon. SELWYN LLOYD, Q.C., Minister of Defence.

The Right Hon. PETER THORNEYCROFT, President of the Board of Trade.

The Right Hon. SELWYN LLOYD, Q.C., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. GEOFFREY LLOYD, Minister of Fuel and Power (Items 3–5).


The Right Hon. JOHN BOYD-CARPENTER, Minister of Transport and Civil Aviation (Items 3–5).

The Right Hon. PATRICK BUCHAN-HEPBURN, Parliamentary Secretary, Treasury.

Mr. HENRY BROOKE, Financial Secretary, Treasury.

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. R. M. J. HARRIS.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Four-Power Talks</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ocean Liners</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Parliament</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Emergencies during Dissolution</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Industrial Relations</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Kenya</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Surrender Offer</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Monopolies and Restrictive Practices</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Ministry of Housing and Local Government</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Departmental Records</td>
<td>9</td>
</tr>
</tbody>
</table>
Parliament.

1. The Cabinet were informed of the business to be taken in the House of Commons in the opening days of the new Parliament. It was hoped that debate on the current industrial disputes might be completed before the end of the present week. The Debate on the Address could then be resumed in the following week and completed on 16th June.

Four-Power Talks.
(Previous Reference: C.M. (55) 6th Conclusions, Minute 5.)

2. The Cabinet were informed that, since their last discussion on this subject, agreement had been reached between the Governments of the United Kingdom, United States and France on the terms of an invitation to the Soviet Government to attend a meeting of the four Heads of Governments. The three Western Powers had further agreed to propose that this meeting should be held in Geneva from 18th to 21st July; and this proposal had now been formally communicated to the Soviet Government.

Industrial Disputes.

3. The Minister of Labour said that on the previous day the Trades Union Congress (T.U.C.) had published the following proposals for settling the railway strike:—

(i) The question of differentials should be referred for future joint discussions between the three unions concerned.

(ii) The National Union of Railwaymen (N.U.R.) should agree that the Transport Commission might start discussions with the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.) on the settlement of the dispute on footplatemen’s pay on the understanding that the N.U.R. would be consulted before any settlement was reached.

(iii) A.S.L.E.F. should agree to meet the Transport Commission with a view to establishing absolute minimum increases to settle the dispute, bearing in mind the proposed discussions on differentials, and to agree to consider a return to work as soon as a settlement emerged.

(iv) If agreement could be reached on this basis the T.U.C. would themselves press the Prime Minister to agree that negotiations should begin while the strike continued.

The Minister of Labour said that these proposals were unsatisfactory in various respects. Thus, the Transport Commission must take part in any discussions on differentials; the N.U.R., who represented a proportion of the footplate grades, must take part throughout in any discussions about the pay of footplatemen; and there could be no question of resuming formal negotiations while the strike continued. Until the strike was called off, all that was possible was a continuance of informal discussions designed to establish a basis for resumed negotiation.

The Minister said that, when he saw representatives of the T.U.C. that afternoon, he would point out the objections to their proposals and express his regret that they had not consulted him before publishing them. He also proposed, before the strike was debated in Parliament, to have a further discussion with representatives of A.S.L.E.F. for the purpose of taking stock of the position.

The following points were raised in discussion:—

(a) If the T.U.C.’s proposals were accepted by the Unions, the Government would have the onus of rejecting them. Early action should therefore be taken to explain to the public the objections to the T.U.C.’s plan.
(b) There could be no question of abandoning the principle that formal negotiations could not be resumed while the strike continued. But it was important to ensure that the public understood the distinction between formal negotiations and informal discussions designed to establish a basis for negotiations. The Prime Minister had made it clear in his broadcast on 5th June that the Government were ready to do everything in their power to facilitate discussions which would lead to a resumption of negotiations, and this should be forcibly presented to the public.

(c) While the problem of wage differentials in railway employment was a matter for discussion between the Transport Commission and the three Unions concerned, there would be advantage in bringing it home to the public that the Commission's latest proposals involved more pronounced differentials than the Unions themselves had favoured and also that A.S.I.E.F. were not consistent in their attitude in this matter. Thus, they were at one and the same time demanding differentials between the pay of the grades which they represented and of those represented by the N.U.R. and, so far as concerned the grades which they represented, were opposing differentials between man and man based on degrees of skill and responsibility.

(d) The Home Secretary informed the Cabinet of the extent to which essential supplies and services were being maintained.

The Prime Minister said that the Home Secretary and the other Ministers concerned were to be congratulated on the success which had so far attended their efforts to this end.

(e) The Home Secretary said that on the previous day he had discussed with representatives of the Jockey Club whether race meetings should be held in the vicinity of London. They had agreed that, if the strike continued, the forthcoming meeting at Sandown should be cancelled and the Ascot Royal Meeting should, with The Queen's approval, be postponed. They would be issuing an announcement to this effect later in the day.

The Cabinet—

(1) Invited the Minister of Labour to arrange for suitable guidance to be given to the press on the objections to the T.U.C.'s proposals and on the other matters covered in the Cabinet's discussion.

(2) Took note of the announcement to be issued by the Stewards of the Jockey Club about the holding of race meetings in the vicinity of London.

The Minister of Transport and Civil Aviation said that the departure of five ocean liners from Liverpool and Southampton was delayed by strikes among members of the crews. There was now a threat of a strike by sections of the crew of the "Queen Elizabeth," which was due to sail for New York on 9th June. The master of the vessel was doing his utmost to keep the vessel's crew in being, and the National Union of Seamen were co-operating with him. There must, however, be some anxiety both about this vessel and about other ocean liners due to leave this country within the next few days.

The Cabinet were informed that the B.B.C. had not been helpful in their references to these strikes in news bulletins, which had tended to give a distorted impression of the numbers of seamen who were refusing to carry out their normal duties. Suitable representations on this point might be made to the Director-General of the B.B.C.

The Cabinet—

(3) Took note of these statements on the strikes by members of the crews of ocean liners.
4. The Cabinet had before them a memorandum by the Home Secretary (C.P. (55) 29) inviting them to consider whether the law should be amended so as to enable Parliament to be convened if a sudden emergency arose during a period of dissolution.

The Home Secretary said that attention had been drawn to this point by the need to make a proclamation of emergency immediately after the General Election. It was possible that, when the emergency was debated in Parliament, it might be suggested that the law should be altered so as to make it possible, if an emergency arose during a dissolution, to advance the date originally fixed for the assembly of a new Parliament. If such legislation were contemplated, the opportunity might be taken to modify Section 3 of the Meeting of Parliament Act, 1797, which provided that on a demise of the Crown during a period of dissolution the old Parliament should be convened and continue, unless again dissolved, for six months. It was arguable that this procedure should apply only when a demise of the Crown occurred between dissolution and polling-day. In theory there ought also to be power to recall the old Parliament in the event of a sudden emergency other than a demise of the Crown between dissolution and polling-day; but it would be difficult to define the circumstances in which such a discretion could properly be exercised and a proposal to take such a power was likely to be controversial.

In discussion it was pointed out that the present emergency, while it had drawn attention to the fact that there was no power to advance the date fixed for the assembly of a new Parliament after a General Election, had not shown any striking practical need for such a power. The primary responsibility for handling an emergency arising from an industrial dispute lay with the Executive, and a Government remained in office even though Parliament was dissolved. From the experience of the last few days, it could be argued that, even if such an emergency arose during a period of dissolution, the Government could handle the situation during the few days before the new Parliament was due to meet. There seemed, therefore, to be no reason why the Government should take the initiative in proposing that power should be taken to advance the date fixed for the assembly of a new Parliament after a General Election. There seemed even less reason to propose amendment of Section 3 of the Meeting of Parliament Act, 1797. If these points were raised in the forthcoming debate in the House of Commons, the Government spokesman could undertake that they would be considered, but no promise should be given at this stage that amending legislation would be introduced.

The Cabinet—

Agreed that the Government should not take the initiative in proposing amending legislation to facilitate the earlier meeting of Parliament on an emergency arising during a dissolution; but agreed to review this question further in the light of any representations which might be made in the forthcoming debate in the House of Commons on the current emergency.

5. The Cabinet resumed their discussion of the memorandum by the Minister of Labour (C.P. (55) 25) on possible means of checking unofficial strikes and improving industrial relations.

The main points made in the discussion were as follows:—

(a) An irresponsible attitude towards industrial disputes could jeopardise the continuance of a democratic system. It was this attitude which in other countries had opened the way for a Fascist revolution. Though the Government must be careful not to antagonise the workers, they must not ignore the mounting impatience of other sections of the community.
Wise action with a view to improving industrial relations would at the moment command a wide measure of public support. It was unlikely that the Government would find a more favourable opportunity for taking such action; and they should be ready to seize the opportunity before it passed.

On the other hand there was room for further education of public opinion, e.g., on the economics of full employment and the role of trade unions in a modern society. In this connection the Financial Secretary, Treasury, suggested that further consideration might now be given to the project of issuing a White Paper on wages. The Minister of Education said that he would like to discuss with the Minister of Labour the suggestions in paragraph 10 of C.P. (55) 25 on the provision of educational facilities. He was not sure that his predecessors had given sufficient encouragement to educational courses, for workers, in economics, trade union history, &c.

The holding of a general enquiry by a Royal Commission or other independent body, as suggested in paragraph 6 of C.P. (55) 25, would help to shape public opinion and to enlist trade union support for remedial action. On the other hand, if the enquiry were protracted, the favourable opportunity for action might have passed before the report was received. This dilemma might be avoided by selecting some matters for early action and others for investigation. Our current difficulties were partly due to the fact that full employment had distorted the relative power of the parties to collective bargaining. Full employment had also removed the old sanction for discipline in industry. If full employment continued, other means would have to be sought of preserving a due sense of responsibility among the workers.

The Cabinet—

Invited the Prime Minister to appoint a small Cabinet Committee to consider in further detail the issues raised by C.P. (55) 25 and to submit for the Cabinet's consideration proposals for early action on this problem.

6. The Cabinet had before them a further memorandum by the Colonial Secretary (C.P. (55) 30) on the proposal that heavier sanctions should be applied to Mau Mau terrorists who failed to take advantage of the current surrender offer before its expiration on 10th July.

The Colonial Secretary said that he was satisfied that some further sanction was required to induce the remaining terrorists to surrender, and that deprivation of land rights would be the most effective sanction for this purpose. In the telegram annexed to C.P. (55) 30 (Kenya telegram No. 629) the Governor of Kenya set out arguments in favour of the proposal that terrorists who failed to surrender by that date should suffer, not only forfeiture of existing rights to land, but disqualification for future acquisition of land or land rights. The proposal for disqualification would have particular influence on young terrorists, who had not yet acquired land or rights to land, and was also likely to influence women in the reserves to induce terrorists to surrender. The Colonial Secretary said that these were strong arguments. On the other hand, he recognised the force of the objections which his colleagues had urged against the proposal for disqualification. He therefore recommended that, for the present at any rate, the new sanction should be limited to forfeiture of existing rights to land. Hitherto, the Forfeiture of Land Ordinance, 1953, had been applied only to a limited number of notorious leaders: individual orders had to be made against each, and the order had to specify the land to which the forfeiture applied. Under the plan which he now recommended, forfeiture of existing land rights would be applied more generally. Orders would be made applying to numbers of individuals named in a schedule, and having the effect of depriving
them of all their existing land rights without specifying the particular rights possessed by each. This would go some way towards providing the further sanction which the Kenya Government thought necessary. It would not satisfy them; for it would not bring any special influence to bear on the younger terrorists or on the women; and it was likely that, if this limited sanction did not result in widespread surrenders, the Kenya Government would at a later stage press their demand for authority to take more drastic measures.

Discussion showed that the Cabinet were disposed to accept the limited recommendation now put forward by the Colonial Secretary. Discussion turned mainly on the terms of the announcement proposed by the Governor in his telegram No. 624. It was pointed out that the fifth paragraph of this draft announcement might give the impression that land forfeiture was to be applied even more widely than was in fact proposed. It failed to bring out the fact that forfeiture would be applied only to named individuals. Moreover, the statement that "their land and land rights will not pass to their families or relatives" was too categorical if, as the Colonial Secretary had explained, it was contemplated that in some cases the land would be transferred to a relative of known loyalty. These points could be met if the fifth paragraph of the draft statement were amended on the following lines:

"Those terrorists who fail to take advantage of present surrender offer and continue to resist forces of law and order after 10th July will be liable to forfeiture of all their existing land and land rights in native lands, including their rights to share and occupy clan land. The Forfeiture of Land Ordinance, 1953, will be amended so as to enable an Order to be made depriving all persons named in a schedule to the Order of all their existing land and land rights."

The Cabinet—

(1) Agreed that the current surrender offer to Mau Mau terrorists in Kenya should remain in force until 10th July unless the military situation should make it necessary to terminate it earlier, and should then be withdrawn.

(2) Agreed that terrorists who failed to take advantage of the surrender offer before the date of its withdrawal should be liable to forfeit all their existing land and land rights, including rights to share and occupy clan land; and that the Forfeiture of Land Ordinance, 1953, should be amended so as to enable an Order to be made depriving all persons named in a schedule to the Order of all their existing land and land rights.

(3) Invited the Colonial Secretary to authorise the Governor of Kenya to take action in accordance with Conclusions (1) and (2) above, but to ask that the final paragraph of the draft announcement set out in his telegram No. 624 should be amended on the lines suggested in the Cabinet's discussion.

7. The Cabinet considered a memorandum by the President of the Board of Trade (C.P. (55) 28) outlining his present policy on monopolies and restrictive practices.

The President of the Board of Trade said that the present policy was one of full enquiry followed by resolute action where this was shown to be necessary. He had already acted on seven reports and had promised action on the report on Calico Printers. The recent report on collective boycott and exclusive dealing was being printed and would require careful consideration. It was proposed to refer to the Monopolies Commission the cotton yarn spinners' ring, and he
was in touch with those of his colleagues concerned about possible future references to the Commission in respect of chemical fertilisers, batteries and accumulators, and the metal box industry. The Minister of Agriculture, Fisheries and Food was also considering the possibility of referring one food industry to the Commission—the fishing industry or the tea trade—and he was also in touch with the Minister of Works about the cement industry.

In discussion it was suggested that reference of any industry to the Commission inevitably implied some suspicion of its activities, and support was expressed for the view that references should only be made where there were *prima facie* grounds for suspecting the existence of some undesirable form of organisation or practice. The managements of concerns investigated by the Monopolies Commission were obliged to devote much time and energy to the defence of their organisation and practices; and it was undesirable that they should be compelled to divert their energies from the promotion of their export trade unless there was full justification for an investigation. Nor should it be made to appear that an industry like the cement industry, which had been developed to a high pitch of efficiency and produced the cheapest cement in the world, was guilty *ex hypothesi* of following undesirable practices.

On the other hand, the view was expressed that, if industry and commerce were to be left to private enterprise, machinery should exist for investigating alleged defects of that system. The existing Monopolies and Restrictive Practices Act provided for the holding of an enquiry where there were grounds for alleging that a monopoly existed or a restrictive practice operated, and the procedure under the Act could be clearly distinguished from the anti-trust laws in the United States which contained features which were far more distasteful to industrial concerns than anything in our law. If, as seemed probable, the future of industry lay with the large concern, there must be a ready means of satisfying the public that large-scale organisations did not necessarily work to their disadvantage.

The suggestion was made that Opposition criticism on this subject in the forthcoming Debate on the Address should be answered mainly by comparing the Government's record with that of their predecessors in office, and that the Government should not be committed to further large-scale action until the Cabinet had had a further opportunity of considering the matter.

The Cabinet—

Agreed to resume their consideration of C.P. (55) 28 at a later meeting.

8. The Minister of Housing and Local Government said that there would be some advantage in altering the present name of his Department to "Ministry of Local Government." Its present name was cumbersome and was often abbreviated to "Ministry of Housing"; and this title was becoming increasingly inappropriate as the emphasis in house building came to be transferred to building by private enterprise with which the Department had little concern. The name "Ministry of Local Government" would appropriately cover all the activities of the Department.

In discussion it was pointed out that the change proposed would be taken to imply that the Government attached less importance to the provision of housing for the people. There was general agreement that, for this reason, this was not an appropriate moment at which to make this change.

The Cabinet—

Agreed that no change should be made for the present in the name of the Ministry of Housing and Local Government.
9. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C.P. (55) 17) on the report of the Committee on Departmental Records (Cmd. 9163).

The memorandum recalled that the Cabinet had deferred a decision on the recommendations of this Committee pending further consideration of the proposal that Cabinet records should be made available for public inspection after fifty years. Difficulties might, however, arise from further delay in carrying into effect the Committee's other recommendations, particularly those relating to the reorganisation of the Public Record Office. Authority was therefore sought to proceed with these other matters on the lines proposed in C. (55) 16, on the understanding that this would not prejudice further consideration of the problem of opening Cabinet records to public inspection.

The Cabinet—

Authorised the Chancellor of the Exchequer to give effect to such of the recommendations of the Committee on Departmental Records as could be brought into operation without prejudicing the Cabinet's further consideration of the question when Cabinet records should be made available for public inspection.

Cabinet Office, S.W. 1,
7th June, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 13th June, 1955, at 12 noon

Present:

The Right Hon. Sir ANTONY EDEN, M.P., Prime Minister.

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.

The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.

The Right Hon. WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The following were also present:

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power.

Dr. the Right Hon. CHARLES HILL, M.P., Postmaster-General.

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.

The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.


The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.

The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.

The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.

The Right Hon. PETER THORNEycroFT, M.P., President of the Board of Trade.

The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The Right Hon. Sir NORMAN BROOK.

Mr. R. M. J. HARRIS.

Secretariat:

48236—1
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ocean Liners</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>5</td>
</tr>
</tbody>
</table>
The Minister of Labour said that during the past week-end the British Transport Commission had published proposals which they had put before the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.) as a basis on which negotiations might be resumed if the strike were called off. The Transport Commission accepted the principle that there should be higher rewards for special skill and responsibility, where these were not already given, and agreed that there was a case for such higher rewards for certain sections of the footplate staff. They also agreed not to press their previous proposals for special allowances for driving middle-distance and long-distance trains, which the Union rejected on the ground that it involved a classification of drivers. The Transport Commission were prepared to modify their former proposals for an extension of mileage payments and to examine basic wages in the driver grade. At the same time they asked for an undertaking that subsequent settlements for other grades would not be held to justify any further increase for the footplate staff. These proposals fell short of the requirements of A.S.L.E.F. in at least three respects. They included no immediate cash offer before a return to work; they held out no prospect of any increase in the basic rate of firemen, who would, however, gain some benefit from the proposed extension of mileage payments; and they were open to the objection, from A.S.L.E.F.'s point of view, that the inclusion of the National Union of Railwaymen (N.U.R.) in any subsequent negotiations might lead to further delay in the conclusion of a final settlement.

The Minister said that A.S.L.E.F. might be more ready to agree to the Commission's proposals if the Trades Union Congress (T.U.C.) would bring their influence to bear on the Union in favour of a return to work on the basis proposed. Unfortunately, however, both the T.U.C. and the Labour Party now seemed to be encouraging A.S.L.E.F. to maintain their attitude and were disposed to challenge the view that detailed negotiations on the actual amounts of possible increases in rates of wages and allowances could not be resumed so long as the strike continued.

The Minister said that he had not felt that it would be right to put pressure on the Chairman of the Transport Commission in favour either of resisting the claims of A.S.L.E.F. or of further concessions. So far, the only conciliatory move made by A.S.L.E.F. had been to confirm their agreement that the cleaners could be excluded from any pay improvements which might be arrived at, whereas the Transport Commission had revised their proposals more than once in an attempt to meet the Union's views. The Minister said that, in his view, the Chairman of the Commission should be left to decide what further move he could now make, not excluding the promise of some immediate token payment, which would almost certainly bring about a resumption of work. At present, however, although the total sum of the money would be relatively small, the Chairman considered that any immediate cash offer would involve a surrender of principle.

In discussion the view was expressed, on the one hand, that some token cash offer would almost certainly have to be made sooner or later in order to enable the Executive of A.S.L.E.F. to instruct the Union's members to resume work and that, if this was so, it was preferable that the offer should be made sooner rather than later. The Transport Commission would have sound commercial grounds for making some financial concession as a means of avoiding the losses which they would incur both immediately and in the longer term as a result of the continuance of the strike.

Other Ministers, however, supported the view that the Transport Commission could not afford to overlook the fact that this was the fifth time in two years that they had been confronted by threats of strike action and that if, as on previous occasions, they made substantial concessions for the purpose of maintaining their services, they must expect that threats of strike action would continue to be made in the period ahead.
The Chancellor of the Duchy of Lancaster suggested that A.S.L.E.F.'s insistence on a firm cash offer might possibly be met if the Transport Commission were to give an undertaking that negotiations, if they were resumed, would be on the basis that a definite global sum of money would be available for distribution in whatever manner might be agreed upon in negotiations. Such an undertaking would involve no fresh concession by the Commission, for their proposals had from the outset assumed that a certain additional sum of money would be forthcoming. The Cabinet agreed that this suggestion merited consideration, although it was far from certain that it would satisfy A.S.L.E.F. It might, nevertheless, be combined with the suggestion, which Sir Brian Robertson was understood to be ready to consider, that the method of distributing any additional sum of money which might be made available by the Commission should be decided by an independent body or person. Clearly, however, the Transport Commission could not dissociate themselves altogether from the method of distributing any given sum which they might agree to make available. They must at least agree in advance, not only the sum to be distributed, but the grades which were to benefit.

The following further points were made in discussion:

(a) The Chancellor of the Exchequer said that he would consider it his duty, when he spoke in the Debate on the Address on 16th June, to emphasise the serious effects of current industrial disputes, and particularly the present dock strike, on the future prospects of the national economy. Opportunities for expanding our trade would undoubtedly be lost unless we could compete effectively with our foreign rivals in world markets.

It was pointed out that, the more that this aspect of the situation was stressed by Government spokesmen, the more would the Government be pressed to take early and vigorous action to check industrial disputes. Equally, if it should prove necessary for some further concession to be made to A.S.L.E.F. to bring about a resumption of work, it would be more than ever necessary to demonstrate that the Government intended to press forward resolutely with action to prevent the recurrence of such disputes.

(b) If the current discussions with A.S.L.E.F. were to break down, it might be desirable for the Prime Minister to intervene personally and meet representatives of both the Transport Commission and the Union.

At the conclusion of the discussion the Cabinet were informed that the discussions with A.S.L.E.F. were still proceeding and were likely to be resumed later that afternoon.

The Prime Minister said that in his conduct of these further discussions the Minister of Labour should bear in mind the suggestions which had been made during the Cabinet's discussion. The Cabinet would have an opportunity at their meeting on the following day to consider whether the situation made it desirable that he should himself intervene in the discussions.

The Cabinet—

(i) Took note of the statement by the Minister of Labour and of the points made in their discussion.

Ocean Liners.

The Lord President said that he had received from a director of the Cunard Steamship Company a disquieting report about the strikes among members of the crews of ocean liners. According to this report, these strikes were being fomented by agents of the Communist Party, and at least one agitator was known to be going from port to port for this purpose. It was also said that intimidation was being widely practised in order to spread the strike. Although the strikers had not been able to prevent the Queen Elizabeth
from sailing for New York on 9th June, the Cunard Company might be unable to arrange for their other liners to sail in accordance with schedule.

The Minister of Transport said that, although the situation was serious, some of the strikers had returned to work and two liners had sailed on the previous day. The Cunard Company had been reluctant to take proceedings under the Merchant Shipping Act against seamen who had broken their articles; and the numbers involved were now so large that it would hardly be practicable to use this method of restoring discipline. Proceedings for intimidation could, however, be taken by the police, where sufficient evidence was available; and the Shipping Federation would favour such proceedings in suitable cases.

The Cabinet—
(2) Took note of these statements on strikes by members of the crews of ocean liners.

Parliament.

2. The Cabinet were reminded that, under the arrangements previously made, the House of Commons were to have held that day a general debate on the emergency arising from the current strikes and were to have been asked to pass resolutions continuing in force the Regulations made under the Emergency Powers Act, 1920. The Opposition had, however, agreed that it would be inexpedient for Parliament to debate the merits of the railway strike while discussions were proceeding between representatives of the Transport Commission and of A.S.L.E.F. It was therefore proposed that at the end of Questions that afternoon the Minister of Labour should make a brief statement on the railway strike, at the end of which he would suggest that there should be no debate on its merits while those discussions were proceeding. The House would then be invited to pass the resolutions needed to continue the Emergency Regulations in force. Thereafter, if time allowed, the Debate on the Address would be resumed. A similar procedure would be followed in the House of Lords.

The Cabinet considered whether a Minister should speak that evening on the Government’s behalf in the resumed Debate on the Address. They agreed that the Minister of Fuel and Power should be ready to intervene in the course of the Debate, and should take that opportunity to enlarge on the Government’s programme for the development of nuclear energy.

Cabinet Office, S.W.1,
13th June, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1., on Tuesday, 14th June, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.

The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.

The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service (Item 1).

The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The following were also present:

The Right Hon. ANTONY HEAD, M.P., Secretary of State for War (Item 2).

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 1).

The Right Hon. PATRICK BUCHAN-HEPHBURN, M.P., Parliamentary Secretary, Treasury.

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Item 1).


Mr. H. A. WATKINSON, M.P., Parliamentary Secretary, Ministry of Labour and National Service (Item 1).

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. R. M. J. HARRIS.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railways, Dock Strike, Ocean Liners</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Cyprus</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>House of Commons Disqualification Bill</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Colonial Immigrants</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Tariff Policy</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Japan and the G.A.T.T.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>International Finance Corporation</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Privileges and Immunities</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Israel</td>
<td>9</td>
</tr>
</tbody>
</table>
I. The Minister of Labour said that, in the course of the meeting which he had held on the previous afternoon with representatives of the Transport Commission and of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E.F.), the Chairman of the Transport Commission had suggested that a referee should be appointed by the Minister to determine the pay increases to be given to drivers and motormen, that both the Unions concerned should agree in advance to accept the referee's decision and that the strike notices should be withdrawn as soon as the referee's decision was made known. It was an essential part of this suggestion that the National Union of Railwaymen (N.U.R.) should concur in the procedure proposed and should be entitled to give evidence to the referee. This suggestion had not yet been accepted by A.S.L.E.F., who were likely to press the point that the referee should also be empowered to determine a pay increase for top-grade firemen; but they had shown themselves sufficiently interested in the suggestion to warrant consultation with the N.U.R., who had been summoned to the Ministry of Labour and informed of it late on the previous evening. Further meetings to consider it were being held that morning by the N.U.R. and by the Transport Commission and A.S.L.E.F.; and, if these discussions went well, the Minister himself would hold a joint meeting later in the morning with representatives of the Transport Commission and of the two Unions.

The Minister said that he had not known in advance that the Chairman of the Transport Commission intended to suggest that the strike should not be called off until the referee's decision was made known. This was an unfortunate feature of the plan, since it would appear to concede A.S.L.E.F.'s claim that they must receive satisfaction in terms of a cash figure before calling off the strike. On the other hand they would have undertaken, before the referee's decision was made known, to call off the strike; there would be no formal negotiations between the parties while the strike continued; and a great deal would be left for negotiation after the strike had been called off. If, however, the two Unions accepted this suggestion in principle, the Minister proposed to make a strong appeal to A.S.L.E.F. to call off the strike at once instead of waiting until the referee's award was made known.

In discussion there was general support for the view that, if this procedure were adopted, A.S.L.E.F. should be strongly pressed to call off the strike as soon as the referee was appointed. It might be possible to secure this by conceding that the referee should be empowered to deal with the pay of top-grade firemen, as well as that of drivers and motormen. By this offer and other means the Minister of Labour should do his utmost to persuade A.S.L.E.F. to call off the strike instead of waiting until the referee's decision was made known.

In further discussion the point was made that the economic consequences of the railway strike would become progressively more serious if it continued beyond the end of the present week. There was in particular reason to fear that, if the strike continued much longer, it might be difficult to restrain miners in some coalfields from stopping work.

The Cabinet—

(1) Took note of this statement by the Minister of Labour and of the points raised in the discussion.

The Prime Minister said that the dock strike, though less in the public eye, was probably causing more damage to the national economy than the railway strike. The Trades Union Congress (T.U.C.) had undertaken to handle this situation, which was essentially a dispute between two Unions; but their efforts to settle it had not so far been effective. He therefore proposed that, as soon as the railway strike was over, he and the Minister of Labour should
see the leaders of the T.U.C. and impress upon them the need for
early and effective action to bring about a resumption of work in
the docks.

The Minister of Transport said that, since the Cabinet's
discussion on the previous day, there had been two important
developments in the strike of members of the crews of ocean liners.

First, the strikers who had left the Ascania (the first liner to be
affected by the strike) were being informed that, as they had left that
ship in breach of their articles and had not reported for other duty,
they would now be regarded as having left the industry. This action
was being taken by the Merchant Navy Establishment Pool, the
authority responsible for organising the labour force of the industry,
and it had the full support of the National Union of Seamen. It
would have the effect that the men concerned would become liable
for military service, and the Ministry of Labour would arrange that
they should without delay be called up for medical examination.
This should have a salutary effect on other strikers.

Secondly, the Cunard Company had decided on the previous
day that the Saxonia should be moved from her berth into the Mersey,
despite the fact that a number of stewards were on strike. Because
of the strike the deck-crew had refused to obey the master's orders.
This was a more serious matter than breach of articles by desertion;
and it was to be hoped that the Cunard Company would take
proceedings against members of the crew who had been guilty of
wilful disobedience of a lawful order.

The Cabinet—
(2) Took note of this statement by the Minister of Transport.

2. The Cabinet considered a memorandum by the Foreign
Secretary and the Colonial Secretary (C.P. (55) 33) proposing that the
United Kingdom Government should invite the Governments of
Greece and Turkey to send representatives to confer with them in
London in search of a basis for a solution of outstanding differences
over Cyprus.

The Foreign Secretary said that he and the Colonial Secretary
were satisfied that any proposals which the United Kingdom alone
put forward for further constitutional advance in Cyprus would be
rejected out of hand by the Cypriots, with the encouragement of the
Greek Government. If, however, no further move were made, the
Greeks were certain to raise the matter at the next Assembly of the
United Nations. We could not hope to be able to evade the issue
again by a procedural device; and, without the support of the United
States Government, on which we could no longer rely, we might be
faced with an adverse vote. To avoid this situation, some fresh
initiative must be taken. He and the Colonial Secretary recom-
mended that this should take the form of an invitation to the Greek
and Turkish Governments to join us in tripartite discussion of the
problem. The Turkish Government were likely to accept such an
invitation. If the Greek Government declined it, this would
strengthen our position in the United Nations. If both Governments
accepted it, it was contemplated that we should put to the resulting
conference a definite proposal for constitutional advance in Cyprus.
The precise form of this proposal would need further consideration.
Alternatives were set out in the Annexes to C.P. (55) 33. If the idea
of a tripartite conference recommenced itself to the Cabinet, further
study of these alternatives would be made with a view to the
submission of an agreed plan which the Cabinet could consider before
the Greek and Turkish Governments were invited to attend the
proposed conference in London.
The Colonial Secretary said that he was in full agreement with the views expressed by the Foreign Secretary. If the Cabinet agreed that this fresh initiative should be taken, he would welcome the help of some of his colleagues in considering the alternative plans set out in the Annexes to C.P. (55) 33.

In discussion doubts were expressed about the wisdom of inviting foreign Governments to a conference on the future constitutional development of a British Colony. This might establish a dangerous precedent. Were we ready to concede the right of neighbouring South American States to tender their advice to us on problems of constitutional development in British Guiana or British Honduras? Or would we admit that the Indian Government were entitled to be consulted on the constitutional development of Colonies where there were substantial Indian minorities? Was there not also a danger that, by inviting the Greek and Turkish Governments to confer with us on this problem, we should increase our difficulties in resisting, as we had consistently resisted hitherto, attempts to involve the United Nations in the domestic affairs of sovereign States? Our task in defending our Colonial administration against criticism in the United Nations would not be made easier by action on our part which would be regarded as an admission that two foreign Governments had a right to be consulted on the internal affairs of Cyprus.

In discussion it was admitted that the proposal put forward in C.P. (55) 33 was open to objection on this account. There were, however, ways in which this risk could be reduced. Thus, the invitation to the two foreign Governments could be phrased in terms which avoided any suggestion that we were ready to discuss questions of sovereignty. Emphasis could also be laid on the fact that the Governments with whom we proposed to confer were our co-partners in the North Atlantic Alliance, and that Cyprus was of strategic importance to the members of that Alliance. This initiative, if successful, should at least have the result of averting further discussion, and probably an adverse vote, in the United Nations. Finally, from the practical point of view, it was evident that no new constitutional arrangements in Cyprus would work smoothly unless they were acceptable to the Greek and Turkish Governments.

The Prime Minister said that we should certainly find ourselves in an embarrassing position if this matter came before the United Nations again at the next meeting of the Assembly. If it were not for that consideration, he would have preferred to take no further initiative for the present. Greek claims to Cyprus were ill-founded and we were on strong ground in resisting them. The policy of firmness which we had been following had already had some effect on public opinion in Greece. We had hitherto declined to discuss this question with the Greek Government, and it might be taken as a sign of weakness if we now offered to consult them on it. He considered that, before they approved this proposal for a conference with the Greek and Turkish Governments, the Cabinet should at least consider what proposals could be put forward before the conference if it met. He therefore suggested that in the first instance a small Committee of Ministers should be appointed to study the alternative plans outlined in the Annexes to C.P. (55) 33. Meanwhile, nothing should be said about the possibility of consultation with the Greek and Turkish Governments, and we should maintain unchanged the attitude which we had adopted towards the Greek Government on this question.

The Cabinet—

Appointed a Committee consisting of—

Minister of Defence (in the Chair)
Commonwealth Secretary
Colonial Secretary
Minister of State for Foreign Affairs (Mr. Nutting)

to consider, in the light of C.P. (55) 33, and to report to the Cabinet, what proposals could be put forward for further constitutional advance in Cyprus.
3. The Cabinet had before them a memorandum by the Home Secretary (C. (55) 74) covering the draft of a House of Commons Disqualification Bill.

The Home Secretary explained that the Bill was largely a technical measure designed to consolidate existing law on this subject and to restate it in modern language. The original draft had been prepared, while the Labour Government was in office, by a committee of officials under the chairmanship of the then Solicitor-General, Sir Frank Soskice, and it had since been revised and brought up to date under the supervision of the Home Affairs Committee. The Home Secretary invited the Cabinet to take decisions on the specific points set out in paragraph 5 of his memorandum. Subject to these, he sought authority to seek the concurrence of the Government of Northern Ireland in the draft Bill and to discuss it confidentially with representatives of the Opposition with the object of introducing it, if possible, as a substantially agreed measure.

In discussion of the questions raised in paragraph 5 of C. (55) 74 the following points were made:

(a) Commonwealth and Colonial office-holders

The Attorney-General said that the proposals on this subject in paragraphs 2-5 of Appendix B to C. (55) 74 seemed likely to create fresh anomalies. Thus, it was suggested in paragraph 2 that the principle underlying the proposal to exempt Commonwealth and Colonial office-holders from disqualification was that only appointments made by the Government of the United Kingdom were within the mischief at which the Bill was directed; but on that basis there seemed to be no logical reason for disqualifying the office-holders specified in sub-paragraphs (ii), (iii) and (iv) of paragraph 4. If, on the other hand, as was also implied in the memorandum, the intention was to exempt only those Commonwealth and Colonial office-holders for whom membership of the House of Commons would in practice be physically impossible, there seemed to be no logical reason for the unqualified exemption of officers of statutory corporations in the Commonwealth and Colonies. It was interesting to note that, on the basis proposed, it would be open for Mr. Niall Macpherson, M.P., when the Bill had become law, to accept the office which a year ago had disqualified him from Membership of the House. In any event, physical impediments to attendance at Westminster were steadily diminishing, and it might be embarrassing if, for example, someone from one of the Colonies, who might even be ineligible for membership of the local legislature, was able to stand for election to the House of Commons.

(b) Local Government Officers

The Secretary of State for Scotland said that he dissented from the recommendation that the Cabinet should reverse the decision of the Home Affairs Committee that the Bill should disqualify the clerks and deputy clerks of all local authorities in Great Britain. Such a general disqualification was desired by the associations of local authorities in Scotland. Some support was expressed for this view.

(c) Irish Republic

The Commonwealth Secretary said that the Government of the Irish Republic would react unfavourably to Clause 1(1)(e) of the Bill, which would have the effect of disqualifying members of the Dail from sitting either at Stormont or at Westminster.

It was suggested that further examination might show this disqualification to be unnecessary. Thus, it seemed unlikely that any member of the Dail would in practice be prepared to take the oath at Westminster. In any event, was it necessary by using the word "legislature" to disqualify members of the Senate as well as members of the Dail?
The Cabinet—
Invited the Home Secretary to discuss the points noted above with the other Ministers concerned, and to submit a further report on them to the Cabinet before proceeding to consult the Northern Ireland Government and the Opposition Parties at Westminster on the provisions of the Bill.

4. The Cabinet had before them—(i) a memorandum by the Home Secretary (C.P. (55) 32) proposing that an independent Committee should be appointed to enquire into the problem of restricting immigration of British subjects from overseas into the United Kingdom; and (ii) a memorandum by the Commonwealth Secretary and Colonial Secretary (C.P. (55) 31) covering the revised draft of a White Paper summarising the restrictions applicable to the admission of British subjects to other Commonwealth countries and to the Irish Republic.

The Cabinet's discussion turned mainly on the proposal for the appointment of an independent committee of enquiry. Doubts were expressed about the terms of reference and the composition proposed for this in C.P. (55) 32. The first purpose of an enquiry should be to ensure that the public throughout the country were made aware of the nature and extent of the problem: until this was more widely appreciated the need for restrictive legislation would not be recognised. The terms of reference proposed in the memorandum might give the impression that the need for restrictive legislation was taken for granted. As regards the composition of the proposed Committee, the point was made that a body of people selected as representing various types of experience might well prove to be all of one mind on the question of racial discrimination. The view was expressed that, if recourse was to be had to a committee of enquiry, it might be preferable to appoint a smaller body, less representative in character, with broader terms of reference.

Further discussion showed, however, that there was still some scepticism in the Cabinet about the value of an enquiry into this subject by an independent Committee. The appointment of a Committee would be criticised in some quarters as a device for delaying Government action. And it could not be certain that the Committee's report would be such as to rally public opinion in support of restrictive legislation. An authoritative statement of the increasing volume of immigration, and of the social and economic problems to which this was likely to give rise, might prove a better basis for action. A statement of this kind could be quickly prepared by officials of the Departments concerned. A report on these lines had been prepared some time ago by an Interdepartmental Committee of officials: there should be no difficulty in bringing it up to date and putting it into a form suitable for publication.

The Cabinet—
(1) Invited the Home Secretary to arrange for an Interdepartmental Committee of officials of the Departments directly concerned to prepare, in a form suitable for publication, a report on the growing influx into the United Kingdom of coloured workers from other Commonwealth countries and of the social and economic problems to which this was giving rise.
(2) Agreed to resume their discussion of this problem in the light of the report to be prepared in pursuance of Conclusion (1) above.
(3) Deferred for the time being a decision on the question whether a White Paper should be presented to Parliament in the terms of the draft annexed to C.P. (55) 31.
5. The Cabinet considered memoranda by the Foreign Secretary (C.P. (55) 34) and the President of the Board of Trade (C.P. (55) 37) about the accession of Japan to the General Agreement on Tariffs and Trade (G.A.T.T.).

The Foreign Secretary said that the Government had to decide not later than 11th August how they should vote in the postal ballot on the question of Japan's admission to the G.A.T.T. The paper attached to his memorandum concluded that, on an objective appraisal, the balance of advantage lay in favour of our voting for Japan's accession. If this view were accepted, we should gain advantages from an early announcement of our intentions; it would, in particular, help us in obtaining the concessions which we required from the Japanese in the trade and payments negotiations which were about to take place. As he understood the position, it was not open to any Government to abstain in the forthcoming ballot; any Government which did not vote in favour of Japan's admission would be regarded as having voted against it. From no point of view could we afford to run the risk of appearing to have been responsible for Japan's failure to secure admission.

The President of the Board of Trade said that, while he agreed that it would not be in our interests to do anything to hinder Japan's admission to the G.A.T.T., it could be argued that we should be ill-advised to record a positive vote in favour of Japan until it became clear that such a vote was essential to secure her admission. The Government's decision to accept the revised G.A.T.T. would have to come before the House of Commons for approval at an early date and would undoubtedly become more vulnerable to criticism in the House if, before the debate, the Government had gone out of their way to vote in favour of Japan's accession. Our intention to invoke Article XXXV of the G.A.T.T. against Japan would only serve to protect our home trade against Japanese competition. Increases in tariffs which other contracting parties to the Agreement might find it necessary to impose to protect themselves against Japanese competition would have to be applied equally against us by reason of the G.A.T.T. obligations of non-discrimination; and the Government would be accused of deliberately taking action which exposed our export trade to this risk. If further enquiries should show that Japan, with the assistance of the United States, was likely to succeed in obtaining the necessary twenty-three votes which would secure her admission without positive help from us, the balance of advantage might be felt to lie in refraining from voting in her favour.

The Cabinet inclined to the view that we were likely sooner or later to have to record a vote in Japan's favour in the forthcoming ballot, and that in the circumstances the more dignified and rewarding course would be to record such a vote without delay. They recognised, however, that no immediate decision was required and that further time might reasonably be taken to clarify the voting position.

The Cabinet—

Agreed to resume their consideration of this matter at an early meeting.

6. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 7) seeking approval for the grant of certain immunities and privileges to the proposed International Finance Corporation and to members of its staff.

The Foreign Secretary recalled that the Economic Policy Committee had decided that the United Kingdom should support the proposal for an International Finance Corporation, to be affiliated to the International Bank for Reconstruction and Development, and that this decision had been announced in the House of Commons on
7th December, 1954. A draft Charter for the Corporation, providing amongst other things for the grant of certain immunities and privileges, had been drawn up by the International Bank; and, before it could be signed on behalf of the United Kingdom, legislation was required. The privileges and immunities which this legislation would confer upon the Corporation closely corresponded to those already enjoyed in the United Kingdom by the International Bank under the Order in Council of 1946.

The Cabinet—

Approved the grant of privileges and immunities to the International Finance Corporation on the lines proposed in C.P. (55) 7.

Israel.

(Previous Reference: C.C. (55) 19th Conclusions, Minute 3.)

7. The Foreign Secretary said that there were some indications that the Israel Government might be contemplating an incursion into Egyptian territory near Gaza. Though he had no direct information to this effect, the possibility could not be excluded. He was therefore taking unobtrusive steps to delay the supply of military equipment to both Jews and Arabs. A comprehensive review had recently been made of the supply of arms to Middle Eastern countries, and the results of that review would be submitted to the Cabinet in the near future.

The Cabinet—

Took note of the Foreign Secretary's statement.

Cabinet Office, S.W. 1,
14th June, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 16th June, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.

The following were also present:
The Right Hon. Lord De L'Isle and Dudley, Secretary of State for Air (Item 5).
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 3–5).
The Right Hon. Anthony Nutting, M.P., Minister of State for Foreign Affairs (Item 6).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1–4).

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Shipbuilding</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Cargo Liners for Shaw Savill Line.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Industrial Disputes</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Railways</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ocean Liners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Monopolies and Restrictive Practices</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Civil Aviation</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Development of Gatwick Airport.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Palestine</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Administrative Tribunals</td>
<td>8</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. The Opposition had asked that a debate on the industrial situation should be held on 23rd June. The Cabinet agreed that this debate might be held on the date suggested, on a motion for the adjournment. The discussion would cover the recent railway strike and other industrial disputes still current, and the subject of the debate could suitably be announced as "Industrial Relations." A debate on Colonial Affairs was to be held on 21st June. It was to be hoped that the Opposition would not ask for another day in the near future to debate the Report of the Royal Commission on East Africa. The Colonial Secretary said that this was a long and complicated report, and it would be some months before the Government would be able to define their attitude towards all its recommendations. He would therefore take an opportunity, in the debate on 21st June, to deprecate premature discussion of it.

2. The Cabinet’s attention was drawn to an announcement that Shaw Savill had placed orders for the construction of three cargo liners by a German shipbuilding firm in Bremen. It had been stated on behalf of the Company that these contracts had been placed in Bremen because the German firm had offered a lower price and quicker delivery than any of their British competitors. It was unfortunate that these contracts should be placed abroad at a time when there was substantial unemployment in the shipbuilding industry in Northern Ireland.

The President of the Board of Trade undertook to submit a report to the Prime Minister on this matter, after consultation with the First Lord of the Admiralty.

3. The Cabinet took note that the proposals which the Minister of Labour had outlined at their meeting on 14th June had been accepted by the two Unions concerned as a basis for the settlement of the railway strike. The Associated Society of Locomotive Engineers and Firemen had, in particular, agreed to call off the strike without waiting until the referee’s award was made known. The strikers had returned to work on 15th June.

The Home Secretary said that Departments would need to exercise for a few days longer some of the powers conferred by Emergency Regulations. It was, however, proposed that the proclamation of emergency should be revoked at a meeting of the Privy Council on 21st June.

The Home Secretary suggested that an appropriate opportunity should be taken to express the Government’s appreciation of the efforts of all concerned in maintaining essential services during the strike and of the patience and good humour shown by the public.

The Cabinet were informed that, in his speech that afternoon in the Debate on the Address, the Chancellor of the Exchequer would be dealing with the economic consequences of the strike; and they agreed that he should include in his speech a suitable reference to these points.

The Cabinet were informed that the Cunard Company had been obliged to cancel the sailing of the Queen Mary, which was to have left Southampton that morning. The deck crew had at the last moment withdrawn their labour in protest against the steps which the Company were taking to engage new catering staff in substitution for those who had gone on strike. The Company were considering whether there were grounds for bringing proceedings for incitement against some of those who had been responsible for preventing the liner from sailing.
A strike of engine-room staff was likely to prevent the sailing of a Canadian Pacific liner, the Empress of Scotland, from Liverpool.

As a result of the action of the Merchant Navy Establishment Pool, reported at the Cabinet's last meeting, a small number of strikers had reported to the office of the Pool in Liverpool as available for duty. The Ministry of Labour were now proceeding to call up for medical examination men of military age who had been notified by the Pool that they were regarded as having left the industry.

The Prime Minister made a report to the Cabinet on the discussion about the current industrial situation which he and the Minister of Labour had held on the previous day with representatives of the Trades Union Congress.

4. The Cabinet resumed their discussion of Government policy on monopolies and restrictive practices. In addition to the earlier memorandum by the President of the Board of Trade (C.P. (55) 28) outlining his present policy on this question, they now had before them a further memorandum by the President (C.P. (55) 41) proposing that a comprehensive statement should be made, in reply to Questions in the House of Commons, on the further references which he was proposing to make to the Monopolies Commission.

The President of the Board of Trade said that the degree of public interest in this matter was illustrated by the number of Parliamentary Questions which he was due to answer. He proposed that, instead of answering each of these separately, he should make a comprehensive statement taking account of the past work of the Monopolies Commission and announcing his intention to invite the Commission (i) to make a general report on common prices and level tendering and (ii) to study five specific examples of restrictive practices, viz., supply of steel frames for building, electrical street lighting, tea, chemical fertilisers and electric batteries. The terms of the statement which he proposed to make were set out in the Annex to C.P. (55) 41. By this means he would hope to show that the Government were resolved to take vigorous action to identify abuses in this field, through the machinery which Parliament had established for that purpose. It would be necessary for the Government to show similar vigour in taking action to remedy abuses which were revealed by the Commission's reports. He also hoped to strengthen the Commission by adding to the representation of industrialists on it.

In discussion the following points were raised:—

(a) Tea was included among the proposed references to the Commission because five leading firms, who between them supplied a substantial proportion of the tea consumed in this country, were operating a system of common prices. It was possible that it would be found, on examination, that this system did not operate against the public interest. But it was desirable that the facts should be clearly established. And it was expedient that the list of references to the Commission should include at least one article which was of direct interest to consumers.

(b) Some doubt was expressed about the expediency of asking the Commission to investigate the marketing of chemical fertilisers in this country. These were produced by two firms, Imperial Chemical Industries and Fisons Ltd. Both were highly efficient firms, which had expanded their production in furtherance of the Government's agricultural policy, and at an earlier stage the Economic Policy Committee had thought it unnecessary that this aspect of their business should be investigated by the Monopolies Commission. The point was also made that the production of chemical fertilisers was only one part of the business carried on by Imperial Chemical Industries; that the firm undertook a substantial
amount of expensive research and development which was of general
benefit to the national economy; and that it was unreasonable to ask
the Monopolies Commission to pass judgment on the way in which
the firm adjusted the prices of its various products in order to defray
the cost of this research.

On the other hand it was pointed out that there was some feeling
among farmers that these firms were making excessive profits
from fertilisers. The Government subsidy on fertilisers had recently
been increased. It was known that during the next few months the
prices of fertilisers would be raised. The criticism was certain to be
made that a large part of the subsidy, which had been intended to
assist farmers, was finding its way into the pockets of the
manufacturers. And, that being so, it was better that the Monopolies
Commission should be asked to look into this matter before, rather
than after, the prices were raised.

The balance of opinion in the Cabinet was in favour of referring
this question to the Monopolies Commission. The two firms should,
however, be informed before the announcement was made.

c) The President of the Board of Trade said that he was
discussing with the industry means of giving effect to the
recommendations of the Monopolies Commission in their Report
on Calico Printing. He hoped to be able to secure their voluntary
acceptance of the proposals which he was putting to them. In default
of agreement, however, an Order would have to be made under
Section 10 of the Monopolies Act, 1948.

d) No opportunity should be lost of making it clear that it was
the duty of the Monopolies Commission to establish whether a
particular restrictive practice operated against the public interest.
The decision to refer a practice to the Commission did not, therefore,
involve any stigma on the firm or firms concerned: it did not
prejudge the question whether or not the practice was contrary to
the public interest.

The President of the Board of Trade said that this point was
clearly made in the final paragraph of the draft statement annexed
to C.P. (55) 41. He would do his utmost to ensure that prominence
was given to it in the Press.

e) There was much misunderstanding about the nature of
Government policy on monopolies and restrictive practices. It was
in fact a fertile field for misrepresentation. It would be useful if
further public discussion could be stimulated with a view to clarifying
the issues and removing some of the misconceptions about
Government policy. Literature on the subject might be issued by
the Conservative Party Headquarters. The B.B.C. might also be
asked to arrange for some talks on the subject to be broadcast.

The Cabinet—

(1) Authorised the President of the Board of Trade to make
that afternoon, in reply to Questions in the House of
Commons, a statement on the work of the Monopolies
Commission in the terms of the draft annexed to
C.P. (55) 41.

(2) Invited the President of the Board of Trade to arrange, in
consultation with the Chancellor of the Duchy of
Lancaster, for further publicity on the problem of
monopolies and restrictive practices with a view to
clarifying the issues involved and removing
misconceptions about Government policy.

(3) Took note that the President of the Board of Trade would
continue his efforts to persuade the industry voluntarily
to give effect to his decisions on the Monopolies
Commission’s Report on Calico Printing, but would refer
to the Cabinet again if it became necessary to consider
enforcing those decisions by an Order under the
Monopolies Act, 1948.
5. The Cabinet considered memoranda by the Minister of Transport (C.P. (55) 38) and the Secretary of State for Air (C.P. (55) 39) on the question of technical responsibility for the civil engineering work to be undertaken in the construction of Gatwick Airport.

The Minister of Transport said that the preliminary engineering work had been undertaken on his behalf by the Works Department of the Air Ministry. The work was now approaching the stage at which tenders should be invited from contractors, and he had been considering how responsibility could best be assigned for drawing up detailed specifications for tendering, examining estimates of cost and supervising contracts. The possible courses were to rely wholly on the Works Department of the Air Ministry; to rely wholly on outside consultants; or to invite proposals from both the Works Department of the Air Ministry and one or more consultants and to decide how the work should be allotted between them in the light of the relative cost and suitability of their proposals. For the reasons given in his memorandum he would prefer to follow the third of these courses.

The Secretary of State for Air said that he could not accept the procedure proposed by the Minister of Transport. The ultimate technical responsibility for the design and construction of the airfield should in his view be assigned to a single authority—either to his Works Department or to an outside consultant. This was specially necessary at Gatwick because of the difficulties of the site. If responsibility were divided, as proposed by the Minister of Transport, there was risk of friction and confusion.

In support of the proposal that the advice of outside consultants should be obtained, the following arguments were put forward. The decision to build the Gatwick Airport had already been the subject of public controversy, and it was specially necessary that the responsible Minister should be able to satisfy Parliament and the public that every possible precaution had been taken to ensure success and to avoid extravagance in its construction. Design of civil airports was tending to diverge from that of military airfields, in the construction of which the main experience of the Works Department of the Air Ministry lay. Civil engineering firms were already constructing international airports abroad and it was desirable, in the national interest, that their experience of this work should be broadened. Private engineering firms were able to secure the services of men of higher technical attainments than those usually found in Works Departments in the public service; and, on a constructional project of this magnitude, the Government should not deprive themselves of this skilled advice.

On the other side it was recognised that there were advantages in preserving undivided technical responsibility for a project of this kind. The course proposed by the Minister of Transport was open to the objection that it would involve duplication of effort and additional cost in fees. It also seemed wasteful not to make full use of the experience gained by the Works Department of the Air Ministry in the construction of runways and perimeter tracks which was common both to civil and to military airfields.

On the other hand, in view of the special difficulties of constructing an airport on the Gatwick site, it seemed prudent that the Government should be able to say, if difficulties or unforeseen expenditure occurred, that they had not relied wholly on official advisers but had also sought the advice of private consultants. If the procedure suggested by the Ministry of Transport was not acceptable to the Air Ministry, a possible alternative might be to assign the general responsibility to the Works Department of the Air Ministry but to require them to invite tenders from private firms for particular parts of the work. Another alternative would be that, while final responsibility rested with the Air Ministry, they should be required to seek advice from private consultants at various stages in the completion of the work.
Further discussion showed that the Secretary of State for Air was unwilling to accept any procedure which had the result that the technical responsibility would be shared in any way between his Works Department and outside consultants. The Minister of Transport, on the other hand, who had ultimate Ministerial responsibility for the project, was unwilling to rely wholly on the Works Department of the Air Ministry. In these circumstances the Cabinet agreed that the only practicable course was for the Minister of Transport to rely for this purpose wholly on outside consultants and to relieve the Works Department of the Air Ministry of all further responsibility for the construction of this airport.

6. The Cabinet—

Agreed that the Works Department of the Air Ministry should be relieved of all further responsibility in connection with the construction of Gatwick Airport, and that the Minister of Transport should arrange for the further work on the Airport to be carried out by private firms on the advice of consulting engineers.

The Cabinet considered memoranda by the Foreign Secretary (C.P. (55) 35) and the Chancellor of the Exchequer (C.P. (55) 36) about an Anglo-American plan for the settlement of the dispute between the Arab States and Israel.

The Minister of State for Foreign Affairs recalled that this plan was summarised in an earlier memorandum by the former Foreign Secretary (C. (55) 96). The Foreign Secretary was now seeking authority to co-operate with the United States Government in an attempt, through discussions with the Egyptian Prime Minister and subsequently with the other parties to the dispute, to bring about a settlement on the basis proposed in that memorandum. During his visit to New York he would try to persuade Mr. Dulles that it would be unwise at this stage to publish the plan, as Mr. Dulles at present contemplated.

The Chancellor of the Exchequer said that in the present state of our balance of payments we should not really be justified in providing Israel with the financial assistance which the plan involved. It would be difficult to explain our action to other would-be borrowers—Commonwealth, Colonial or foreign—to whom we had felt obliged to refuse or restrict access to the London capital market. Provided, however, that he had reasonable assurance that we should not find that we had given Israel assistance without, in fact, securing a settlement of outstanding issues between her and the Arab States, he would be reluctantly prepared to co-operate on the lines proposed, although he wished to consider further whether the proposed loan should not be for a smaller amount. He also hoped that we should take no initiative in offering the Israelis special facilities for raising money in London.

The Minister of State for Foreign Affairs said that the Foreign Secretary wished to be in a position to meet any request from the Israelis that they should be granted facilities for raising money in this country. He did not, however, regard facilities for the sale of Israel Government bonds as an essential feature of the plan, and would be content with the grant to the Israel Government of permission to raise up to £15 millions on the London market as suggested in paragraph 8 of C. (55) 96. If the proposed plan were shorn of its financial features, it was unlikely to succeed. The proportion of the estimated cost of the plan which was to be borne by the United Kingdom Government corresponded to our proportion of present expenditure on Arab refugees through the United Nations Relief and Works Agency.
There was support in the Cabinet for the view that the grant to the Israel Government of the right of access to the London market for the raising of some of the capital which they would have to provide under the plan would be preferable to the proposed arrangements for the sale here of Israel Government bonds. The Commonwealth Secretary said, however, that he would like the opportunity of commenting upon any specific proposal for the grant of such access.

The Cabinet—

(1) Approved in principle the plan described in C. (55) 96 and C.P. (55) 35 for promoting a settlement of the dispute between the Arab States and Israel.

(2) Invited the Chancellor of the Exchequer to discuss further with the Foreign Secretary the form and scale of the financial assistance which the United Kingdom Government should accord to the Israel Government under the plan.

7. The Cabinet had before them a memorandum by the Prime Minister (C.P. (55) 43) about a case in which the Minister of Education had confirmed a compulsory purchase order in respect of land at Oxshott, Surrey, for the purpose of the building of a school.

The Prime Minister said that this case had been fully investigated and he was satisfied that in all the circumstances the compulsory purchase order ought not to be disturbed. The case had, however, served to emphasise the urgency of proceeding with the enquiry promised in The Queen's Speech into practice and procedure in relation to administrative tribunals and quasi-judicial enquiries, including those concerning land.

The Lord Chancellor said that he hoped to submit proposals on this matter at an early date.

The Cabinet—

Took note of C.P. (55) 43 and of these statements.

Cabinet Office, S.W.1,
16th June, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 21st June, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. NIGEL BIRCH, M.P., Minister of Works (Item 9).
The Most Hon. the MARQUESS OF READING, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Sir REGINALD MANNINGHAM-BULLER, Q.C., M.P., Attorney-General (Items 5-6).
The Hon. G. R. WARE, M.P., Parliamentary Under-Secretary of State, Air Ministry (Item 4).

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.
The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.
The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 5).
Dr. the Right Hon. CHARLES HILL, M.P., Postmaster-General (Item 7).
The Right Hon. ANTHONY NUTTING, M.P., Minister of State for Foreign Affairs (Item 6).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.
Marshal of the Royal Air Force SIR WILLIAM DICKSON, Chief of the Air Staff (Item 4).

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. R. M. J. HARRIS.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Colonial Immigrants</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Crown Lands</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Aden</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Security of the Protectorate</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Industrial Disputes</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Ocean Liners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Docks</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Austria</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Broadcasting</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>The Fortnight Rule</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Party Broadcasts on Welsh Affairs</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Spain</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Resumption of Naval Visits</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Downing Street</td>
<td>6</td>
</tr>
</tbody>
</table>
Colonial Immigrants.  
(Previous Reference: C.M. (55) 14th Conclusions, Minute 4.)

1. The Prime Minister said that he was due to answer that afternoon a Parliamentary Question by Mr. C. Osborne, M.P., asking whether the problem of immigration into this country from Jamaica would be discussed with the Chief Minister of Jamaica while he was in London. He proposed to reply that, while the Colonial Secretary would take this opportunity of discussing appropriate aspects of this problem with the Chief Minister of Jamaica, the regulation of immigration into this country remained the responsibility of the United Kingdom Government. He proposed to add that he had no further statement to make on this subject. He invited the Cabinet's views on the question whether an answer in these terms was likely to give the impression that the Government had no intention of taking action to control immigration into this country by British subjects from overseas.

It was the general view of the Cabinet that it would be preferable that the Prime Minister should not appear to exclude the possibility that the Government might be able to take such action at a later stage. It was therefore agreed that the Prime Minister should end his reply by saying that he had no further statement to make on this subject at the present time.

Parliament.

2. The Cabinet agreed that, in the debate in the House of Commons on industrial relations on 23rd June, the Minister of Labour should speak first on the Government's behalf and the Parliamentary Secretary, Ministry of Labour should reply to the debate.

The Chancellor of the Exchequer said that he was due to answer on 23rd June a Question asking whether a second Budget and Finance Bill would be introduced during the current financial year. It would, it was true, be convenient if an opportunity could be found to enact before next year some of the technical provisions which would have been included in the Finance Bill if it had not been necessary, on political grounds, to restrict its scope so narrowly. He was not, however, anxious to have a major Parliamentary review of financial and economic questions in the autumn; and he was considering whether it would be practicable to include some of these technical provisions in a Bill other than the Finance Bill. He proposed to say, in reply to the Question, that he was not disposed to favour the idea of a second Finance Bill during the current financial year.

Crown Lands.

3. The Cabinet had before them a note by the Prime Minister (C.P. (55) 40) covering the report of a Committee which had reviewed the organisation for the management of Crown Lands.

The Prime Minister said that the main proposal of the Committee was that the management of Crown Lands should in future be entrusted to a Board of Trustees, most of whom would devote only part of their time to this work. It was recommended that the administrative head of the organisation should initially be Deputy Chairman of the Board, and that he should be an administrative Civil Servant rather than a surveyor or land agent. If the Cabinet approved these recommendations the Government could, when publishing the Committee's report, announce their acceptance of the proposal for a Board of Trustees and proceed with the choice of the Chairman and Deputy Chairman, who could be appointed in the first instance as Commissioners under the existing legislation.

In discussion general approval was expressed for the new form of organisation recommended in the Committee's report. It was pointed out that Ministerial responsibility for the new Board of Trustees would need to be determined in due course.
The Cabinet—

(1) Approved in principle the new form of organisation for the management of Crown Lands which was recommended in the report annexed to C.P. (55) 40.

(2) Took note that the Prime Minister would arrange for the Committee's report to be presented to Parliament as a Command Paper.

4. The Cabinet had before them a note by the Colonial Secretary (C.P. (55) 48) about a recent incident in the Western Aden Protectorate in which a combined convoy of Aden Protectorate levies and Government guards, which had been taking replacements and stores to the garrison at Robat Fort, had been ambushed by Rabizi rebels and suffered heavy casualties.

The Colonial Secretary said that this incident served to emphasise the seriousness of the position in the Western Aden Protectorate and the need for the various counter-measures described in his memorandum C.P. (55) 47.

The Prime Minister said that, before this memorandum was considered by the Cabinet, the Minister of Defence should discuss the military implications of this latest incident with the Chiefs of Staff. Although the convoy had had ample air cover, no armoured cars had been available to give it protection on land.

The Cabinet—

(1) Invited the Minister of Defence to discuss with the Chiefs of Staff the military implications of the incident reported in C.P. (55) 48.

(2) Agreed to consider the Colonial Secretary's memorandum C.P. (55) 47 at an early meeting.

5. The Minister of Labour said that a Private Notice Question was to be put to him in the House of Commons that afternoon by Mr. D. G. Logan, M.P., asking whether young members of the crews of ocean liners who had gone on strike could secure continuing exemption from military service if they returned to sea service. He would have no difficulty in answering that Question; for, if any of these men resumed employment as seamen before the process of calling them up for military service had been completed, their call-up would be again deferred. His Department was proceeding on the basis that deferment was granted to a merchant seaman so long as he remained in sea service but was withdrawn when he left that service, for whatever cause he left it. For this purpose his Department relied on the certificate of the responsible authority that a man was no longer following the calling of a merchant seaman. Any doubts that might be entertained about this procedure would relate, not to the action taken by his Department, but to the basis on which the Merchant Navy Establishment Pool were assuming that men who had been on strike for fourteen days had left the industry. It was this assumption that might give rise to the question whether a merchant seaman had a right to strike.

In discussion the Cabinet were informed that the strikers who had so far been notified by the Establishment Pool as having left the industry were all men who had left their ships, or declined to re-join their ships, in breach of their articles. Could it be claimed that a seaman had a right to strike in breach of his articles?

The Cabinet agreed that both the facts and the law on this point should be established without delay, in case the question should be raised in the course of the debate on industrial relations which was to be held in the House of Commons on 23rd June.
The Cabinet—

(1) Invited the Attorney-General to consider, and to report to the Cabinet at their next meeting, to what extent the right of a seaman to withhold his labour was qualified by his obligations under the Merchant Shipping Act; and, on the basis of a factual statement to be provided by the Minister of Transport, whether the procedure adopted in the present strike by the Merchant Navy Establishment Pool could be held to be inconsistent with that right.

The Minister of Labour said that members of the London Branch of the Stevedores Union were likely to be advised, at a meeting to be held that evening, to return to work. If the London members of the Union resumed work this might help towards a settlement of the more difficult situation on Merseyside.

A meeting of the Disputes Committee of the Trades Union Congress was to be held on 24th June. This would provide a further opportunity for conciliation between the two Unions.

The Cabinet—

(2) Took note of this statement by the Minister of Labour.

6. The Minister of State for Foreign Affairs (Mr. Nutting) said that the Foreign Secretary was anxious that Parliament should ratify the Austrian Treaty before the expiry of the period of 21 days during which it was customary for the drafts of treaties to be available to Parliament before ratification. It had been ascertained that the Labour Opposition in the House of Commons would raise no objection to this. It was, however, for consideration whether the Treaty could properly be ratified before Parliament had passed the legislation required to bring United Kingdom law into line with the requirements of the Treaty.

The Attorney-General recalled that Lord Swinton had stated on behalf of the Government in the House of Lords on 11th March, 1953, that, where a treaty could not be carried out without legislation, the legislation should be passed between the time when the treaty was signed and the time when it was ratified, as the Government were not entitled to assume in advance that the necessary legislation would prove acceptable to Parliament.

It was the general view of the Cabinet that, having regard to that statement, the enabling Bill should be passed before the Austrian Treaty was ratified. The necessary Orders in Council could then be made as soon as possible thereafter.

The Cabinet—

(1) Agreed that the Austrian Treaty should be ratified by the United Kingdom at the earliest possible date.
(2) Agreed that, before ratification, the necessary enabling legislation should be carried through Parliament.
(3) Invited the Foreign Secretary to arrange for this enabling legislation to be prepared forthwith and passed into law as soon as possible.

7. The Lord Privy Seal recalled that before the General Election the Cabinet had agreed that formal directions should, if necessary, be issued to the British Broadcasting Corporation (B.B.C.) under Clause 15 (4) of their licence to ensure: (i) the maintenance of the rule whereby the B.B.C. were precluded from broadcasting discussions or ex parte statements on any issue during a period of a fortnight before it was debated in either House of Parliament; and
Party
Broadcasts on
Welsh Affairs.
(Previous
Reference:
C.C. (55) 10th
Conclusions,
Minute 6.)

(ii) the rejection of a proposal by the National Broadcasting Council for Wales to institute Party political broadcasts on Welsh affairs. It had been ascertained that the Labour Opposition would support the issue of formal directions to the B.B.C. on both points. The support of the Liberal Party was not likely to be secured. If the Cabinet should still consider that such directions were necessary, the Postmaster-General would now proceed to issue them.

The Postmaster-General said that the Chairman of the National Broadcasting Council for Wales was due to see him on the following day and was likely to make a further appeal to the Government to reconsider their opposition to the proposal for Party political broadcasts on Welsh affairs. There was a risk that, if a formal direction were issued to the B.B.C. on this matter, the members of the National Broadcasting Council for Wales would resign. If the Cabinet wished, therefore, he would make a further effort in discussion with Lord Macdonald to persuade him that the Council should drop their proposal.

It was the general view of the Cabinet that advantage should be taken of any means there might still be of securing the rejection of the proposal for Party political broadcasts on Welsh affairs without the need to issue a direction to the B.B.C. on the matter.

The Cabinet—

Authorised the Postmaster-General to issue a formal notice to the British Broadcasting Corporation under Clause 15 (4) of their licence in respect of the fortnight rule and, if necessary, of the proposal to institute Party political broadcasts on Welsh affairs.

Spain.
8. The Minister of State for Foreign Affairs (Lord Reading) recalled that visits to Spanish ports of ships of Her Majesty's Fleet had been discontinued early in 1954 on account of the strained state of Anglo-Spanish relations at that time. The Spanish agitation on the subject of Gibraltar had now died down, and there was a strong case for arranging for visits to Spanish ports by H.M. Ships to be resumed. H.M. Ambassador in Madrid and the Governor of Gibraltar were both in favour of their resumption.

The Prime Minister said that, when such visits were first resumed, there might be advantage in restricting the number of visiting ships but ensuring that ships which did visit Spain should be suitably imposing.

The Cabinet—

Agreed that visits to Spanish ports by ships of Her Majesty's Fleet should now be resumed.

Downing Street.
9. The Cabinet considered a memorandum by the Minister of Works (C. (55) 84) on the need for extensive repairs to Nos. 10, 11 and 12 Downing Street.

The Minister of Works said that, although these houses were probably not in any immediate danger, it was clear that major reconstruction and repairs were required and that, the longer these were delayed, the more difficult and expensive they would become. The main features of the proposed plan of reconstruction were set out in paragraph 6 of C. (55) 84. He recognised the temporary inconvenience which this plan would involve for all concerned. Admiralty House was the only suitable alternative residence for the Prime Minister while the reconstruction of Downing Street was in
progress. Alternative temporary accommodation for the Chancellor of the Exchequer and the First Lord would probably have to be leased elsewhere. If the Cabinet should approve his plan in principle, the work of detailed planning could be carried forward with a view to the work being begun about October, 1956.

The Prime Minister suggested that the Cabinet might give broad approval to the Minister's plan in order that the work of detailed preparation might proceed. He agreed that a date should be fixed well in advance for the evacuation of Downing Street, but he suggested that this date should not be before the middle of 1958.

The Chancellor of the Exchequer expressed support for this view. He hoped that those directly concerned might be kept in touch with the work of detailed planning in order that they might have the chance to make suggestions as opportunity arose.

The following points were also made in discussion:

(a) Although Dover House would from some points of view make an attractive temporary residence for the Prime Minister, it had recently been reconstructed for the use of the Scottish Office and could not easily be reconverted for domestic use.

(b) The Minister of Works should consider seeking the advice of outside experts on those aspects of the reconstruction plan in respect of which the staff of his Department were not specially experienced, for example, the lay-out and equipment of domestic accommodation.

The Cabinet—

Invited the Minister of Works to proceed with detailed planning of the reconstruction and repair of Nos. 10, 11 and 12 Downing Street, on the general lines proposed in C. (55) 84, on the understanding that these houses would not be evacuated by their occupants before the middle of 1958.

Cabinet Office, S.W. 1.
21st June, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 23rd June, 1955, at 11:30 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. J. P. L. Thomas, M.P., First Lord of the Admiralty (Item 8).
The Right Hon. Geoffrey Lloyd, M.P., Minister of Fuel and Power (Items 4-5).
The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Patrick Buchan-Heathburn, M.P., Parliamentary Secretary, Treasury.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service (Items 1-3).
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Cyprus</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Aden</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Security of the Protectorate.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Coal Prices</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Industrial Disputes</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Ocean Liners</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Administrative Tribunals</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Remuneration of Ministers</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Expenses of Peers.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>South Africa</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Defence Co-operation.</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. The Austrian State Treaty Bill was to be passed through all its stages in the House of Commons on 29th June.

2. The Colonial Secretary said that the latest disturbances in Cyprus might compel the Governor to declare a state of emergency and even to arrest Archbishop Makarios or the Bishop of Kyrenia for incitement to violence. The Governor had deferred his plans for moving from Nicosia to the hill station of Troodos.

The Minister of Defence said that he hoped to put before the Cabinet by the end of the following week the proposals of the Committee which they had appointed on 14th June to consider means of promoting further constitutional advance in Cyprus. Conditions in the Island might, however, make it impossible to proceed with these plans at the present time.

The Cabinet—
Took note of these statements.

3. The Cabinet had before them a memorandum by the Colonial Secretary (C.P. (55) 47) seeking approval of certain measures to improve the security of the Aden Protectorate.

The Colonial Secretary said that the incidents which the Cabinet had discussed at their last meeting emphasised the urgency of this problem. There could now be no doubt that the King of the Yemen, who had recently strengthened his internal position, was actively helping dissident elements in the Western Protectorate. He therefore proposed to obtain immediately from the Governor of Aden plans for counter measures which were known to be ready, and to authorise the taking of these, subject to the approval of the Prime Minister, the Chancellor of the Exchequer and the Foreign Secretary. He also sought authority for the immediate provision of a sum of £76,000 to strengthen the administration of the poorer States of the Western Protectorate, and for the formation of three additional squadrons of the Aden Protectorate Levies. At the appropriate moment it might be desirable to make it clear by a statement in Parliament that we intended resolutely to fulfil our obligations as the protecting Power.

The Chancellor of the Exchequer said that the situation called for prompt and effective action. He supported the Colonial Secretary’s proposals, subject to the normal financial scrutiny of detailed proposals.

In discussion the view was again expressed that the immediate situation in the Western Protectorate made it urgently necessary to make some armoured cars available for use there against the rebels.

The Chief of the Air Staff said that the increased support which the rebels had lately been receiving from the Yemen had turned the situation to our disadvantage. A comparatively small rebel force, supplied from across the Yemeni frontier, was proving extremely difficult to eliminate and, in particular, was making it hard to keep Robat Fort supplied. Some armoured cars suitable for use in the local terrain would undoubtedly be most valuable; but, owing to their shortage of water, the garrison at Robat must be relieved before armoured cars could be made available. All possible steps were being taken, within the limits of the forces available locally, to deal effectively with the situation. A large-scale operation was to be undertaken within the next few days. Levies would be used for this purpose, but units of the R.A.F. Regiment from Aden Colony were being brought up to relieve Levy units required as reinforcements.
The authorities on the spot attached great importance to the taking of such non-military measures as were practicable to undermine the present rebel activity in the Western Protectorate.

The Prime Minister said that a situation in which a handful of rebels armed with rifles could challenge so successfully the combined security forces of Aden clearly called for a thorough review of the scale and organisation of those forces. The Minister of Defence and the Colonial Secretary should at once make arrangements for such a review to be undertaken, and he hoped that these would include the despatch of senior officers from the Army and the Royal Air Force to investigate the position on the spot and make recommendations. Meanwhile, he suggested that the Cabinet might approve the provision of money for the strengthening of the local administration and the formation of additional squadrons of Levies. Urgent consideration should also be given to the best means of making armoured cars available.

In further discussion it was suggested that diplomatic means of influencing the situation in our favour ought not to be ignored. Use might well be made of such influence as the King of Jordan enjoyed with the King of the Yemen, and the help of the Prime Minister of Iraq might also be enlisted for the purpose.

The Cabinet—

(1) Invited the Colonial Secretary and the Minister of Defence to arrange for an immediate review to be made of the security situation in the Aden Protectorate, and to report the results of this review to the Cabinet as soon as possible.

(2) Invited the Minister of Defence to consider and report to the Prime Minister how armoured cars could best be made available for use in the Western Aden Protectorate at the earliest possible date.

(3) Approved in principle the proposals put forward in C.P. (55) 47 for expenditure on the improvement of the administration of the poorer States in the Western Aden Protectorate, and the immediate formation of additional squadrons of the Aden Protectorate Levies.

(4) Invited the Foreign Secretary to consider whether the King of Jordan and the Prime Minister of Iraq should not be urged to warn the King of the Yemen that further Yemeni interference in the affairs of the Aden Protectorate would not be tolerated by the protecting Power.

4. The Cabinet considered a memorandum by the Minister of Fuel and Power (C.P. (55) 45) seeking their approval of a proposal by the National Coal Board to increase the pit-head prices of coal by 20 per cent., or an average of 12s. 8d. a ton.

The Minister of Fuel and Power recalled that, in discussions before the General Election, the Cabinet had recognised that coal prices would have to be raised before very long. The increase now proposed was large, but he was satisfied that it was no larger than was necessary to cover the estimated increase in the Board's costs. When coal was scarce, it would be wrong that a nationalised industry should supply it at prices below the cost of production. Even if prices were raised by 20 per cent., there would be a deficit of £9 million on the Board's operations during 1955 and the accumulated deficit would rise to £26 million by the end of the year. This increase was necessary in order to enable the Board to fulfil their obligation to make the industry pay, taking one year with another.

The Chancellor of the Exchequer said that this question had been considered by the Economic Policy Committee, who were satisfied that a substantial increase in coal prices was now inevitable. He
himself considered that this was justified, not only by the increased costs of production, but on wider economic grounds as well. He believed that it would be good for the national economy if the price mechanism were allowed to work in respect of coal, as well as other materials; and that higher coal prices would help to check the inflationary pressures which were at work in the economy. Higher prices might also encourage a more economical use of coal, which was becoming increasingly important now that this country seemed likely to become a net importer of coal. He therefore hoped that the Cabinet would approve the proposal for a 20 per cent. increase.

In discussion there was general agreement that a substantial increase in coal prices was inevitable. Discussion turned on the question whether the prices should be increased by 20 per cent. or by 18 per cent.

In favour of the higher figure it was argued that frequent changes in the price of coal were inconvenient, both politically and industrially. Export industries, in particular, were handicapped in quoting firm prices for forward deliveries if coal prices were constantly increasing. If prices were now raised by 20 per cent., it should be possible to avoid any further increase for some time. Indeed, there might be a possibility that prices might be reduced after 18 months or so, if the Board then foresaw a surplus on their current operations. A sharp increase in prices would encourage economy in industrial consumption of coal, and would also help to accelerate, in certain industries, a transfer from coal to oil as a source of power.

On the other hand attention was drawn to the consequences which an increase in coal prices would produce in other sectors of the economy. It would directly raise the cost-of-living index figure by one point, and its indirect effects on the cost of living would eventually be even more serious. It would thus serve to stimulate demands for wage increases. It would add about £9 million a year to the operating costs of British Railways, and would thus hasten the day when the Transport Commission would have to apply for further increases in fares and freight charges. It would add £1 million a year to the cost of operating fishing trawlers, and would strengthen the claim of the fishing industry for an increased Government subsidy. If prices were increased by 20 per cent., the Coal Board were likely to show, at the end of 1956, a surplus of £20 million on the year’s working, and their accumulated deficit would by then have been reduced to £6 million. This was a very small figure in relation to the total turnover of the undertaking. These were strong arguments for not advancing coal prices at the present stage beyond the minimum required to offset the increased cost of production.

The Cabinet agreed that the balance of the arguments lay in favour of limiting to 18 per cent. the proposed increase in the pit-head price of coal.

In further discussion the following points were also made:—

(a) Differential prices for coal had borne hardly on some industries. Steel production in Scotland had been specially handicapped by them. The Cabinet were assured that the Coal Board intended to discuss this question with the industries affected, with a view to devising special arrangements for them.

(b) The Minister of Fuel and Power said that, in view of the persistent shortage of coal, no opportunity should be lost of developing other sources of power. He was pressing forward with his programme of conversion from coal to oil; and he had, in addition, asked the Lord President to consider whether it would be practicable to accelerate the existing programme for the production of power from nuclear energy.

The Lord President said that, while he had undertaken to consider this, he doubted whether it would prove to be either practicable or desirable. The pace of the programme was limited by the shortage of skilled technicians of various kinds. Moreover, the design of
reactors was improved by experience in building them; and it was
doubtful whether it would be wise, even if it were practicable, to build
more of them simultaneously. He hoped, for these reasons, that no
public reference would be made to the possibility of accelerating
this programme.

The Cabinet—

Agreed that pit-head prices of coal should be increased by
18 per cent. from the middle of July; and invited the Minister
of Fuel and Power to ask the National Coal Board to adjust
their proposals accordingly.

5. The Cabinet had before them a memorandum by the
Attorney-General (C.P. (55) 50) on the right of merchant seamen to
withhold their labour. The memorandum concluded that, once a
seaman was "lawfully engaged," he became subject to the disciplinary
code contained in the Merchant Shipping Act, 1894, and had no
longer the right to strike which was enjoyed by those employed in
other industries. It was clear that a seaman was "lawfully engaged"
when he had signed articles, but he might be held to be so engaged
before doing so, for example by agreeing to serve as a seaman.

The Cabinet were informed that all the seamen on strike who
had recently been reported by the Merchant Navy Establishment Pool
as having left the industry and had since been summoned for medical
examination were men who had signed articles and were striking in
breach of them.

The Cabinet—

Took note of C.P. (55) 50.

6. The Cabinet had before them a memorandum by the
Lord Chancellor (C.P. (55) 44) outlining his proposals for an
independent enquiry into practice and procedure in relation to
administrative tribunals and quasi-judicial enquiries.

The Cabinet's discussion turned first on the scope of the proposed
enquiry. It was agreed that the terms of reference of the Committee
should be so drawn as to exclude from the enquiry the ordinary
day-to-day administrative decisions taken by a Minister or by
Departmental officials acting on his behalf. Even if these were
excluded, however, the field for enquiry was large. The Minister of
Housing and Local Government said that his Department dealt each
year with about 600 compulsory purchase orders and about 5,000
planning decisions. The procedure prescribed by statute was already
complicated and slow and it should be recognised that, if still further
safeguards were to be provided, the pace of administration would be
slowed down still further. The Minister said that there were other
questions which the Committee should consider besides those set out
in paragraph 4 of C.P. (55) 44: he would bring these to the notice of
the Lord Chancellor.

On the composition of the proposed Committee several points were
raised. The view was expressed that there would be advantage in
adding to the Committee one or two Civil Servants with special
experience on this subject. If, however, it were decided that Civil
Servants should not serve on the Committee but should give evidence
to it, Local Government officials should similarly make their
contribution as witnesses rather than as members of the Committee.
Doubt was also expressed about the need to include Trade Union
representatives on the Committee.
The Prime Minister suggested that the Cabinet should go into these points in greater detail at a later meeting.

The Cabinet—
Agreed to resume their discussion of C.P. (55) 44 at a later meeting.

7. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (55) 46) making proposals for the improvement of Ministers' remuneration, and suggesting that the matter might be considered in detail by a small Committee of senior Ministers.

The Lord President said that, before the Cabinet reached decisions on Ministers' remuneration, he would wish them to consider again the case for introducing a scheme of allowances to Peers for attendance on their Parliamentary duties in the House of Lords.

The Prime Minister suggested that the same Committee should consider both these matters.

The Cabinet—
Invited the Prime Minister to appoint a small Committee of senior Ministers to consider and report to the Cabinet on (i) the remuneration of Ministers and (ii) the introduction of a scheme of expenses allowances for Peers.

8. The Cabinet had before them a memorandum by the Commonwealth Secretary, the Minister of Defence and the First Lord of the Admiralty (C.P. (55) 51) reporting the stage reached in current discussions with the South African Minister of Defence on defence questions of common concern to the United Kingdom Government and the Union Government.

The Minister of Defence said that the Defence Committee had laid down, at a meeting on 10th June, the general lines on which these discussions with Mr. Erasmus were to be conducted (D.C. (55) 3rd Meeting, Minute 1). The stage reached in the discussions was now being reported to the Cabinet, and their urgent guidance was being sought, as Mr. Erasmus was anxious to make an immediate report to his Government before they dispersed from Cape Town. As a result of several days' discussion it seemed likely that we could obtain a satisfactory agreement on the Simonstown naval base and on naval co-operation generally; but there was little prospect of obtaining a firm promise of South African co-operation in the defence of the Middle East or of persuading the South Africans to abandon altogether their project of an African Defence Organisation. The general question on which he sought the guidance of the Cabinet was whether, in further negotiation, he and his colleagues should aim at concluding an agreement on Simonstown and on naval co-operation, together with a promise of military staff talks on the Middle East; or whether, in default of a firm South African promise to co-operate in the defence of the Middle East, the whole of the discussions should be adjourned. He would himself prefer to follow the first of these courses.

The Prime Minister said that he would not put too high a value on a South African undertaking to contribute towards the defence of the Middle East. In the event, the decision whether or not South African troops should be sent to the Middle East in war would be taken by the Union Government of the day in the light of the circumstances then prevailing. Secret staff talks, to which Mr. Erasmus might be persuaded to assent, would give us almost as much assurance of eventual South African support in this area as any formal commitment by the present Government of the Union.
He would therefore prefer to concentrate at this stage on securing the most satisfactory agreements that we could obtain on the Simonstown base and on naval co-operation. On the latter point the agreement which Mr. Erasmus was ready to sign met all our requirements. The South Africans were prepared to place in this country orders for naval vessels to the value of £18 million, and this would have the effect of linking the South African Navy to the Royal Navy for many years to come. As regards Simonstown, the agreement now proposed was defensible so far as strategic considerations were concerned. It was more open to criticism on grounds of discrimination against coloured workers, and we should try to improve the safeguards which it provided for them.

The Cabinet's discussion centred mainly on Clause 9 (a) of the draft agreement on the Simonstown naval base, under which the Union Government were to agree that, if there were a deficiency of qualified European labour in the dockyard, non-Europeans of the required standard would be recruited on a basis of merit. It was agreed that, in the further discussions, every effort should be made to persuade Mr. Erasmus to give a firmer assurance that racial discrimination would be avoided in the recruitment of new labour for the dockyard. Thus, he might be asked to undertake that there would be no discrimination based on colour in the recruitment of labour in the dockyard. Alternatively, he might be willing to give, in respect of future recruitment, some assurance containing the same formula for avoiding "discrimination between Europeans and non-Europeans" as he was ready to accept in respect of existing employees in the dockyard. At the least, he should be pressed to agree that paragraph 9 (a) of the existing draft agreement should be amended to provide that there would be "no bar to the recruitment of non-Europeans of the required standard where this was found to be necessary to ensure the maintenance of a sufficient labour force."

The Cabinet—

(1) Invited the Minister of Defence, in his further discussions with the South African Minister of Defence, to press strongly for further safeguards for the future recruitment of coloured workers at the naval base at Simonstown, on the lines which had been suggested in the Cabinet's discussion.

(2) Subject to Conclusion (1) above, agreed that it should continue to be a primary objective in these discussions to obtain a satisfactory agreement on the transfer of the naval base at Simonstown and on naval co-operation generally, and that attainment of that objective should not be prejudiced by insistence on a firm South African promise of co-operation in the defence of the Middle East.

Cabinet Office, S.W. 1,
23rd June, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1., on Tuesday, 28th June, 1955, at 11 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. J. P. L. Thomas, M.P., First Lord of the Admiralty (Items 1–3).
The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Sir Reginald Manningham-Buller, Q.C., M.P., Attorney-General (Item 5).
Sir Harold Caccia, Foreign Office (Item 8).

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Conservative Party Chairmanship</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Malta</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>South Africa Defence Co-operation</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Aden Security of the Protectorate</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>House of Commons Disqualification Draft Bill</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Mr. J. C. George, M.P., and Mr. J. McInnes, M.P.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sinn Fein Members</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Price of Sugar</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Legislative Programme: 1955–56 Session</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Cyprus</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>Industrial Disputes Dock Strike</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>Monopolies and Restrictive Practices</td>
<td>9</td>
</tr>
</tbody>
</table>
1. The Prime Minister read to the Cabinet a letter which he had received from the Chancellor of the Duchy of Lancaster relinquishing his Chairmanship of the Conservative Party. Lord Woolton felt that responsibility for the Party organisation should now be handed over to a younger man who could expect to be in charge of it when the time came for another General Election.

The Prime Minister said that he greatly regretted the necessity for this decision, though he respected the reasons which had prompted it. He knew that his colleagues in the Cabinet would wish him to express on their behalf their warm appreciation of the outstanding services which Lord Woolton had rendered as Chairman of the Party.

2. The Cabinet had before them a memorandum by the Colonial Secretary (C.P. (55) 53) on the claim of the Malta Government for representation in the Parliament at Westminster.

The Colonial Secretary said that his colleagues might prefer to postpone discussion of this memorandum until they had had more time to consider it. Meanwhile, they would wish to know that the Prime Minister of Malta, who was now in London, had obtained assurances that his claim would be supported by the Labour Opposition in the House of Commons.

The Cabinet—

Agreed that consideration of the Colonial Secretary's memorandum C.P. (55) 53 should be deferred until their next meeting.

3. The Cabinet considered a memorandum by the Commonwealth Secretary, the Minister of Defence and the First Lord of the Admiralty (C.P. (55) 54) reporting the further progress made in the discussions with the South African Minister of Defence on defence questions of common concern to the Governments of the United Kingdom and of the Union. The draft agreements annexed to this memorandum had been examined by the Defence Committee at a meeting on the previous day.

In discussion of the draft agreement for the transfer of the naval base at Simonstown, the following points were raised:

(a) Paragraph 9 of the draft agreement now provided improved safeguards for the future recruitment of coloured workers in the dockyard. The Cabinet agreed that on this point the draft agreement could now be regarded as satisfactory.

(b) It was desirable that the detailed provisions contained in the annexes to the draft agreement should be made public. The question had been raised whether publication of the conditions of service for Admiralty employees at Simonstown (Annex B) might provoke demands for similar conditions at other Admiralty establishments overseas. The Cabinet agreed, however, that this was a risk which must be taken in the interest of securing full public support in this country for the transfer of the Simonstown base to South Africa.

(c) Paragraph 2 (iv) of Annex C might seem to imply that the Admiralty were already discriminating extensively, on grounds of race or colour, between different classes of their employees in the Simonstown dockyard. The wording of this sub-paragraph might be adjusted so as to give less prominence to this point.

(d) In sub-paragraphs (vi) and (viii) of paragraph 2 of Annex C the wording of the final sentences might be modified so as to make it clear that it was the intention of the Union Government to provide for existing employees in the dockyard the benefits described in those sub-paragraphs.
The Chancellor of the Exchequer agreed that United Kingdom claims for financial compensation for the assets to be transferred to the South African Government should be settled on the basis of a lump-sum payment of £750,000. It was, however, important that there should be a clear statement, agreed between the two parties, of all the items which were regarded as covered by this lump-sum payment.

The Cabinet were informed that there were no outstanding difficulties on the draft agreement on Naval Co-operation.

In discussion the point was made that the draft agreement did not in terms require the South African Government to place their naval forces, in war, at the disposal of the Commander-in-Chief, South Atlantic. The Cabinet were assured that the agreement, taken as a whole, would have the effect of ensuring full naval co-operation in this area between South Africa and the United Kingdom in any war in which the two countries were allies.

The Cabinet's discussion then turned on the draft agreement on the defence of Southern Africa and on the draft of a secret undertaking that discussions between the Service Staffs of the two countries should cover matters relating to South Africa's participation in the defence of the Middle East (Appendices C and D of C.P. (55) 54).

The Minister of State for Foreign Affairs said that there might be advantage in holding these two points over for further discussion at a later date. In the current discussions it had proved impossible to extract any firm promise of South African co-operation in the defence of the Middle East. We might, however, be in a better position to extract such a promise at a later stage, when further progress had been made in Anglo-American discussions on the defence of that area. If we were successful in making a firm Anglo-American plan for the defence of the Middle East, involving the United States Government in a definite military commitment, it would be easier to bring pressure on the South African Government to make a contribution towards such a plan.

As against this it was argued that postponement might jeopardise the prospect of making effective progress through Staff conversations. The Chiefs of Staff believed that these conversations might offer an opportunity for a more practical approach to this problem; and it was possible that closer contact between the military staffs might pave the way for a further effort to overcome the political difficulties which now stood in the way of a firm South African promise to co-operate in the defence of the Middle East. Although Mr. Erasmus was not willing that a letter on the lines of the draft in Appendix D to C.P. (55) 54 should be made public, it was possible that he might be persuaded to agree that some public reference might be made to the proposal for further Staff discussions, either in a preamble to the relevant agreement or in a Press communique on the results of his mission.

The Cabinet agreed that the balance of advantage lay on the side of concluding now a draft agreement on the need for international discussions with regard to the defence of Southern Africa, on the lines of the draft in Appendix C to C.P. (55) 54, coupled with the promise that the ensuing Staff conversations should include matters relating to South Africa's participation in the defence of the Middle East.

In further discussion the following points were also raised:

(f) It was arguable that the proposed agreement on the Simonstown base, as well as that on naval co-operation, should be registered with the United Nations. It was not, however, necessary that both the parties to the agreements should register them with the United Nations. It would suffice if they were registered by the United Kingdom Government alone.

(g) In this country public opinion might react unfavourably to the transfer of the Simonstown base unless full details of the
agreement were published at once. It would therefore be preferable that there should be no announcement about the results of the current discussions until the full text of the agreements could be published. This might mean that no announcement could be made before 4th July.

(b) The substance of the agreements should be communicated in advance to interested foreign Governments in Africa and the Middle East and to Colonial Governments in Africa. These communications should, however, be delayed until the last possible moment, so as to reduce the risk of premature disclosures.

The Cabinet—

(1) Authorised the Minister of Defence, in company with the Commonwealth Secretary and the First Lord of the Admiralty, to conclude agreements with the South African Minister of Defence on the lines of the drafts annexed to C.P. (55) 54 subject to the points noted in paragraphs (c), (d) and (e) above.

(2) Invited the Minister of Defence to arrange for early publication of the texts of the various agreements, having regard to the views recorded in paragraph (g) above; and to concert with the Colonial Secretary and the Minister of State for Foreign Affairs arrangements for communicating advance information of the substance of the agreements to other interested Governments.

4. The Cabinet were informed that the Defence Committee had reviewed on the previous day the measures to be taken, both in the short term and in the long term, for improving the security of the Aden Protectorate.

The Chiefs of Staff had arranged for the Army and Air Force Commanders-in-Chief, Middle East, to proceed at once to Aden to review the long-term measures for improving security in the Protectorate.

Meanwhile a large-scale operation was about to be undertaken with the aim of punishing the dissident tribe, the Shami, if they could be brought to battle. It had originally been intended that, as part of this operation, the Government Guards should be withdrawn from the Fort at Robat and that arrangements should be made for it to be held in future by tribesmen of a friendly tribe, the Humeidi. The Governor of Aden had, however, been asked to consider whether, if the Government Guards were to be withdrawn, it would not be preferable that the Fort should be destroyed.

The Cabinet—

Took note of these statements.

5. The Cabinet had before them a memorandum by the Home Secretary (C.P. (55) 49) on three points raised in their previous discussion on the House of Commons Disqualification Bill.

The Home Secretary said that he had now discussed these points with his colleagues in the Home Affairs Committee and their recommendations were set out in his memorandum. If these recommendations were accepted by the Cabinet, he would proceed to consult the Northern Ireland Government and the Opposition Parties at Westminster on the provisions of the Bill.

The Cabinet—

(1) Approved the recommendations in C.P. (55) 49 and invited the Home Secretary to consult the Northern Ireland Government and the Opposition Parties at Westminster on the Bill.
Mr. J. C. George, M.P., and Mr. J. Mclnnes, M.P.  

The Lord Privy Seal said that he hoped that these consultations could be carried out speedily as the urgency of introducing the Bill had now been increased by the occurrence of another case of disqualification. The Attorney-General had advised that Mr. J. C. George, the Conservative Member for the Pollok division of Glasgow, would probably be held to be disqualified by the fact of his appointment by the Minister of Works to be a director of the Scottish Slate Industries Company. The Government must therefore move as soon as possible for the appointment of a Select Committee to investigate the case, and an Indemnity Bill would almost certainly be required thereafter.

The Minister of State for Scottish Affairs said that it now seemed possible that another Scottish Member—Mr. J. Mclnnes, who sat for the Central division of Glasgow—would be found to have incurred disqualification on account of his appointment as director of an estate company under the Board of Trade. The Attorney-General said that this latter case had only just been brought to his notice and he would need rather more time before giving his final view on it. The Cabinet agreed that, if the disqualification of Mr. Mclnnes were confirmed, his case and that of Mr. George should be brought to the notice of Parliament simultaneously.

The Cabinet—
(2) Authorised the Lord Privy Seal to move for the appointment of a Select Committee to investigate the case of Mr. J. C. George, M.P., and, if necessary, to arrange thereafter for the introduction of an Indemnity Bill, and to take similar action in respect of Mr. J. Mclnnes, M.P., if further investigation should show this to be necessary.

The Lord Privy Seal said that the Cabinet should also be aware of the position in respect of the Sinn Fein Members returned for Fermanagh and South Tyrone and Mid-Ulster, who were at present serving prison sentences. The Ulster Unionist candidate in South Tyrone had lodged a petition within the prescribed period of twenty-one days for the unseating of the Sinn Fein Member for that constituency and, if this petition were successful, the Ulster Unionist candidate would automatically be deemed to be elected in place of the Sinn Fein Member. In Mid-Ulster, on the other hand, no such petition had been lodged, and it rested with the Government to set in motion the procedure for bringing about a fresh election. It seemed right that the necessary action to this end should now be taken.

The Cabinet—
(3) Took note that in the Fermanagh and South Tyrone constituency the Ulster Unionist Party had lodged a petition for the disqualification of the sitting Sinn Fein Member and the consequent return of the Ulster Unionist candidate.
(4) Agreed that steps should now be taken to establish the disqualification of the sitting Sinn Fein Member for Mid-Ulster and the subsequent holding of a bye-election.

The Chancellor of the Exchequer recalled that on 20th January the Cabinet had agreed in principle that the price at which the Government sold sugar to refiners in this country should be increased by an amount which was likely to lead to an increase of 4d. a lb. in its retail price. The introduction of this price increase had been deferred for some months, but he now recommended that it should be brought into effect without further delay.
The Minister of Agriculture supported this recommendation.

The Cabinet—
Agreed that the proposed increase in the price of sugar to refiners should now be made.

7. The Cabinet considered a memorandum by the Lord Privy Seal (C.P. (55) 52) about the current session’s legislative programme.

The Lord Privy Seal said that, if the programme was not to fall seriously behind, it was necessary that as many as possible of the Bills mentioned in paragraph 5 of his memorandum should be introduced before the summer recess, and that the Bills mentioned in paragraph 6 should be ready for introduction immediately Parliament reassembled in the autumn.

Discussion showed that there were reasonable expectations that all save two of the Bills mentioned in paragraph 5 of C.P. (55) 52 could at least be introduced before the end of July. Although the Inventions and Designs (Defence) Bill was ready, the timing of its introduction would need to be considered by the Emergency Legislation Committee. The Water Bill would not be ready for introduction before the autumn, but The Minister of Housing and Local Government suggested that he should aim instead to introduce a Rural Water Supply and Sewerage Bill. This suggestion was approved.

The following further points were raised in discussion:
(a) It was proposed that the Sugar Bill, when it was published, should be accompanied by an explanatory White Paper, the draft of which would be submitted to the Legislation Committee with the draft Bill.
(b) The Minister of State for Foreign Affairs (Lord Reading) should ensure that the proposed Bill on Sudan Officials’ Compensation was introduced at the earliest possible date.
(c) Three years had passed since the policy underlying the Geneva Conventions Bill had been approved by the Home Affairs Committee, and the matter would need to be reconsidered before the draft Bill could go forward to the Legislation Committee.
(d) It was possible that a Revenue Bill could be prepared for introduction in the autumn: this would reduce the scope of next year’s Finance Bill.
(e) A Slaughterhouses Bill should be added to Annex B to C.P. (55) 52.

The Prime Minister said that, in view of the importance of making satisfactory progress in this matter during the next four weeks, the Cabinet should review the matter again after a short interval.

The Cabinet—
(1) Approved the addition to the legislative programme of the Bills set out in Annex B to C.P. (55) 52, and of Bills on Rural Water Supply and Sewerage and on Slaughterhouses.
(2) Invited the Ministers concerned to ensure that there was no avoidable delay in bringing forward Bills included in the programme.
(3) Agreed to review the position again at an early meeting.

8. The Prime Minister said that, in view of the continued disorders in Cyprus, he had thought it necessary that the Cabinet should consider as a matter of urgency whether the Government should not take an immediate initiative to restore the situation. As he saw it, the Government were faced with a choice between...
(i) proclaiming a state of emergency in Cyprus and taking vigorous action to suppress the dissident elements there; or (ii) securing a suspension of Greek incitements to violence in Cyprus by inviting the Greek and Turkish Governments to send representatives to a conference in London. If the first course were adopted, the Government would be obliged to follow for some time a negative policy of repression. If the second course were chosen, care would have to be taken to avoid any impression that the Greek or Turkish Governments had a right to be consulted on the future constitutional development of the Colony. This course had, however, certain tactical advantages. If the Greek and Turkish Governments could be brought to confer together on this question, they could probably be shown to hold different views on the question of self-determination for the people of Cyprus; and this would provide us with a valuable opportunity for advancing our own views on the constitutional development of the Colony. The fact that we had offered to confer with these two Governments would also put us in a better position to defend ourselves against further criticism in the United Nations. Even if the Greek Government refused to attend such a conference, our position in the United Nations would be strengthened by the fact that we had offered it.

Discussion showed that there was strong support in the Cabinet for the proposal to invite the Greek and Turkish Governments to send representatives to a conference in London.

Discussion turned on the terms of the invitation to be sent to the two Governments. It was suggested that, in order to avoid any public impression that the question of sovereignty over Cyprus was to be discussed with foreign Governments, Cyprus should not be the sole subject for discussion at the conference. Emphasis should therefore be laid on the common interests which the three Governments had in the political and defence problems of the Eastern Mediterranean as a whole. After discussion it was agreed that the invitation to the Greek and Turkish Governments should take the following form:

"Her Majesty's Government have been giving further consideration to the strategic and other problems affecting alike the United Kingdom, Greece and Turkey in the Eastern Mediterranean. They consider that the association of the three countries in that area based on mutual confidence is essential to their common interests.

Her Majesty's Government accordingly invite the Greek and Turkish Governments to send representatives to confer with them in London at an early date on political and defence questions which affect the Eastern Mediterranean, including Cyprus."

The Cabinet—

(1) Invited the Minister of State for Foreign Affairs to arrange for invitations to be delivered to the Greek and Turkish Governments on 30th June, in the terms approved by the Cabinet, to send representatives to a conference in London on political and defence questions affecting the Eastern Mediterranean, including Cyprus.

(2) Took note that the Prime Minister would announce, in a statement in the House of Commons on 30th June, that these invitations had been sent.

(3) Authorised the Minister of State for Foreign Affairs to arrange for the United States Government to be informed of this on 29th June and to be urged to press the Greek Government to accept the invitation.

(4) Authorised the Commonwealth Secretary to arrange for the Governments of Canada, Australia and New Zealand to be informed of this initiative shortly before the public announcement was made.
9. The Minister of Labour said that, in spite of the advice of their leaders that they should resume work, between 18,000 and 20,000 members of the National Amalgamated Stevedores and Dockers (N.A.S.D.) were still on strike. The Disputes Committee of the Trades Union Congress (T.U.C.), who were considering the matters at issue between the N.A.S.D. and the Transport and General Workers Union (T.G.W.U.), were meeting that day and were expected to submit their report to the T.U.C. for consideration on the following day. The Minister said that, although the T.U.C. might come down on the side of the T.G.W.U., it was difficult to see how that Union could refuse indefinitely to accept the fact that 10,000 dockers on Merseyside were firmly determined to have nothing to do with them. Discussions had been held on the previous day with the port employers, who were seriously concerned about the situation. The Minister said that he would be in a better position to say whether there was any further step which the Government could usefully take when he knew what decision the T.U.C. had taken on the report of their Disputes Committee.

The Cabinet—
Invited the Minister of Labour and National Service to report further on this question at their next meeting.

10. The President of the Board of Trade said that he would be publishing on 30th June the report of the Monopolies Commission on collective boycott and exclusive dealing. This report was likely to give rise to considerable public controversy and, in view of the complexity of the subject, he would be glad if its recommendations could be considered in the first instance by a Cabinet Committee.

The Cabinet—
Appointed a Committee consisting of—
Bay Chief Minister (Chairman),
Chancellor of the Duchy of Lancaster,
President of the Board of Trade,
Minister of Supply,
Attorney-General,
Economic Secretary, Treasury,
to consider and report to the Cabinet on the report of the Monopolies Commission on collective boycott and exclusive dealing.

Cabinet Office, S.W.1.
28th June, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 30th June, 1955, at 11:30 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.


The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.

The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. J. P. L. Thomas, M.P., First Lord of the Admiralty (Item 10).

The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 8–9).


The following were also present:

The Right Hon. Geoffrey Lloyd, M.P., Minister of Fuel and Power (Items 8–9).

The Right Hon. Lord Strathclyde, Minister of State, Scottish Office (Items 7–8).

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Secretariat:

The Right Hon. Sir Norman Brook.

Mr. R. M. J. Harris.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Remuneration of Ministers and Members of Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Nationalised Industries</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Select Committee</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>South Africa</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Defence Co-operation</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Supplementary Estimate for Military Expenditure</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Foreign Affairs</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Administrative Tribunals</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Industrial Disputes</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Docks</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Europe</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Economic Integration</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Malta</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>Tariff Policy</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Japan and the G.A.T.T.</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet were informed that the Leader of the Opposition had asked to see the Prime Minister to discuss the remuneration of Ministers and Members of Parliament. There was reason to believe that the Opposition might ask that, if improvements were to be made in the remuneration of Ministers, the attendance allowance payable to Members should also be raised. On the other hand, the Opposition had already committed themselves publicly to the view that some increase in Ministers' remuneration was desirable.

The Prime Minister said that he did not propose to give any encouragement to the idea that further improvements might be made in Members' emoluments at the present time.

The Cabinet—
Took note of these statements.

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Cabinet agreed that the Government would have to find time, before the summer recess, for a preliminary discussion in the House of Commons on the Report of the Monopolies Commission on collective boycott and exclusive dealing, which had been published that morning. As, however, a comparatively short time would have elapsed since the publication of the report, the Government would be justified in giving only a broad indication of their attitude to its recommendations, and they might undertake to consider the matter further in the light of views expressed in the debate.

3. The Lord Privy Seal said that Members appointed in the last session to the Select Committee on Nationalised Industries were urging on him the need for amendment of the Committee's terms of reference. He proposed to take the line that the Government saw no reason to change the terms of reference at this stage but that, if the Committee should finally conclude that they needed amendment, a report in that sense should be submitted to the House.

The Cabinet—
Took note, with approval, of this statement.

4. The Minister of Defence said that the discussions with the South African Minister of Defence had now been brought to a satisfactory conclusion. The results of the discussions were to be announced simultaneously in both countries on 4th July, and the texts of the agreements reached would be published that afternoon in the form of a White Paper. The Cabinet would wish to consider whether an advance copy of the White Paper should be sent to the Leader of the Opposition.

The Cabinet agreed that the Minister of Defence should see the Leader of the Opposition, and give him an advance copy of the White Paper, shortly before the announcement was made in the House of Commons on 4th July.

5. The Cabinet considered whether a Supplementary Estimate should now be presented to Parliament in respect of expenditure on the maintenance of United Kingdom Forces in Germany.

The Chancellor of the Exchequer said that this question arose through the termination of the occupation régime on 5th May. There was a fair prospect that, in the current financial year, expenditure
would be wholly met by the German contribution, and any supplementary estimate taken would therefore be for only a token amount. Technically, however, a supplementary estimate was required in order to establish Parliamentary control of expenditure; and, if it were not taken, there were likely to be difficulties later on with the Comptroller and Auditor-General and the Public Accounts Committee. The presentation of a token supplementary estimate hardly seemed likely in itself to prompt the Opposition to ask for a debate.

In discussion there was some support for the view that the presentation of a supplementary estimate should be deferred for as long as possible. Thus, it could be argued that, if the estimates should cover support costs now, they should have covered occupation costs in earlier years and that by presenting a supplementary estimate for this purpose now the Government would merely draw attention to the earlier omission. It also seemed possible that, if presentation of a supplementary estimate were to lead to a debate, views might be expressed which would make it harder for the German Federal Government to pay over the sums in support of our forces which were expected of them.

The Cabinet—

Invited the Chancellor of the Exchequer and the Minister of Defence to consider further, in the light of the Cabinet's discussion, the timing of a first estimate in respect of the cost of maintaining United Kingdom Forces in Germany after the end of the occupation period.

Foreign Affairs.

6. The Foreign Secretary made a brief report to the Cabinet on his recent visit to the United States. The Administration were, he thought, adopting a more flexible attitude towards the major international problems of the day. They were evidently anxious to make progress, at the Four-Power Talks, towards a solution of European problems. In particular, they were likely to look favourably on realistic proposals for reducing the level of armaments in Europe.

The attitude of the Administration towards the Far East had also changed. They were more anxious to find a peaceful solution than they had been a few months previously, though they were still finding it difficult to extricate themselves from the position which they had taken up. In the Far East the main risk was that the Chinese Communists might make some ill-judged move. It should, therefore, be our aim to maintain the exchange of views which was proceeding, through intermediaries, in the hope that means might be found of advancing gradually towards a peaceful settlement.

The Cabinet—

Took note of the Foreign Secretary's statement.

Administrative Tribunals.

(Previous Reference: C.M. (55) 17th Conclusions, Minute 6.)

7. The Cabinet resumed their discussion of the proposals, put forward by the Lord Chancellor in C.P. (55) 44, for establishing an independent enquiry into practice and procedure in relation to administrative tribunals and quasi-judicial enquiries.

The Lord President recalled that, when the Cabinet had previously discussed these proposals, doubts had been expressed both on the scope and on the composition of the proposed enquiry. These doubts had been largely removed by discussions which the Lord Chancellor had subsequently held with the Ministers most directly concerned. As regards the scope of the enquiry, it had been made clear that the Committee would have quite general terms of
reference, and that Ministers would have an opportunity for commenting on these before the Committee was appointed. As regards membership, it was now recognised that the composition suggested in paragraph 6 of C.P. (55) 44 contained too large an element of official or technical opinion and made insufficient provision for reflecting the views of the public. Ministers would, however, be better able to determine the composition of the Committee on the basis of a list of names than on a general indication of the types of experience to be represented; and it was now proposed that a list of suitable names should be submitted for consideration by the Cabinet.

In discussion it was suggested that the Committee should include some members with experience of the kind of administrative problems which were involved.

The Cabinet—

Instructed the Secretary of the Cabinet to arrange for detailed proposals to be prepared, for consideration by the Cabinet, on the composition and terms of reference of the proposed Committee on practice and procedure in relation to administrative tribunals.

8. The Minister of Labour said that the report of the Disputes Committee of the Trades Union Congress (T.U.C.) condemned the National Amalgamated Stevedores and Dockers (N.A.S.D.) for poaching in the northern ports and ruled that the 10,000 members which the N.A.S.D. had acquired there must cease to belong to that union. It condemned both the N.A.S.D. and the Transport and General Workers' Union (T.G.W.U.) for poaching each other's members in London and advised them to meet to resolve the situation there. The T.U.C.'s statement, which endorsed the Committee's report, recognised that the dispute was one between the two unions, and recommended that it should be settled by acceptance of the Council's advice and that the strike should be called off.

The Minister said that these conclusions seemed unlikely to secure an early resumption of work. While it was true that the N.A.S.D. had undertaken beforehand to accept the T.U.C.'s findings, there was a disposition in the northern ports, particularly on Merseyside, to continue the strike in pursuit of recognition by the employers. In any event it was clear that the N.A.S.D. members in northern ports would not voluntarily rejoin the T.G.W.U. It was possible that they might form a new union of their own or might abandon union membership altogether.

The Minister said that he proposed to discuss with the T.U.C. whether there was any further step which he could take at the moment in his efforts to resolve the situation. He would also see the Secretary-General of the T.G.W.U. and representatives of the port employers. It would be difficult for him to make contact with the N.A.S.D. as within a few days none of its leading officials seemed likely to be in office.

In discussion it was explained that the attitude of the T.G.W.U. could hardly be expected to become more reasonable seeing that, broadly speaking, their case had received the endorsement of the T.U.C. If the port employers were to accord recognition to the N.A.S.D. in northern ports, the T.G.W.U. might well resort to strike action themselves.

The Prime Minister said that the Minister of Labour should let it be known that he was holding further consultations with the parties to this dispute, so as to show that the Government were continuing to do all in their power to end the strike. It would also be helpful if Ministers would take any suitable opportunity to emphasise in their speeches in the country the serious economic effects of the strike.

The Cabinet—

Took note of these statements.
9. The Cabinet considered a note by the Chancellor of the Exchequer (C.P. (55) 55) on a recent conference at Messina of the six member countries of the European Coal and Steel Community (E.C.S.C.).

The Chancellor of the Exchequer said that at Messina the six E.C.S.C. countries had resolved to make further advances towards the economic unification of Europe, and to invite the United Kingdom Government to take part in the work of a Preparatory Committee. Some of the specific objectives of the six Powers set out in paragraph 3 of the report attached to C.P. (55) 55—for example, the creation of a common organisation for the peaceful development of atomic energy and the establishment of a common market in Europe—seemed likely to involve duplication with other arrangements or were fraught with special difficulties. He therefore recommended that we should agree to take part in the work of the proposed Preparatory Committee as observers only, and subject to suitable reservations about our attitude to the specified objectives.

In discussion support was expressed for the view that the utmost caution was required on our part in relation to the specified objectives of the six E.C.S.C. countries. It was suggested, on the other hand, that we ought not to create the impression that we disapproved of their efforts to promote a greater measure of economic integration between themselves.

The Foreign Secretary said that, while we should preserve our full freedom of action and make it clear that we were not in any way committed to joining any body or bodies which might eventually be set up, we might be able to exercise a greater influence in the forthcoming discussions if we were to enter them on the same footing as the other countries concerned and not in the capacity of an observer. If the Cabinet so desired, he would prepare a draft of a reply on these lines to the invitation which had now been received from the Netherlands Foreign Minister, on behalf of the six E.C.S.C. countries, and would discuss this with the Chancellor of the Exchequer.

The Cabinet—

Authorised the Foreign Secretary and the Chancellor of the Exchequer to settle, in consultation, the terms of the reply to be sent to the invitation to participate in the forthcoming discussions on this subject.

10. The Cabinet considered a memorandum by the Colonial Secretary (C.P. (55) 53) on the proposals of the Malta Government for closer association between Malta and the United Kingdom.

The Colonial Secretary said that Malta was now at the parting of the ways. It was inevitable that some change should be made in her constitutional status. She could not aspire to independent nationhood, and could not, therefore, expect to become a full member of the Commonwealth. That being so, she must look to some form of closer association with a stronger Power. If we rejected her suggestion of closer association with us, the possibility could not be excluded that she would move towards a closer association with Italy. Such a development would be gravely embarrassing, especially at a time when Cypriots were agitating for union with Greece. He was, therefore, disinclined to reject out of hand this Maltese proposal for closer association with the United Kingdom and representation in the Parliament at Westminster. Outright rejection of this claim would be the more difficult now that the Labour Opposition in the House of Commons had indicated their intention to support it. At the same time he recognised that this would be a considerable constitutional innovation, and that the details would need careful examination. It would be appropriate that they should be studied.
by some independent body. The appointment of a Royal Commission
would be regarded by the Maltese as a device for delaying action.
If, however, the Government were willing to indicate that they
accepted the principle of Maltese representation in the Parliament
at Westminster, it would be reasonable that the detailed means of
applying the principle should be remitted for study by a Speaker’s
Conference or a joint Select Committee of both Houses of
Parliament.

In discussion there was much support for the view that this was
the right moment for an imaginative gesture which would satisfy the
constitutional aspirations of the people of Malta. Faced as they were
with constitutional difficulties in various parts of the Colonial Empire,
the Government could ill afford to risk a serious constitutional crisis in
Malta. Moreover, when awkward negotiations were to be opened
about Cyprus and criticism might be expected of the forthcoming
transfer of the naval base at Simonstown, it would seem anomalous
that the Government should reject a request by a Colonial people
for a closer form of association with this country. Were we to
quarrel with the Cypriots because they wanted to leave us and
with the Maltese because they wanted to draw closer towards
us? If it seemed likely that some form of closer association between
this country and Malta was inevitable, there was much to be said
for welcoming it in principle without delay. The detailed means of
giving effect to it would need prolonged examination, and there would
be ample time to devise such safeguards as were necessary.
Meanwhile, however, the goodwill of the Maltese people would have
been secured. If their overture were rejected outright, the two Maltese
Parties would probably unite in presenting a demand for full
independence coupled with a defence treaty and considerable financial
assistance from the United Kingdom. It would be inexpedient to
provokc such a demand at the present time.

On the other hand some Ministers were seriously concerned at
the risks involved in admitting the principle of Maltese representation
in the Parliament at Westminster. A Maltese Lobby in the House
of Commons might be very troublesome. At times when there was
only a small balance between the two main political Parties at
Westminster, a few overseas Members might have an influence in
domestic affairs which was quite disproportionate to their numbers
or to their knowledge or responsibility. Was it not desirable that,
before such a novel constitutional expedient was adopted, further
thought should be given to the possibility of devising alternative
concessions which might satisfy Maltese aspirations? If the present
diarchy had to be abandoned, would it not be possible to appoint a
Council of Ministers, drawn from both the United Kingdom and
Malta, to which the Governor would submit recommendations on
international or defence questions which were outside the competence
of the Malta Government? Such a development could be coupled
with generous provisions for financial and economic aid. The
proposals at present before the Cabinet were those which had been
put forward by the Maltese Government. As they stood, they were
full of difficulties. It was evident that much further study was required
before a practical plan could be drawn up for closer association
between Malta and this country. Was it necessary that, in advance
of this detailed study, the Government should declare their acceptance
of the principle of Maltese representation in the Parliament at
Westminster? Would it not be preferable to remit the subject for
detailed study by a joint Select Committee of both Houses of
Parliament, or some other appropriate body, without prior
commitment on the question of principle?

The Colonial Secretary said that, while he respected the anxiety
felt by some of his colleagues, he doubted whether he could secure
the co-operation of the Maltese in an independent examination of
their proposals unless the United Kingdom Government had at least
welcomed those proposals as a valuable contribution towards a
solution of the problem of Malta’s constitutional development. He
fully recognised the need for further examination of the constitutional and practical problems involved; but, if Malta's goodwill was to be retained, this examination must be carried out on the basis of Government acceptance of the principle underlying the Maltese proposals.

In further discussion it was suggested that a possible alternative course would be to convene a more formal conference modelled on the Round Table Conferences which had discussed constitutional developments in India between the wars, to consider means of promoting a closer constitutional association between the two countries including a link with the Parliament at Westminster. If this course were adopted, an early announcement could be made of the Government's intention to convene such a conference.

The Cabinet—

Invited the Colonial Secretary to prepare, in the light of their discussion, considered proposals on the procedure to be followed in the further examination of the Maltese proposals for closer association with the United Kingdom; and agreed to resume their discussion of this question as soon as those proposals were available.

11. The President of the Board of Trade said that it now seemed likely that, in the postal ballot on the question of Japan's admission to the General Agreement on Tariffs and Trade (G.A.T.T.), Japan would obtain enough favourable votes to secure her admission without our help. As it was open to us to record our vote at any time before 11th August, and as an immediate vote by us in favour of Japan would meet with criticism at home and almost certainly precipitate a debate on the revised G.A.T.T. in an unfavourable atmosphere, he was in favour of deferring a decision on this question for another two weeks.

The Foreign Secretary said that it was by no means certain that Japan would secure admission without our assistance. As it was agreed that it would not be in our interests to do anything to hinder her admission, he still considered that, on balance, our right course was to record our vote in her favour.

The Cabinet—

Agreed to resume consideration of this matter in two weeks' time unless the Foreign Secretary should consider that developments in the situation made an earlier decision necessary.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 5th July, 1955, at 11.30 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:
The Right Hon. J. P. L. Thomas, M.P., First Lord of the Admiralty (Items 1-3).
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 6).
The Right Hon. Sir Reginald Manningham-Buller, Q.C., M.P., Attorney-General (Items 1-3).
The Right Hon. Iain Macleod, M.P., Minister of Health (Item 4).
The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. R. M. J. Harris.

48413—2
CABINET

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# CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Official Secrets</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>House of Commons Disqualification</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Retirement of Vice-Admiral J. Hughes Hallett</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Social Services</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Malta</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Industrial Disputes</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Docks.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Mrs. Nunn May</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Registers of Electors</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>Monopolies and Restrictive Practices</td>
<td>7</td>
</tr>
</tbody>
</table>
1. The Prime Minister said that he had been disturbed by recent instances of unauthorised disclosure of official information, including premature publication in the Press of matters still under consideration by Ministers. An example was the report, published in the *Daily Express* on 2nd July, of the results of the recent discussions with the South African Minister of Defence. Government business could not be carried on effectively unless a high standard of discretion was maintained in the handling of confidential information. He asked that Ministers in charge of Departments should impress on their junior Ministers and others concerned the need for care in this respect and, in particular, for discretion in their contacts with representatives of the Press.

2. The Lord Privy Seal said that his attention had been drawn to a further case in which a Member of the House of Commons might have become disqualified by acceptance of an office of profit under the Crown. It was thought that Sir Roland Jennings, M.P., had become disqualified by the fact of his appointment as a public auditor under the Friendly Societies Act. It would be necessary that this case should be referred to a Select Committee, and an Indemnity Bill might be required.

The Cabinet—
Took note of this statement.

3. The Cabinet considered memoranda by the First Lord of the Admiralty (C.P. (55) 56) and the Attorney-General (C.P. (55) 61) about a claim by Vice-Admiral J. Hughes Hallett, M.P., that he should receive damages or compensation by reason of the fact that he had been led to suppose that he would be entitled to retired pay at the rate of £1,200 instead of £873 a year.

The First Lord of the Admiralty recalled the circumstances of this case, as described to the Cabinet on 21st September, 1954, and the Cabinet's agreement to defer a decision on it at that time. Subsequently, Admiral Hughes Hallett's solicitors had informed the Admiralty of his intention to take legal proceedings for damages if his claim to the higher rate of retired pay could not be met. The choices now before the Government were to grant retired pay at the rate of £1,200 a year, the award being noted in due course in the Appropriation Account; to reject Admiral Hughes Hallett's claim outright; or to attempt to settle the claim on the basis of a lump-sum payment.

The Cabinet were informed that it was an open question whether the Admiral would succeed in establishing in the courts a legal claim to damages by reason of the inaccurate advice which he had received from the Naval Secretary to the First Lord. There was, however, no doubt that he had been misled and there were precedents for making extra-statutory payments in such cases. On the other hand, the Admiral had not availed himself of the other means which had been available to him of confirming the accuracy of the information which he had received. It had also been open to him, after the true facts had been brought to his attention, to withdraw from his Parliamentary candidature before the adoption stage, and to complete the period of service which would have entitled him to retired pay of £1,200. It could reasonably be assumed, therefore, that he had then been prepared to forego the additional money which he was now claiming. The view was expressed that the damage which he would have suffered by withdrawing from his Parliamentary candidature before the adoption stage would not, in fact, have been serious.
Discussion showed that on the question what course should now be followed opinion in the Cabinet was divided. On the one hand, there was support for the view that, having regard to the legal uncertainty, the Government would be justified in seeking to settle the claim by means of a lump-sum payment, and that Admiral Hughes Hallett might well be prepared to settle on a fifty-fifty basis. If the Government's action in settling the claim were challenged, it would be open to them to state that they had acted on the advice of the Law Officers. On the other hand, serious doubts were expressed about the propriety of making any payment in such circumstances, particularly to a Member on the Government side of the House, except in consequence of a decision against the Crown. Among those who held this view some considered that publicity should be avoided by referring the matter to an independent arbitrator, acceptable to both sides, each of whom would undertake to abide by his decision.

It was suggested that a final decision should be deferred until the Lord Chancellor's advice could be made available to the Cabinet.

The Cabinet—

Agreed to resume their consideration of this question at their next meeting.

Social Services.  

4. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C.P. (55) 57) drawing attention to the growing cost of the social services and proposing that the Treasury should prepare, for the consideration of the Cabinet, a survey showing what the cost of these services would be over the next five years if existing policy remained unchanged.

In discussion the following points were made:

(a) In paragraph 2 of C.P. (55) 57 it was stated that over the past five years Government expenditure on social services had risen by 35 per cent., as contrasted with an increase of only 25 per cent. in the gross national product. Doubts were expressed about the validity of this comparison. It was argued that, while expenditure on investment could properly be related to the gross national product, social service benefits were to a large extent transfer payments which had little relation to productivity. Expenditure on social services should rather be related to taxable capacity. If prices continued to rise, the Government would be under heavy pressure to increase social service benefits. There was a point beyond which they could not accept an increasing disparity between the position of wage-earners and that of pensioners and others living on fixed incomes.

(b) It might be useful to forecast the course of Government expenditure on social services over the next five years on the assumption that no changes were made in existing policy. This, however, should be only a first stage. For it was unrealistic to suppose that there would be no changes in existing policy over that period. The next stage would be to consider what changes of policy were desirable and to what extent they would be financially practicable over the next five years. In education, for example, it was desirable that progress should be made during that period in reducing the size of classes and in expanding the facilities for technical education. In the National Health Service also some changes of policy would be desired; but it was difficult to forecast precisely what changes would need to be made over the next five years.

(c) Consideration would shortly have to be given to the future level of housing subsidies. In this connection The Minister of Housing said that it would be convenient if the Chancellor of the Exchequer could postpone the proposed increase in the rate of interest on Public Works Loans. That was likely to provoke demands for an increase in the housing subsidy; and some arguments which could
be used against increasing the subsidy on this account might seem inconsistent with those which might have to be advanced later in favour of reducing the subsidy.

The Chancellor of the Exchequer said that he would discuss this question with the Minister of Housing. The Secretary of State for Scotland said that he would wish to be consulted at an early stage on any proposals for reducing the level of housing subsidies.

The Chancellor of the Exchequer, in replying to the points made in the Cabinet's discussion, said that he would discuss with the Ministers concerned, before the proposed survey was carried out, what assumptions should be made about changes in policy during the period under review. It was important that it should not become known that such a survey was being made; but, subject to the need for secrecy, he would wish that there should be the fullest practicable inter-departmental consultation in making these estimates.

The Cabinet—

Invited the Chancellor of the Exchequer to arrange for a survey to be made, in consultation with the Departments concerned, of the probable course of Government expenditure on the social services over the next five years.

5. The Cabinet had before them a note by the Colonial Secretary (C.P. (55) 59) suggesting that the constitutional aspects of the proposals for closer association between Malta and the United Kingdom should be examined by a special conference, which would include representatives of all the political Parties in the Parliament at Westminster and would call into consultation representatives of the political Parties in the Legislative Assembly of Malta.

The Colonial Secretary said that, since this note was circulated, he had had some further discussion with the Prime Minister about the terms in which the decision to convene such a conference should be announced, and he had prepared a revised draft of the proposed announcement. Copies of this revised draft were handed round at the meeting.

In discussion the following points were made:

(a) Though the conference should first examine the proposal for Maltese representation in the Parliament at Westminster, it should be open to them to consider other means of satisfying the constitutional aspirations of the Maltese people. The terms of reference of the conference should be wide enough to cover this.

(b) It should also be open to the conference to take into account the possibility that other small Colonies which could not aspire to full Commonwealth membership might also demand representation at Westminster.

(c) The constitutional aspects of the proposal could not be examined in isolation. The conference would have to consider what would be involved in Malta's representation at Westminster. Would it be possible, for example, to impose the same level of taxation in Malta as in the United Kingdom? Would it be reasonable that the same level of social services should be available in the two countries? Consideration of the constitutional proposal would lead inevitably to examination of these wider implications. The conference must be able to take them into account.

(d) The conference would be modelled on the Round Table Conference, which had considered Indian reforms between the wars. This would be preferable to an enquiry by a Joint Select Committee of the two Houses of Parliament. For the Government would retain control over the composition and the procedure of such a conference, and could more easily arrange for it to take due account of the financial and administrative considerations involved.
In the course of the Cabinet’s discussion doubts were again expressed about the long-term consequences which might flow from a decision that Malta should be represented in the Parliament at Westminster. It was, however, recognised that the Government would at once be faced with a very difficult situation in Malta if this Maltese proposal were rejected out of hand. In these circumstances there was general agreement that an immediate announcement should be made of the Government’s decision to convene a special conference to examine the proposal.

In discussion of the draft announcement various amendments were suggested and approved. It was finally agreed that the decision should be announced in the following terms:—

"Her Majesty’s Government welcome the initiative of the Maltese Prime Minister in putting forward proposals for a closer association between Malta and the United Kingdom. They feel sure that in all parts of the House there will be a sympathetic response to the suggestion that the two peoples should draw more closely together.

"The administrative, financial and constitutional aspects of these proposals are closely linked. The administrative and financial aspects are at present under discussion with the Maltese Government Delegation. On the constitutional side, there is included a proposal that Malta, while retaining its own Legislative Assembly, should in future be represented in the Parliament at Westminster. The Government feel that all sections of political opinion in Parliament should have an opportunity to consider, and express their views upon, a new constitutional development of such importance as this. They therefore propose to convene a Round Table Conference, comprising representatives of all the political Parties in the Parliament at Westminster, to consider constitutional questions arising from the proposals. This Conference will meet during the summer recess. It will call into consultation representatives of the political Parties in the Legislative Assembly of Malta."

The Cabinet—

(1) Agreed that a Round Table Conference should be convened to consider the constitutional aspects of the proposals put forward by the Maltese Government for a closer association between Malta and the United Kingdom.

(2) Took note that, after consultation with the Leaders of the two Opposition Parties in the House of Commons, the Prime Minister would announce this decision in the terms set out above in a statement in the House of Commons on 6th July.

(3) Authorised the Colonial Secretary to communicate the substance of this announcement to the leaders of the two main political Parties in Malta, who were now in London, shortly before the announcement was made.

6. The Minister of Labour said that, now that the dock strike had come to an end, he proposed to proceed with the appointment of a committee of enquiry to examine the working of the Dock Labour Scheme. He would also bring pressure to bear on the Secretary-General of the Transport and General Workers Union to improve the quality of their officers and their machinery on Merseyside. Unless this were done effectively, it was most unlikely that the 10,000 dissident stevedores and dockers in the northern ports would rejoin this union.

The Cabinet—

Took note of this statement by the Minister of Labour.
7. The Cabinet considered a memorandum by the Foreign Secretary (C.P. (55) 60) about an application by the wife of Dr. Alan Nunn May for a passport to enable her to travel to Austria on holiday. It was stated in the memorandum that it might be Mrs. Nunn May’s real intention to reclaim Austrian nationality and remain in Austria in the hope that her husband would be allowed to join her there on compassionate grounds. From Austria they could both defect to a country behind the Iron Curtain. Defection by Dr. Nunn May would be likely to prejudice Anglo-American relations generally and, in particular, the completion of the civil and military agreements between the two countries on the exchange of atomic information. These agreements had been signed on 15th June but had to lie before Congress for a period of 30 days thereafter.

The Cabinet agreed that no passport should be issued to Mrs. Nunn May before 18th July, when this period of 30 days would be completed. Meanwhile arrangements might be made for Mrs. Nunn May to be interviewed in order that a judgment might be formed on the question whether she intended to do no more than visit her relations in Austria or whether she had some ulterior motive in seeking to make this journey.

The Cabinet—
1. Agreed that no passport should be issued to Mrs. Nunn May before 18th July.
2. Invited the Foreign Secretary to consider what further steps might be taken to enable him to form a better judgment on the question whether Mrs. Nunn May had some ulterior motive in making this application for the grant of a British passport.

8. The Cabinet had before them a memorandum by the Home Secretary and the Secretary of State for Scotland (C.P. (55) 58) on the question whether legislation should be undertaken to reintroduce a second annual revision of the registers of electors.

In discussion there was support for the view put forward in C.P. (55) 58 that the occasional need for a fresh register in the autumn was insufficient to outweigh the objections to a second annual revision of the registers.

The Cabinet—
Agreed that a second annual revision of the registers of electors should not be reintroduced.

9. The President of the Board of Trade said that Questions were to be addressed to his Parliamentary Secretary in the House of Commons that afternoon about the report of the Monopolies Commission on collective boycott and exclusive dealing. He proposed, if the Cabinet agreed, that these Questions should be answered by a statement to the effect that it was the Government’s intention to arrange for this report to be debated in the House of Commons before the summer recess.

The Cabinet—
Agreed that a statement should be made in the House of Commons on the lines proposed by the President of the Board of Trade.

Cabinet Office, S.W. 1.
5th July, 1955.
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Cabinet Office. S.W. 1.
5th July, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1., on Thursday, 7th July, 1955, at 10.45 a.m.

Present:
The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. PETER THORNEycROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.
The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The following were also present:
The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 5).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Item 2).

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. R. M. J. HARRIS.

48413—3
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cyprus</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Monopolies and Restrictive Practices</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Foreign Affairs</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Council of Europe, Saar</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>British Transport Commission</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Disposal of Lorries</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Retirement of Vice-Admiral J. Hughes Hallett</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Housing Subsidies</td>
<td>8</td>
</tr>
</tbody>
</table>
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cyprus</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Monopolies and Restrictive Practices</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Foreign Affairs</td>
<td>5</td>
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<td></td>
<td>Council of Europe.</td>
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<td></td>
<td>Saar.</td>
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<tr>
<td>5</td>
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<td>6</td>
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<td></td>
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<tr>
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<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Housing Subsidies</td>
<td>8</td>
</tr>
</tbody>
</table>
1. The Cabinet took note that the Greek and Turkish Governments had accepted the invitation to send representatives to a conference in London on political and defence questions affecting the Eastern Mediterranean, including Cyprus. The conference was likely to be held during August. The United Kingdom Government would be represented by the Foreign Secretary, the Minister of Defence and (in the absence of the Colonial Secretary, who would be abroad) the Minister of State for Colonial Affairs.

The Cabinet—

(1) Took note of the arrangements to be made for the conference between representatives of the Governments of the United Kingdom, Greece and Turkey on political and defence questions affecting the Eastern Mediterranean.

The Colonial Secretary said that he had for some time been anxious to make a short visit to Cyprus and, subject to the Cabinet's views, he proposed to go there at the end of the week. The local administration had been under severe strain, and he would like to thank them in person for their patience and endurance; in addition, he wished to have an opportunity for personal discussion with the Governor and members of his Executive Council on questions of economic development and other administrative matters.

In discussion doubts were expressed about the expediency of this proposal. This sudden journey, made while Parliament was sitting, was bound to give rise to speculation. Whatever reason was publicly given for the visit, it would be assumed that it was undertaken for purposes connected with the forthcoming conference; and it might therefore revive demands that the Cypriots should be represented at the conference. Would the Colonial Secretary, while he was in Cyprus, confer with local leaders, including the Archbishop, on constitutional questions? If he did so, he might thereby imply that the forthcoming conference would be dealing with matters on which they should be consulted; if he did not, he would be open to criticism from quarters favouring the Cypriot demand for self-determination. It was recognised that, if the Archbishop sought an interview with him, he could hardly decline it.

The Colonial Secretary agreed that for these reasons this was not an opportune moment for him to visit Cyprus. On the other hand, his promised visit had been several times postponed and he felt very strongly that, if he postponed it again, he would be failing to give the Governor and the administration the support which they were entitled to expect from him.

The Cabinet—

(2) Agreed that the Colonial Secretary should make a short visit to Cyprus during the next few days, on the understanding that it would be publicly stated that the purpose of his visit was to discuss with the Governor and members of his Executive Council plans for the economic development of the Island and other administrative questions.

The Colonial Secretary said that the Governor of Cyprus had for some time been anxious to take powers to detain members of a terrorist organisation which was plotting to use violence against the police and other members of the administration. Ten members of this organisation had already been arrested and remanded in custody; but, in default of special powers of detention, it would soon become necessary to release those of them who could not be charged with specific criminal offences. The Governor wished to break up this organisation by detaining these men and arresting another forty of its members. He had at first proposed to proceed by declaring a state of emergency. It would plainly have been inexpedient to use this
procedure on the eve of the forthcoming conference with representatives of the Greek and Turkish Governments; and the Governor had now agreed that the necessary powers could be taken by a special law enabling him to detain any person whom he believed to have been "active in the furtherance of an organisation which, by its constitution or propaganda or otherwise, advocates, incites or encourages the overthrow of the constitution of the Colony by revolution or sabotage, or the overthrow by force or violence of the Government, or the destruction or injury of property of the Crown or of the Government." He wished to enact this law on 12th or 13th July.

In discussion there was general agreement that it would be preferable for the Governor to proceed by this means, rather than by declaring a state of emergency. It was, however, desirable that the Colonial Secretary should satisfy himself that the Governor had ample evidence to justify the enactment of a measure of this kind—especially as the situation in Cyprus had become so much quieter since the announcement of the forthcoming conference. Even if such a law was still necessary, it was for consideration whether its application might not be limited to the organisation of acts of violence. Was it necessary that it should extend also to the conduct of revolutionary propaganda?

The Colonial Secretary said that he had wished to discuss these points with the Governor. This was one of the reasons why he had been anxious to visit Cyprus in person. He fully recognised the disadvantages of taking repressive action at this juncture.

The Cabinet—

(3) Invited the Colonial Secretary to submit to them, after his forthcoming visit to Cyprus, his considered recommendations regarding the measures immediately necessary for the suppression of terrorism in Cyprus.

Parliament.

2. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Minister of Fuel and Power invited the Cabinet's views on the question whether he should seek an opportunity to explain to the 1922 Committee the reasons for the forthcoming increase in coal prices. The Cabinet were informed that the Minister had already explained the need for this increase at a meeting of Government supporters interested in fuel and power problems. The Cabinet concluded that it was unnecessary for the Minister to make a further statement to the 1922 Committee.

3. The Cabinet were informed that the Opposition had asked for an early opportunity to debate in the House of Commons the report of the Monopolies Commission on collective boycott and exclusive dealing. It was proposed that this debate should be held on 13th July.

The President of the Board of Trade said that, if discussion could not be deferred, the Government must either define their attitude towards the main recommendations of the report or take the line that they would be guided by the views expressed in the debate. If they took the second course the Opposition, who would be united in support of the recommendations of the majority of the Commission, would seize the initiative in the public discussion of this question and it would be difficult for the Government to recapture it. He therefore favoured the first course. Government supporters were, however,
divided at present in their attitude towards the report, and the Government would need to move quickly if they were to secure before 13th July a sufficient body of Conservative support for the view which he would recommend. He was satisfied that, both on merits and on grounds of expediency, the Government would have to steer a middle course between the majority and minority reports of the Commission; and he believed that he would be able to persuade a substantial proportion of Government supporters in the House of Commons, before 13th July, that this was the right course to follow. Though it would not be possible before then to find a satisfactory answer to all the difficult problems posed by this report, it should be possible to devise a general line of approach to those problems which would command the assent of a large majority of Government supporters in the House. If the Cabinet accepted his view, he would discuss the problem with some of his colleagues before the weekend and would circulate, for consideration by the Cabinet on 12th July, an outline of the statement which he would propose to make in the debate. After the Cabinet had considered this he would have an opportunity for private discussions with Government supporters in the House before the debate took place. If this course were followed, it was essential that the debate should be held on a Government motion, so that Government spokesmen might take the initiative from the outset.

In discussion emphasis was laid on the complexity of the issues raised by this report. Particular reference was made to the difficulties, both theoretical and political, of the problem of re-sale price maintenance. Was it possible that these difficulties could be resolved in time for the Government to define their attitude towards the report in a debate on 13th July?

The President of the Board of Trade said that it would not be possible within that time to resolve all the problems raised by the report. It should however be practicable to secure agreement on the general attitude which the Government should adopt towards the report as a whole. If, of course, the Opposition could be persuaded to defer the debate for a week, this would give him further time for the consultations which he would like to hold before any public announcement of policy was made.

The Cabinet—

(1) Invited the Chief Whip to make a further effort to persuade the leaders of the Opposition to accept postponement of this debate on the understanding that it would be held, on a Government motion, in the week beginning 18th July; but agreed that, if this attempt failed, the debate should be held, on a Government motion, on 13th July.

(2) Agreed that the Cabinet Committee which they had appointed on 28th June to consider this report by the Monopolies Commission should meet at once to discuss the line to be taken by the Government spokesmen in the forthcoming debate, and should submit their recommendations for consideration by the Cabinet at their meeting on 12th July.

4. The Foreign Secretary said that at the meeting of the Council of Europe, from which he had just returned, he had seen indications that some of the smaller European countries might be tempted to place too much confidence in recent Soviet protestations of goodwill. The peace propaganda of the Soviet Government would make it specially difficult for these Governments to justify to their people the heavy cost of maintaining their defensive strength. He had thought it wise to make a cautionary reference, at the meeting, to the risk of dismantling defences before danger had passed.
The Foreign Secretary said that he feared that there was some possibility that the Saar Agreement might after all be rejected. He proposed to delay offering any suggestions regarding the appointment of a Commissioner until the results of the referendum were known. Meanwhile, he would take steps to see that the German Federal Government had clearly in mind the dangerous situation which would arise if the Agreement were not accepted.

The Cabinet—

Took note of these statements.

5. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 62) on the disposal of lorries by the British Transport Commission under the Transport Act, 1953.

The Minister of Transport said that it was clear that the 8,000 general haulage vehicles which now remained could only be disposed of, within the terms of the 1953 Act, in small units. Their disposal in this way would occupy another year or two, and would involve the break-up of the main trunk services operated by British Road Services. The break-up of these services would be opposed by a substantial body of responsible opinion and would, in his view, be unfortunate. Of the five possible courses set out in paragraph 14 of C.P. (55) 62, all but the first would require legislation and the first would entail the break-up of the trunk services. The least unsatisfactory of the others appeared to him to be course (d)—under which List S.4, comprising over 6,000 vehicles in 160 medium and large units, would be resubmitted for sale together with another list of small units, and it would be announced that these would be the last lists and that British Road Services would thereafter retain the vehicles which remained unsold.

In discussion doubts were expressed about the wisdom of re-submitting List S.4 for sale. If this were a failure, a most unfavourable impression would be created: if it succeeded, the ruins of the trunk services would be left in the Commission’s hands. It might, therefore, be preferable to halt disposals forthwith, although the Government might in that event be criticised for depriving prospective buyers of a final opportunity to procure lorries. The Cabinet agreed that there would be little substance in the complaint that those who had already bought lorries had done so in the expectation that they would not have to face competition from British Road Services.

The Minister of Transport said that the most acceptable course might be a compromise between (d) and (e) in paragraph 14 of C.P. (55) 62, whereby List S.4 would not be re-submitted for sale, but about 1,000 more lorries would be offered in small units. Further sales on this scale would not seriously affect the trunk services nor provide the Trades Union Congress with ground for serious complaint. This suggestion met with general support.

The Cabinet—

(1) Agreed that, subject to the offering for sale of one further list of small units, the disposal of lorries by the British Transport Commission should now be brought to an end, and that the necessary legislation for this purpose should be introduced in due course.

(2) Invited the Minister of Transport to submit for their approval the draft of an announcement of this decision, which should be made before Parliament adjourned for the summer recess.
(3) Invited the Minister of Transport to agree with the Chancellor of the Exchequer and the Lord Privy Seal the form of any interim statement on this matter which he might consider it necessary to make in the debate in the House of Commons on 11th July on the annual report of the British Transport Commission.

6. The Cabinet resumed their consideration of the claim by Vice-Admiral J. Hughes Hallett, M.P., that he should receive damages or compensation by reason of the fact that he had been led to suppose by the former Naval Secretary to the First Lord of the Admiralty that he would be entitled to retired pay at the rate of £1,200 instead of £873 a year.

The Lord Chancellor said that he was influenced by three considerations. First, he thought it unlikely that the Admiral would succeed in establishing to the satisfaction of the courts that there was between him and the Naval Secretary to the First Lord such a special relationship of a fiduciary nature as to render the Crown responsible in law for damage resulting from the inaccurate advice which the Naval Secretary had given him. Secondly, it was clear that Admiral Hughes Hallett had had an opportunity to minimise the damage to which he had been exposed by withdrawing from his Parliamentary candidature at North Croydon, but had not availed himself of it. Thirdly, it must not be overlooked that, while his loss in retired pay amounted to about £300 a year, Admiral Hughes Hallett was now drawing, in addition to his retired pay, about £1,280 as a Member of Parliament and had good prospects of continuing to do so. In the light of these considerations it was his view that the Admiral’s claim should be resisted. This need not, however, exclude the possibility that, during the course of legal proceedings, if they were instituted, it might seem expedient to seek a settlement out of court or to offer arbitration. In his view, however, it would not be desirable to take either of these courses at this stage.

The Attorney-General recalled that the Law Officers, in their Opinion annexed to C.P. (55) 56, had also expressed the view that Admiral Hughes Hallett’s claim ought on its merits to be resisted, and that it was because of the legal doubts which existed that they had recommended that a settlement should be sought.

The First Lord of the Admiralty said that he greatly regretted the necessity of involving his former Naval Secretary in legal proceedings and for this reason he would have preferred that some settlement of the claim should be sought.

The Cabinet—

Agreed that Admiral Hughes Hallett should be left to seek a remedy in the courts for his claim to damages by reason of the inaccurate advice given to him by the former Naval Secretary to the First Lord of the Admiralty.

7. The Chancellor of the Exchequer said that he had considered the suggestion, made at the Cabinet’s last meeting, that he should postpone the proposed increase in the rate of interest on Public Works Loans. He was satisfied that postponement was not practicable. Local authorities which could raise money on the market were taking advantage of the lower rates of interest obtainable from the Public Works Loans Board, and he could not allow this situation to continue.

The Minister of Housing said that he would at once be asked whether the level of housing subsidies would be raised on account of
this increase in the rate of interest charged by the Public Works Loans Board. This question could be answered in the negative; but he would like, in addition, to give some indication that the Government were reviewing the whole question of housing subsidies. A statement to that effect would provoke public discussion, which would help to prepare the way for a later announcement that the subsidies were to be reduced. It would also make it easier for him to open general discussions on housing subsidies with the local authority associations.

In discussion some doubts were expressed about the expediency of provoking public discussion about housing subsidies before the Government had finally formulated their policy on this question.

The Cabinet—

(1) Took note that the Chancellor of the Exchequer would arrange for the rate of interest on Public Works Loans to be increased during the following week.

(2) Invited the Minister of Housing and Local Government to submit for their consideration a memorandum on housing subsidies.

Cabinet Office, S.W. 1,
7th July, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 12th July, 1955, at 11.30 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.


The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.

The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.

The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.


The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 3).

The Right Hon. Patrick Buchanan-Hepburn, M.P., Parliamentary Secretary, Treasury.

The following were also present:


The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.

The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The Right Hon. Sir David Eccles, M.P., Minister of Education.

Secretariat:

The Right Hon Sir Norman Brook.

Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nuclear Weapons Declaration by Scientists</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Privileges and Immunities The European Fund</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Fog</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Cyprus</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Monopolies and Restrictive Practices</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Legislative Programme: 1955-56 Session</td>
<td>8</td>
</tr>
</tbody>
</table>
1. The Prime Minister drew the Cabinet’s attention to the statement which had recently been published by a number of independent scientists on the dangers of continuing the manufacture of nuclear weapons. Lord Russell, who had organised the preparation of this declaration, had invited him to give public expression to his views on the matter. In his reply to Lord Russell he proposed to welcome the fact that it was recognised in this declaration that it was war itself, not merely nuclear weapons, that must be abolished and that the renunciation of nuclear weapons must form part of a general reduction of armaments; and to point out that this was in full accord with the policy which the United Kingdom Government had consistently followed.

The Cabinet—

Took note, with approval, of the terms of the letter which the Prime Minister proposed to send to Lord Russell commenting on the recent declaration by a number of independent scientists on the dangers of nuclear weapons.

2. The Cabinet considered a memorandum by the Foreign Secretary (C.P. (55) 70) proposing that, if the European Payments Union gave place to a European Fund, the privileges and immunities previously accorded to the former should be extended to the latter and also to any Multilateral Compensation Agency which might be established in connection with it. These immunities would apply to the organisations themselves, not to individuals employed by them.

In discussion it was recognised that the international agreements establishing the European Fund and any Multilateral Compensation Agency should include provisions defining the privileges and immunities to be accorded to these organisations. It was, however, suggested that no action need be taken to confer these privileges and immunities in the United Kingdom if, as seemed likely, neither organisation wished to establish any branch or agency in this country.

The Cabinet—

(1) Authorised the Foreign Secretary to support the inclusion, in the Agreements establishing the European Fund and any Multilateral Compensation Agency, of provisions designed to confer on these organisations privileges and immunities similar to those extended to the European Payments Union.

(2) Agreed that, if in due course either of these organisations proposed to establish agencies in the United Kingdom, steps should be taken by Order in Council to secure for those agencies the privileges and immunities prescribed in the Agreement.

3. The Cabinet had before them (i) a note by the Chancellor of the Exchequer (C.P. (55) 68) covering a report by officials on the balance of payments prospects and (ii) a memorandum by the Chancellor of the Exchequer (C.P. (55) 65) commenting on the economic situation and indicating some of the measures which he was disposed to take to remedy it.

The Chancellor of the Exchequer said that, in itself, the deterioration in the balance of payments was not critical. It was largely due to a continuing increase in the demand for imports arising from the growth of national prosperity. The trade returns for June showed a marked increase in the excess of imports over exports.
To ensure a satisfactory level of exports it was essential that manufacturing costs should remain competitive, and there was need for a greater measure of control over the total level of demand in order to prevent the development of inflation. The prospects were that we should achieve barely a balance in our overseas accounts. That was not enough, since the deterioration in the overseas balance had come about at a time when world conditions were favourable, and we needed to earn a substantial surplus if we were to meet all our commitments and responsibilities.

Although the loss to the reserves in the coming months was not likely to be very large, there was a danger that confidence in sterling and in the strength of the national economy might be adversely affected. The Government must therefore make it clear that they were determined to handle the economic situation firmly.

The measures which had already been taken to restrict credit were beginning to have some effect. The Clearing Banks were ready to co-operate fully in implementing this policy, but they were anxious that the Government should give some public indication of their support of the action which the Banks were taking and that they should also show that they were prepared to restrain expenditure in the public sector.

It would be possible to supplement the existing credit restrictions by tightening hire-purchase facilities, e.g., on motor-cars. This course would be preferable to an increase in the purchase tax.

The policy of credit restrictions, even with some further measures of this kind, might not prove adequate to restrain the inflationary pressure. In that event it would be necessary to consider some direct attack on consumer expenditure. The recent increase in coal prices would help in this direction, but other similar measures, e.g., the removal of the bread subsidy, might also be needed.

The following were the main points raised in the Cabinet's discussion:

(a) It was generally agreed that, if unpopular measures were needed, they should be taken soon. Of the measures which had been suggested for reducing demand some were clearly more controversial than others. Such measures as restricting facilities for hire purchase might be taken first, while others (e.g., increasing the price of bread) might be deferred for consideration later.

(b) The Government should be able to demonstrate that any further measures introduced to correct the balance of payments were necessary in order to help exports. There was no doubt that, although the rate of exports had been increasing, it was not as high as it should be because of the pull of the home market.

(c) Expenditure in the public sector should not be exempt from the policy of credit restriction. Substantial expenditure by the nationalised industries had been made possible by Bank advances which the nationalised industries were in some cases now attempting to pay off by market issues.

(d) It was argued that the Government's efforts should be concentrated on measures to reduce consumption rather than investment. Restrictions which affected investment were bound to do some harm to export industries, and would delay the industrial re-equipment needed to restore the competitive strength of the economy. In this connection, it was pointed out that the investment programmes for the modernisation of roads and railways were still in their earliest stages; to modify those programmes now would not result in any appreciable saving of expenditure and would seriously prejudice development which would be remunerative in the future.

(e) The Cabinet were reminded that they were to consider the future level of housing subsidies at their next meeting.

(f) The abolition of the bread subsidy would add 2½d. to the cost of the 7d. loaf and would represent an addition of ½d. per week to the average household budget. It would, however, save £40 million in the current year. It was suggested that this change could best be made in a Budget, when it could be accompanied by compensating
reliefs, or at a time when other measures were being taken to reduce demand. It might, at the same time, be possible to adjust the milk subsidy so as to encourage increased consumption of liquid milk.

(g) A direct attack on consumer expenditure, e.g., by an increase in the price of bread, would increase the pressure for higher wages. There would be an increase (which it was hoped would be temporary) of two points in the Interim Index in the current month, and a further increase later on account of the increases in coal prices. Other price increases would make it even more difficult for employers to resist the wage claims which would follow the autumn conferences of the Trades Unions.

(h) Another factor which made it difficult to restrain the pressure for higher wages, and to persuade the public that measures to restrict consumer expenditure were justified, was the continuing boom on the Stock Exchange. There were many causes for this boom, including the fact that most companies held good reserves because of the long period of dividend restraint. Investors generally were beginning to realise, with a continual fall in the value of money, that equities were a better investment than fixed-interest stocks.

(i) Among other means of reducing expenditure on consumption, consideration should be given to the possibility of giving further encouragement to small savings. Could savings loans be made more attractive to the small saver? Means might be found of enabling investors in savings loans to share the benefits available to those who were investing directly in equities.

The Chancellor of the Exchequer said that, in the light of the Cabinet’s discussion he would proceed as follows. As regards expenditure in the public sector, he would discuss with the Ministers concerned the possibility of restraining expenditure by the nationalised industries, and would arrange for the Treasury, with the Departments concerned, to examine the whole field of Government expenditure, at home and overseas. In consultation with the President of the Board of Trade, he would consider what further restrictions of hire-purchase facilities could be brought into operation at an early date. He would consider the question of the bread subsidy with the Minister of Food. He would report to the Prime Minister whether there was any practicable means of curbing the Stock Exchange boom. He would also consider what statement he might make to indicate the Government’s support for the policy of restricting credit and restraining expenditure.

The Cabinet—

Invited the Chancellor of the Exchequer to make a further report on the economic situation in the light of the consultations which he had proposed to hold.

———

4. The Cabinet considered memoranda by the Minister of Housing and Local Government (C.P. (55) 66) and the Chancellor of the Exchequer (C.P. (55) 71) on a point of policy which had arisen in the preparation of the Clean Air Bill.

The Minister of Housing said that, as drafted, the Bill would enable a local authority to prescribe, by an Order subject to the Minister’s approval, a “Smoke Control Area” in which the emission of smoke would be an offence. The question now at issue was whether the provisions of the Bill should extend to smoke from domestic chimneys and, if so, to what extent house-owners should be required to defray the cost of adapting fireplaces for burning smokeless fuel. The Bill at present provided that half of this cost should be met from public funds—37½ per cent. by the Exchequer and 12½ per cent. by the local authority—and that, in addition, local authorities should have discretion to pay, without Government grant,
all or part of the remaining 50 per cent. He had been invited by the Home Affairs Committee to submit for the Cabinet’s consideration two alternative proposals for reducing the financial burden which this would impose on owners of house property. The first of these was that the Bill should not apply to existing houses, and should do no more than require that new houses should be equipped with fireplaces suitable for burning smokeless fuel. The alternative was that 75 per cent. of approved expenditure on the adaptation of domestic fireplaces should be met from public funds—50 per cent. by the Exchequer and 25 per cent. by the local authority.

The Minister said that he could not recommend the first of these courses. The Government had undertaken to introduce legislation to implement the recommendations of the Beaver Committee; and the measures for dealing with domestic smoke were an essential part of those recommendations. The Committee had found that nearly half of all the smoke in the air came from domestic chimneys, and the Government would not be justified in requiring industry to take costly steps to control smoke from factory chimneys if they proposed to take no action in respect of smoke from existing houses. Organised industry would withdraw their support for the clean air policy if it ceased to apply to domestic, as well as industrial, smoke. If therefore the provisions of the Bill were to be altered, he must advise the Cabinet to adopt the second of the two courses set out in paragraph 6 of C.P. (55) 66.

The Chancellor of the Exchequer said that he had reviewed this matter further since his memorandum was circulated, and he was now prepared to consider a compromise by which the cost of adapting fireplaces in existing houses would be divided equally between the Government, the local authority and the householder.

In discussion the following points were made:

(a) The cost of adapting domestic fireplaces was likely to be substantially larger than the estimate (£10) given in the report of the Beaver Committee. Moreover, the cost would be highest in respect of the oldest classes of property, which were the least remunerative to the owner.

(b) It was important that the contribution which the local authority would make towards this cost should be not less than that to be made by the property-owner.

(c) While a solution could probably be found on the general principle that the Exchequer, the local authority and the owner each paid one-third of the cost, it was undesirable that the Exchequer contribution should be reduced below 37 1/2 per cent., since this figure had already been mentioned in discussions with local authority associations.

The Cabinet—

Agreed that the financial provisions of the Clean Air Bill should be drawn on the principle that the cost of adapting fireplaces in existing houses so as to comply with the provisions of the Bill should be borne in roughly equal shares by the Exchequer, the local authority and the owner of the property; and invited the Chancellor of the Exchequer to settle, in consultation with the Minister of Housing and Local Government, detailed provisions designed to give effect to that principle.

Cyprus

(Previous Reference: C.M. (55) 21st
Conclusions, Minute 1.)

5. The Colonial Secretary said that during his visit to Cyprus he had satisfied himself, by personal discussion with the Governor, that special powers were needed to break up the terrorist organisation which was threatening to disrupt the administration by acts of violence. The Government’s initiative in convening a conference with representatives of the Greek and Turkish Governments should, in
his view, be supplemented by firmness in maintaining law and order
in the island. There was ample evidence of a conspiracy to foment
disorder by acts of violence, and the Governor could best defeat this
by taking power to arrest and detain those responsible for organising
it. The law which the Governor proposed to enact for this purpose
would be limited, in its application, to persons who had been active
in the furtherance of an association which had been responsible for
organising acts of violence directed against the administration of
the Island.

The Lord Chancellor observed that, from the discussions which
had recently been held on the general question of security in Colonial
territories, it appeared that the Governor of Cyprus had not hitherto
accorded a high priority to security and intelligence measures. It was
to be hoped that he would now revise his earlier judgment on the
importance of these measures.

The Cabinet—

(1) Authorised the Colonial Secretary to arrange for the
Governor of Cyprus to introduce, as a temporary
measure, a special law enabling him to arrest and detain
persons believed to have been active in the furtherance
of associations responsible for organising acts of violence
in the Island.

(2) Invited the Foreign Secretary to authorise Her Majesty's
Ambassadors in Athens and Ankara to inform the Greek
and Turkish Governments (at their discretion and not
before the law had been promulgated in Cyprus) of this
action and of the reasons for it.

6. The Cabinet considered a memorandum by the President
of the Board of Trade (C.P. (55) 69) on the line to be taken by
Government spokesmen in the forthcoming debate in the House of
Commons on the report of the Monopolies Commission on collective
boycott and exclusive dealing.

The President of the Board of Trade said that, as requested by
the Cabinet on 7th July, he had discussed this question with the
Cabinet Committee which had been appointed to consider this report
by the Monopolies Commission. The Committee had accepted his
proposal that the Government spokesmen in the forthcoming debate
should steer a middle course between the majority and minority
reports of the Commission on the lines indicated in paragraph 4 of
C.P. (55) 69. Subject to the Cabinet's views, he proposed that he
should open the debate on those lines. The Attorney-General would
reply to the debate.

In discussion there was general support for the recommendations
put forward in C.P. (55) 69.

The Cabinet—

(1) Took note with approval of the terms of the motion, as set
out in the Annex to C.P. (55) 69, to be moved on behalf
of the Government in the debate in the House of
Commons on 13th July.

(2) Agreed that Government spokesmen in the debate should
speak on the lines proposed by the President of the Board
of Trade in C.P. (55) 69.
7. The Cabinet had before them a memorandum by the Lord Privy Seal (C.P. (55) 63) on the progress made with the preparation of Bills included in the legislative programme for the current session.

The Lord Privy Seal said that some of the Bills which were to have been introduced before the summer recess could not now be ready for introduction before the adjournment. It was, however, important that as many as possible of these Bills should be introduced before the House rose, even though they could make no progress before the recess, so that Parliament might be able to proceed with them immediately after it reassembled in the autumn.

In discussion the following points were made:

(a) The Family Allowances Bill might now be ready for introduction before the end of July.
(b) It should be possible to complete the preparation of the Clean Air Bill in time for it to be presented before the recess.
(c) Every effort should be made to present the Bill on Health, Welfare and Safety in Agriculture and Forestry before the recess, so that its Second Reading might be taken early in the autumn.
(d) It now seemed likely that a Pensions Increase Bill would be required in the autumn.

The Cabinet—

(1) Took note of the report by the Lord Privy Seal (C.P. (55) 63) on the state of the legislative programme.
(2) Invited the Ministers concerned to continue their efforts to ensure that the Family Allowances Bill and all the Bills noted in the Appendix to C.P. (55) 63 (with the exception of the Channel Islands (National Service) Bill, the Inventions and Designs (Defence) Bill, and the Water Bill) were introduced before Parliament rose for the summer recess.

Cabinet Office, S.W. 1,
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 14th July, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.


The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.

The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.

The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food (Items 9-11).

The Right Hon. Sir David Eccles, M.P., Minister of Education.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.

The Right Hon. Viscount Kilmuir, Lord Chancellor.


The Right Hon. James Stuart, M.P., Secretary of State for Scotland.


The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.

The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 4).

The Right Hon. Patrick Buchanan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1-8).

Secretariat:

The Right Hon. Sir Norman Brook.

Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Technological Education</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Remuneration of Ministers</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Road Haulage Disposals</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Four-Power Talks</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Cyprus</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Housing Subsidies</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Tariff Policy</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Japan and the G.A.T.T.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Palestine</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>Japanese War Criminals</td>
<td>9</td>
</tr>
<tr>
<td>11</td>
<td>Uganda</td>
<td>9</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

On 20th July there would be a debate on Coal. This debate, though held at the instance of the Opposition, would take place on a Government motion to take note of the annual report of the National Coal Board for 1954. It was agreed that the Minister of Fuel and Power should speak first on the Government’s behalf, and that the reply to the debate should be made either by the Lord Privy Seal or by the Home Secretary.

The Cabinet were informed that Parliament would reassemble after the summer recess on 25th October.

2. The Minister of Education said that, in a debate in the House of Commons on 21st July on the shortage of scientific and technical man-power, the Government would be pressed to explain what practical steps they were taking to provide further facilities for technical education as foreshadowed in The Queen’s Speech. The provision made for this in the Education Estimates for the current year would not go far to meet the increasing demand for technical courses, both in technical colleges and at secondary schools; and the Government statement, if limited to the current year, was unlikely to satisfy opinion in Parliament or in the country. He therefore hoped that he might have authority to refer instead to a five-year programme of expansion.

In discussion the point was made that the Government’s statement in this debate need not be limited to the projects for which the Minister of Education was departmentally responsible. Account should also be taken of the Government’s plans for expanding facilities for higher technological education, through grants administered by the University Grants Committee. In this connection the Cabinet were informed that the Fine Arts Commission were raising objections to the proposal that the Imperial Institute building in South Kensington should be demolished in order to facilitate the expansion of Imperial College, London. It was important that there should be no undue delay in carrying through the plans for expanding the facilities for higher technological education at Imperial College.

The Cabinet—

(1) Invited the Chancellor of the Exchequer to settle, in consultation with the Lord President and the Minister of Education, the terms of the statement to be made on the Government’s behalf, in the forthcoming debate on 21st July, on the Government’s programme for expanding facilities for technological education.

(2) Invited the Chancellor of the Exchequer to consider, in consultation with the other Ministers concerned, what steps could be taken to expedite work on the approved project for enlarging Imperial College, London.

3. The Chancellor of the Exchequer said that the Cabinet Committee appointed to review the remuneration of Ministers had come to the conclusion that some informal soundings would have to be taken among Members of Parliament before they were in a position to submit firm recommendations to the Cabinet. He therefore sought the Cabinet’s authority to make informal soundings on this subject, both with Leaders of the Opposition Parties and among Government supporters, before Parliament adjourned for the summer recess. If this were not done, the Cabinet Committee would have to suspend their consideration of this problem until the autumn.

Parliament.

Technological Education.

(Previous Reference: C.C. (52) 99th Conclusions, Minute 7.)

Remuneration of Ministers.

(Previous Reference: C.M. (55) 19th Conclusions, Minute 1.)
The Cabinet—

Authorised the Chancellor of the Exchequer to arrange for informal soundings to be taken among Members of Parliament on the question of increased remuneration for Ministers.

4. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 73) seeking approval for the terms in which he proposed to announce the decision already taken by the Cabinet to bring road haulage disposals to an end.

The Minister of Transport said that the announcement, which he proposed to make in Parliament on 20th July, had been drafted on the assumption that the present status of British Road Services would remain unchanged. This was a point on which there were differing views among Government supporters, but in his opinion there would be no real advantage, and some disadvantage, in converting British Road Services into a nationalised corporation or into a company. From the point of view of the legislation which would be necessary, the simplest course would be to maintain the existing status of British Road Services.

As regards determining the number of vehicles which British Road Services would need to retain in order to operate their trunk services, the Minister proposed to seek the advice of the Disposal Board.

In discussion, it was suggested that it might be preferable if the British Transport Commission's road haulage trunk services were to be integrated with the railways, since this might make rationalisation of railway services easier. It was, however, pointed out that, if British Road Services continued in being, there would be nothing to prevent the Commission from placing the executive responsibility for the operation of the road haulage trunk services on the Regional Boards.

Further discussion showed that it was the general view of the Cabinet that it should be made clear that a decision to leave the status of British Road Services unaltered would not preclude the development of different arrangements in the light of future experience.

It was also suggested that it might be wise not to proceed with the proposal to offer a Parcels Company for sale in the autumn, since there was a risk that the shares in this Company might not be taken up. The Minister of Transport said that there was a reasonably good chance of selling the Parcels Company successfully, particularly since a few months would elapse before the offer was made, during which the Company would be in operation.

The Cabinet then considered the draft statement attached to C.P. (55) 73. Various amendments were suggested and approved.

The Cabinet—

(1) Agreed that there should not be any change in the present status of British Road Services.

(2) Agreed that the decision to bring road haulage disposals to an end should be announced by the Minister of Transport in Parliament on 20th July, in the terms proposed in C.P. (55) 73 as amended in their discussion.

5. The Prime Minister said that he and the Foreign Secretary had discussed with some of their senior colleagues the general line which they should take, on behalf of the United Kingdom Government, at the forthcoming meeting of Heads of Governments at Geneva. They had also consulted the Chiefs of Staff on the military aspects of problems which would be under discussion at the meeting.
The Western Powers were in a stronger position than they had been in the past and should be able to resist effectively any pressure from the Russians. They must, however, take account of the strong desire of the German people to move towards the reunification of Germany. If German reunification was not secured on terms acceptable to the West, there was a real danger that the Russians might subsequently tempt the Germans by offering it on terms unpalatable to us. Thus, we had everything to gain by pressing now for an agreement on some move towards German reunification. In this, time was not on our side. It was not impossible that the Russians might be persuaded to move in this direction. At the Berlin Conference they had seemed to be adamant in their opposition to the conclusion of an Austrian Treaty. But within a few months they had themselves taken the initiative in seeking a settlement on Austria, because they thought this to their advantage. We might be able to put forward proposals on Germany which they could not afford to reject. For this purpose the so-called Eden Plan would not alone suffice. We should have to show, in addition, that safeguards could be devised to ensure that a united and independent Germany need not represent an increased military threat to Russia. These safeguards might have to include some limitation on the strength and location of forces in Germany and in countries neighbouring Germany, and possibly some arrangement for the demilitarisation of a part of Germany, so as to separate the Forces of the East and the West. These provisions might be accompanied by some sort of security pact which would not involve guarantees of frontiers. Though there were as yet no signs of any new flexibility in the Russian attitude, it was not impossible that they might be brought to discuss arrangements on those lines.

The Foreign Secretary said that it might well prove impossible to make much progress with these proposals in the initial discussions at the Meeting of Heads of Governments. It was, however, important that we should have put forward at that Meeting proposals which would be regarded by world opinion as fair and reasonable. If it were known that reasonable proposals had been put forward and rejected by the Russians, the strength and influence of the Western Powers would be increased. After the Geneva Meeting the Russians were likely to make some tempting offer to Dr. Adenauer during his visit to Moscow in the autumn. But, if Dr. Adenauer was firm in resisting those overtures, the Russians might be more willing to consider our proposals at the next stage, viz., the meeting of Foreign Ministers which was likely to be convened to follow up the discussions at Geneva. We should be in a better position to press our proposals on that occasion if we had taken a firm stand on them at the Geneva Meeting.

The Cabinet—

Took note with approval of the line which the Prime Minister and the Foreign Secretary proposed to take at the forthcoming Meeting of Heads of Governments at Geneva.
this tour until 4th September. In these circumstances the Cabinet agreed that the best course would be to suggest that the conference should open on 29th August.

The Foreign Secretary could open the proceedings by putting forward the views of the United Kingdom Government on political and defence questions affecting the Eastern Mediterranean generally. In this statement, though he would deal with the strategic importance of Cyprus, he would not discuss the future constitutional development of the island. On that question the Greek and Turkish Governments would be given an opportunity to present their views before any proposals were put forward on behalf of the United Kingdom Government. It should therefore be possible so to arrange the business of the conference that the stage of detailed discussion on constitutional plans was not reached until after the Colonial Secretary had returned to London.

The Cabinet had yet to decide what constitutional proposals should be put forward on behalf of the United Kingdom Government at this conference. Two alternative plans had been outlined in the memorandum (C.P. (55) 33) circulated to the Cabinet by the Foreign Secretary and the Colonial Secretary in June. It was important that these should be further discussed before the end of July.

The Cabinet—

1. Authorised the Foreign Secretary to propose to the Greek and Turkish Governments that the conference on political and defence questions affecting the Eastern Mediterranean should open in London on 29th August.

2. Invited the Foreign Secretary and Colonial Secretary to submit, for consideration by the Cabinet in the week beginning 25th July, a revised statement of the proposals to be put forward at the conference on behalf of the United Kingdom Government regarding future constitutional development in Cyprus.

3. Invited the Minister of Defence to circulate to the Cabinet the views of the Chiefs of Staff on the strategic considerations to be taken into account in relation to future constitutional development in Cyprus.

7. The Cabinet had before them a memorandum by the Minister of Housing and Local Government (C.P. (55) 67) on the future level of housing subsidies.

The Minister of Housing said that it would become clear in the autumn that there had been a substantial fall in the rate of house building by local authorities. Local authorities’ building programmes for 1956 would have to be decided in October, and the Government’s policy would have to be disclosed to Parliament soon after the end of the summer recess. He hoped that it would be possible to concentrate the housing subsidies in future on particular objectives, such as slum clearance and the relief of housing congestion in urban areas. He was working out detailed proposals on these lines which should reduce the cost to the Exchequer by about 40 per cent. This concentration of the subsidy on particular types of new houses should make it possible to maintain a high rate of construction in districts where there was still an acute shortage of accommodation. The loss of subsidy, if spread over the whole area of a local authority, should mean only a small increase in council house rents. Even if a local authority did not benefit from the continued subsidy on special types of new houses, the rents of existing houses would not be likely to go up by more than 1s. per week in the first year, with a further similar increase thereafter.

In order to prepare the public for such a change of policy, and in order to pave the way for discussions with local authority
associations, the Minister wished to announce, in reply to Questions in Parliament, that the Government did not intend to increase the housing subsidy; that the rates and purposes of the housing subsidies were being examined, with a view to considering whether any changes were desirable; and that he intended to have discussions with local authority associations with a view to making a further statement after the recess.

Discussion showed that it was the general view of the Cabinet that for the time being it would be preferable to avoid arousing expectations of a change of policy on housing subsidies. There was no immediate urgency to begin the discussions with local authority associations, and the Cabinet should have an opportunity to consider the proposed change of policy before those discussions were opened. The Minister could make it plain that there was no intention to increase the housing subsidy in consequence of the increase in the rate of interest on Public Works Loans; but he should avoid giving any indication at this stage that the Government were about to undertake a general review of the level of housing subsidies.

The Cabinet—

(1) Invited the Minister of Housing and Local Government, if it were necessary to reply to Questions about the housing subsidies, to avoid giving any indication that the Government were considering a change of policy.

(2) Invited the Minister of Housing and Local Government to submit for their consideration early in September detailed proposals for reducing the housing subsidies.

8. The Cabinet again considered whether the United Kingdom should record a vote in favour of admitting Japan to the General Agreement on Tariffs and Trade (G.A.T.T.).

The Cabinet were informed that it was still not clear whether Japan would secure admission if the United Kingdom did not vote in her favour. It was open to us to record our vote at any time up to 11th August, and it might be that before then Japan would have obtained sufficient votes to secure her admission. If that happened, would it still be open to the United Kingdom to record a vote in favour of Japan? If so, Ministers would need to consider whether we should do so, in order to obtain a measure of goodwill in Japan, or whether we should abstain, in order to avoid exacerbating public opinion in this country.

Discussion showed that the Cabinet were in favour of postponing a decision on this question for a further period.

The Cabinet—

(1) Agreed to resume their discussion of this question at their next meeting.

(2) Invited the President of the Board of Trade to report whether it would be open to the United Kingdom to record a vote in favour of Japan, at any time up to 11th August, even though she had already obtained sufficient votes to secure admission.

9. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 75) reporting that the United States Secretary of State was anxious to make a public statement outlining the plan (C.P. (55) 35) which had been worked out by the Governments of the United Kingdom and the United States for the settlement of the dispute between the Arab States and Israel.
The Foreign Secretary said that Mr. Dulles felt that he would have to make this announcement (the essential passages of which were attached to C.P. (55) 75) on about 18th August, in order to prevent the Palestine question becoming an issue in the forthcoming election campaign in the United States. It did not seem likely that he could be dissuaded from making some announcement of this kind; and it was arguable that it would be better for the plan to be disclosed if there were a real danger that Mr. Dulles might otherwise be led, under pressure of the election campaign, to make proposals which would be more favourable to Israel and consequently even more objectionable to the Arab States. Nevertheless, there was a real danger that the announcement might provoke serious trouble in the Middle East, including rioting by Arab refugees or incidents involving British property and persons. It might also endanger the progress so far made over the Northern Tier defence and the Treaty with Iraq.

If, therefore, Mr. Dulles were resolved to make an announcement on the lines proposed, we should do our utmost to secure, in return, American help on certain aspects of our Middle East policies, i.e., (i) an assurance of United States readiness to join the Turco-Iraqi Pact in the event of a settlement of the dispute between the Arab States and Israel; (ii) an undertaking by the United States to supply Iraq with British Centurion tanks by off-shore purchase; and (iii) an assurance that the United States would be ready to give us physical support if we were involved in fighting as a result, direct or indirect, of the proposed announcement.

In discussion the following points were raised:—

(a) If Mr. Dulles made this announcement, it would be difficult for us to dissociate ourselves from the plan, which we had worked out jointly with the United States. On the other hand, we could reasonably object to the proposal to make it public before the details, including such matters as the adjustment of frontiers, had been worked out in negotiation with the other parties concerned.

(b) The plan had important financial implications, which should be considered in detail before we were publicly committed to support it.

(c) It was not impossible that we could reach agreement with the United States on some kind of a joint public statement about the plan. But if we were to share the responsibility for such a statement, more time was necessary to study it. Mr. Dulles could be informed that we needed more time to consider a statement of this importance.

(d) In seeking more time for consideration, the Foreign Secretary might indicate that it was his personal opinion that the United Kingdom would need assurances from the United States on the points mentioned in paragraph 7 of C.P. (55) 75.

The Cabinet—

(1) Invited the Foreign Secretary to inform the United States Secretary of State that the United Kingdom Government needed more time to consider his proposal to make a public disclosure of the plan for a settlement of the Palestine question; and to indicate, as his personal opinion, the modifications which might be necessary, and the assurances which might be required, if the United Kingdom Government were to share responsibility for any such announcement.

(2) Invited the Foreign Secretary to inform them of the results of his discussions with the United States Secretary of State, and to arrange for the other Ministers concerned to give immediate consideration to the form of a possible joint statement on this plan on behalf of the Government of the United States and the United Kingdom.
The Cabinet had before them a memorandum by the
Foreign Secretary (C.P. (55) 74) proposing the exercise of clemency
towards Japanese war criminals still in British custody.

The Foreign Secretary said that he recommended that the United
Kingdom should fall in with the proposal made by the United States
Government that the major Japanese war criminals, for whom the
International Military Tribunal for the Far East was responsible,
should be released after completing ten years' imprisonment. He
would prefer that these prisoners should be released outright but, if
the other Powers insisted that they should be released on parole, he
would be ready to concur.

The question of exercising similar clemency in favour of minor
Japanese war criminals, over whom the United Kingdom Government
had jurisdiction, was in a sense more difficult. There were eighty-one
of these still in our custody, and the last of them would not be due for
release until 1960. It would benefit Anglo-Japanese relations, and
would bring our policy into line with the more lenient attitude adopted
by other Powers, if we now reduced sentences of more than fifteen
years to fifteen years. This would mean that, with one-third remission
for good conduct, all these criminals would be released after serving
ten years.

Discussion showed that opinion in the Cabinet was divided on
this question. It was suggested that, if a more lenient policy was to
be followed, it might be better to put it into effect gradually and
unobtrusively. If the prisoners still in custody were all released
at once, public feeling was more likely to be aroused. Many of these
men had been personally responsible for barbarous treatment of
British prisoners of war.

The Cabinet—
Agreed to resume consideration of this question at a later
meeting.

The Colonial Secretary said that there were only two
outstanding points on which agreement had not yet been reached in
the negotiations for a settlement of the constitutional problem in
Uganda. These were the method of election of Buganda
representative members on the Protectorate Legislative Council, and
the date of the Kabaka's return to the Buganda Province. Originally,
it had been stated that the Kabaka would not be allowed to return
until nine months after the new Constitution had come into operation.
The Province had, however, remained tranquil; and the Buganda
were co-operating fully in the process of bringing the new Constitution
into effect. He was therefore disposed to think that this period could
now be reduced. He proposed that the Kabaka should be allowed to
return not later than two months, or even six weeks, after the new
Constitution had come into operation and the Buganda representative
members had been elected. He hoped that it would be possible to
reach agreement on the outstanding points, so that he could make an
announcement to Parliament towards the end of the following week.

The Cabinet—
Took note with approval of this statement by the Colonial
Secretary.

Cabinet Office, S.W. 1.
14th July, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 19th July, 1955, at 11.30 a.m.

Present:

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer (in the Chair).

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.


The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.

The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.

The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.

The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.

The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Item 1).

The Most Hon. the MARQUESS OF READING, Q.C., Minister of State for Foreign Affairs.

Dr. the Right Hon. CHARLES HILL, M.P., Postmaster-General (Item 4).

The Right Hon. Sir REGINALD MANNINGHAM-BULLER, Q.C., M.P., Attorney-General (Items 5 and 6).

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

Secretariat:

Mr. F. A. BISHOP.

Mr. D. A. SCOTT.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coal</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Remuneration of Ministers</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Housing Subsidies</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Government Relations with the Independent Television Authority</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Charitable Trusts</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Agriculture</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Tariff Policy</td>
<td>7</td>
</tr>
</tbody>
</table>

*Japan and the G.A.T.T.*
1. The Cabinet had before them the draft of a passage which the Minister of Fuel and Power proposed to include in his speech in the debate on coal which was to take place in the House of Commons on 20th July. This referred particularly to the need for a sharp reduction in coal exports in 1956.

It was the general view of the Cabinet that it would be best to avoid specifying the extent of this reduction, in order to give as much latitude as possible to the National Coal Board and the Board of Trade in negotiating agreements with other countries involving the export of coal. It was, however, recognised that, if the Government were heavily pressed in the debate, it might be necessary to give a range of figures indicating the extent to which it might be necessary to reduce exports. It would not be desirable to say that we were making special efforts to meet the needs of any particular countries, since if this were done for one country, others would press their claims for special treatment.

The Minister of Fuel and Power said that he would consult the President of the Board of Trade about the terms in which he should refer to the possibility that some breach of Governmental and commercial obligations was likely to be involved.

The Minister also informed the Cabinet that in the course of his speech in the debate he proposed to mention the need for greater efficiency in the use of fuel, the help which was expected from the policy of substituting oil for coal, and the fact that the Government had set in train a broad reorganisation of the industry on the general lines of the Fleck Report. At the present time, 20,000 men were engaged on the reconstruction of pits, and this inevitably affected output. Current criticism of the industry was also adversely affecting production. The figures for the previous week had been very bad, and the National Union of Mineworkers were less well-disposed towards the idea of resuming the importation of foreign mineworkers. As regards the allegation that the recent increase in the price of coal had been delayed for political reasons, he would point out that the Government were justified in asking the National Coal Board to consider very carefully their proposals for price increases of this order, particularly in view of the recent reconstitution of the Board.

The Cabinet—

Endorsed the line which the Minister of Fuel and Power proposed to follow in the forthcoming debate.

2. The Chancellor of the Exchequer said that he had given further consideration to the means of sounding the Leaders of the Opposition Parties, before Parliament adjourned for the summer recess, about increasing the remuneration of Ministers. Any proposals put to them at this stage ought to be of a modest nature, and could perhaps be limited to the remuneration of Junior Ministers. He accordingly proposed to formulate proposals which would affect the remuneration of Junior Ministers only, and would then consider with the Lord Privy Seal whether there would be advantage in discussing these proposals informally with the Opposition before the recess.

The Cabinet—

Took note of this statement by the Chancellor of the Exchequer.
3. The Minister of Housing sought the approval of the Cabinet for the replies he proposed to give to Parliamentary Questions for answer that day about the decline in the rate of house building by local authorities compared with the increase in private house building.

The Minister of Housing said that it was now becoming clear from the published figures that some restriction was being imposed on the housing programmes of local authorities and that no comparable restrictions were being imposed on private building. The total number of houses likely to be completed in the current year was between 320,000 and 330,000, compared with 350,000 in 1954. Within this satisfactory total, there would be a substantial decline in the number built by local authorities, and an increase in the number built by private enterprise.

In discussion it was suggested that some restraint was being applied to private building through the Government's present policy of credit restriction; this was some answer to the suggestion that restrictions were being imposed only on local authorities. Also, although a limit had been put on new housing programmes of local authorities, it had been agreed that the Ministry of Housing should have some latitude, within a limit of 10,000 extra houses, to meet special problems in certain towns. This should enable the present policy to be maintained until a decision was taken about the reduction of the level of housing subsidies.

The following points were raised in discussion:

(a) It was recognised that any arrangements to meet special housing problems would have to apply equally to Scotland.

(b) Discussions were proceeding between the Chancellor of the Exchequer and the Minister of Education about the level of school building. An increase in expenditure on school building would go some way to meet criticism of the decline in local authorities' house building.

The Cabinet—

Approved the terms of the reply which the Minister of Housing proposed to make to Parliamentary Questions on this subject.

4. The Cabinet had before them a note by the Chancellor of the Exchequer (C.P. (55) 78) suggesting the principles which should govern relations between Government Departments on the one hand and the Independent Television Authority (I.T.A.) and its programme contractors on the other, and recommending that an approach should be made to the I.T.A. companies with the object of concluding an agreement on Government facilities for I.T.A. programmes.

Discussion showed that the Cabinet accepted the principle that it would be right to start by treating the I.T.A. and its programme companies on an equal footing with the B.B.C. and cinema newsreels.

On the question whether Government Departments should give facilities for the production of programmes, including the provision of material for advertising intervals, it was pointed out that different Departments might well take different lines. The Service Departments would be rightly reluctant to afford Service facilities for anything in the nature of advertising. At present the I.T.A. were not showing any great interest in obtaining material from Government Departments for their programmes. The Government would on occasions be glad of publicity through the medium of television, and it would therefore be unwise to open discussions with the I.T.A. or the programme companies by emphasising the difficulties which might arise in providing Government facilities for programmes or even for advertising. In the first instance, it would be advisable to seek the co-operation of the I.T.A.; the practical difficulties would speak for themselves.
It was the general view of the Cabinet that, to ensure uniformity of practice, it would be best if applications from the I.T.A. and the programme companies for Government facilities were to be dealt with through a single channel. The final decision whether facilities should be afforded might rest with the Postmaster-General.

In further discussion the following points were raised: —

(a) Local education authorities might be tempted to enter into arrangements with the regional organisations of the I.T.A., particularly in connection with schools programmes. The Minister of Education said that he would consult with the Postmaster-General with a view to seeing if any general guidance should be issued to local education authorities.

(b) The Postmaster-General said that any discussions designed to lead to an agreement covering the provision of Government facilities should take place not only with the programme companies but with the I.T.A. itself. There was general agreement with this view.

The Cabinet —

(1) Invited the Postmaster-General to consider what arrangements should be made to ensure that applications by the Independent Television Authority or programme companies for Government facilities were dealt with in a uniform manner.

(2) Subject to Conclusion (1), approved C.P. (55) 78 as a basis on which the Postmaster-General might arrange for discussions to begin with the Independent Television Authority and the programme companies.

(3) Invited the Postmaster-General in due course to seek the Prime Minister's approval for the arrangements to be worked out under Conclusions (1) and (2) above, and to inform the Cabinet of the results.

The Cabinet —

5. The Cabinet had before them a note by the Lord President (C.P. (55) 76) covering drafts of (i) a White Paper setting out the Government's policy on charitable trusts in England and Wales, and (ii) a statement of the Government's policy on amending the Trustee List of investments.

The Lord President said that the White Paper was the result of careful examination, under the supervision of the Home Affairs Committee, of the recommendations contained in the report of Lord Nathan's Committee on the Law and Practices relating to Charitable Trusts (Cmd. 8710). In several respects the policy suggested in the White Paper departed from the recommendations of the Nathan Committee. Thus, although it could be agreed that there was room for some relaxation of the procedure for widening the range of trustee investments, such as giving the Charity Commissioners and the Ministry of Education authority to grant wider powers of investment to charitable trustees, the suggestion that there should be a general extension of the Trustee List to include equity stocks and shares was not accepted. Again, the Nathan Committee recommended that English practice should be brought into line with that in Scotland, so as to give the scheme-making authorities wider powers; but the White Paper took the view that the Nathan Committee had underestimated the extent to which charitable trusts could be altered under the present law, and accordingly placed more emphasis on the individual responsibility and initiative of charitable trustees. The White Paper also proposed that the Charity Commission should be constituted on a whole-time basis with a predominantly legal composition, instead of as a part-time body of "men and women of standing in public and
charitable affairs." The Prime Minister had approved the proposal that the Home Secretary should represent the Charity Commissioners in Parliament. The White Paper also proposed that the local authorities should play a smaller part in the administration of charitable trusts than the Nathan Committee had recommended.

Discussion showed that the Cabinet endorsed the policy proposed in the White Paper and in the draft statement on amending the Trustee List (Appendices A and B to C.P. (55) 76). It was agreed that the White Paper should be presented to Parliament during the following week, when the statement of Government policy on the Trustee List could also be made, and that it would be helpful if the Government's policy were to be fully explained at a Press conference.

The Cabinet—

(1) Approved the statements of Government policy contained in Appendices A and B to C.P. (55) 76.

(2) Invited the Home Secretary, in consultation with the Lord Privy Seal, to arrange for the White Paper to be published, and for the statement of policy on the Trustee List to be made in both Houses of Parliament in the following week.

6. The Cabinet considered a memorandum by the Minister of Agriculture (C.P. (55) 77) proposing that his powers for securing reasonable standards of husbandry and estate management, and the provisions for giving security of tenure to tenant farmers, should be reviewed by an independent committee of inquiry.

The Minister of Agriculture said that some early action was desirable to resolve the unsatisfactory situation on these related problems. As regards his disciplinary powers under the Agriculture Act, 1947, to secure reasonable standards of husbandry, guidance would have to be given to the County Agricultural Executive Committees, if it was intended to retain them, since the Committees were uncertain about the extent to which these statutory functions, which they were responsible for operating, should be exercised. At present the disciplinary powers were very seldom used and it was notable that criticism of them came almost entirely from outside the industry. Members of County Committees were themselves divided on the desirability of retaining these powers. The Government would in the end have to decide whether the powers should be retained, and exercised in extreme cases, or whether they should be given up. The present position could not very well be allowed to continue unless, as he proposed, an impartial inquiry were set up to examine the question.

As regards security of tenure, the Minister said that the existing statutory provisions made it unduly difficult to allow changes in tenancy where these were desirable in the interests of efficiency. Great efforts had been made to give young men training in modern farming methods, but it was at present virtually impossible for these men to obtain farms of their own. There would be wide support in the country, among landowners and in the professional bodies concerned, for an inquiry on this subject, though the National Farmers' Unions and the agricultural trade unions could be expected to oppose it.

In discussion the view was expressed that there were special objections to inviting an independent committee to review the powers for securing reasonable standards of husbandry. In practical terms the question was not whether the Government should have the disciplinary powers contained in the Agriculture Act, 1947, but whether such powers were being effectively exercised. The present unsatisfactory position arose from the fact that the powers had been
delegated to the County Committees. On the other hand, it was argued that a committee of inquiry might be able to recommend whether the disciplinary powers were a reasonable concomitant to the price guarantee arrangements which were also contained in the 1947 Act. If the committee recommended that a case had been made out for the exercise of these powers, the Minister of Agriculture could encourage the County Committees to use them effectively, or could substitute different arrangements for the exercise of such powers. If the committee recommended that such powers were not justified, the Government would be in a stronger position to dispense with them. Nevertheless, it should be realised that a committee might well fail to reach unanimous conclusions.

The opinion was expressed by several Ministers that it would be better to increase the provision of technical advice to farmers, in order to improve the general efficiency of the industry, and gradually to dispense with powers of direction and compulsion. The Minister of Agriculture undertook to consider whether such a change in the functions of the County Committees, and in the method of exercising his powers under the Agriculture Act, could be made.

In their discussion of the statutory provisions for giving security of tenure to tenant farmers the Cabinet expressed general agreement with the view that it should be made easier for new men to enter the industry. For this purpose, landlords would have to have power to give effective notice to quit to unsatisfactory tenants. It would, however, be difficult politically to set up a committee of inquiry for the sole purpose of considering the security of tenure of tenant farmers. There would be less objection if the inquiry were for the purpose of examining how to give young farmers a better chance of entering the industry in the interests of efficient food production. But many difficulties would remain; for example, if the committee were to include protagonists from both sides of industry, it would be unlikely to present an agreed report. Again, any such inquiry would be likely to propose an increase in the powers either of the State or of landlords.

The Chancellor of the Exchequer said that the Cabinet's preliminary discussion of the problems raised in C.P. (55) 77 showed that further consideration would be necessary before a decision could be reached on the advisability of an inquiry, either into the disciplinary powers, or security of tenure, or both. As regards the former, the Minister of Agriculture might consider whether, in the course of a review to be undertaken by his Department, in which expert advice from interested parties might be sought privately, the powers could best be exercised in the future by interpreting the functions of County Committees as advisory rather than compulsory. The Minister would also wish to reconsider, in the light of the views expressed in discussion, the question of submitting security of tenure to an independent committee, especially if it were the only subject to be reviewed.

The Cabinet—

Invited the Minister of Agriculture to take account of the views expressed in discussion and to submit to the Cabinet at a later date further proposals on the questions of disciplinary powers and security of tenure.

7. The Cabinet again considered whether the United Kingdom should now record a vote in favour of admitting Japan to the General Agreement on Tariffs and Trade (G.A.T.T.).

The Cabinet were informed that, even if Japan were to obtain sufficient votes to secure admission before we had voted, it would still be open to us to record our vote up to 11th August, and it was even possible that the time for voting might be extended.

The Cabinet were also informed that it was not yet known how certain important industrial countries (e.g., Germany and the Benelux
countries) would vote. It would be more difficult for us to vote in favour of Japan if these countries failed to do so. On the other hand, New Zealand had decided to vote in favour of Japan, while at the same time invoking Article XXXV so as to avoid undertaking G.A.T.T. obligations towards Japan.

The Chancellor of the Exchequer said that, in the end, it was likely that it would be found to be in our best interests to vote for Japan's admission to the G.A.T.T., but the balance of opinion was that a decision to do so should not be taken immediately.

The Cabinet—
Agreed to resume consideration of this question at a future meeting.

Cabinet Office, S.W. 1,
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 21st July, 1955, at 11.30 a.m.

Present:
The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer (in the Chair).
The Most Hon. the MARQUESS of SALISBURY, Lord President of the Council.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. the EARL OF DEL'ISLE AND DUDLEY, Secretary of State for Air (Item 10).
The Right Hon. IAIN MACLEOD, M.P., Minister of Health (Item 9).
The Most Hon. the MARQUESS of READING, Q.C., Minister of State for Foreign Affairs.
The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. PETER THORNEycROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.
The Right Hon. SIR DAVID EECLES, M.P., Minister of Education.

The following were also present:
The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Item 6).
The Right Hon. the EARL OF MUNSTER, Minister without Portfolio (Item 7).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1-3).

Secretariat:
Mr. F. A. BISHOP.
Mr. D. A. SCOTT.
PUBLIC RECORD OFFICE

Reference

CAB 128/29

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223 - 279

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<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Four-Power Talks</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Malta</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Steel Prices</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Remuneration of Ministers</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Economic Situation</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Malaya</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>Pensions</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>Guided Weapons Training Range in the Hebrides</td>
<td>8</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. It was possible that time might have to be found for a debate on the results of the Four-Power Talks, and also for discussion of the economic situation. It was agreed that it would be best if the statement which the Chancellor of the Exchequer was to make on the latter subject could be made on 25th July, so that it could be debated, if necessary, on 26th July. If a debate were needed on the Four-Power Talks, it could take place on 27th July.

2. The Chancellor of the Exchequer informed the Cabinet of the report he had received from the Prime Minister about the meeting of Heads of Government in Geneva.

The Cabinet—
Invited the Chancellor of the Exchequer to express to the Prime Minister their appreciation of his efforts in Geneva.

3. The Cabinet were informed that the Colonial Secretary had submitted for the Prime Minister's approval the suggested terms of reference for the Round Table Conference which was to consider the implications of the proposals for closer association between Malta and the United Kingdom. The Cabinet were also informed that the Lord Privy Seal was seeking the approval of the Prime Minister for the composition of the United Kingdom delegation to the Conference. The Cabinet considered what further steps could now be taken towards convening the Conference, and agreed that the Lord Privy Seal should inform the Leaders of the Opposition Parties of the proposed terms of reference, making it clear that these were still subject to approval by the Prime Minister. He should also inform them that the Prime Minister had invited the Lord Chancellor to preside at the Conference. When the Prime Minister had approved the terms of reference and the composition of the Conference, the Government Whips could informally approach the Government supporters who had been suggested as suitable members of the Conference, although formal invitations would be issued to them by the Prime Minister after his return.

The Cabinet—
Invited the Lord Privy Seal to inform the Leaders of Opposition Parties of the proposed terms of reference of the Round Table Conference on Malta, emphasising that these were subject to approval by the Prime Minister, and also to inform them that the Prime Minister had invited the Lord Chancellor to preside over the Conference.

4. The President of the Board of Trade said that the Chairman of the Iron and Steel Board proposed to announce on the following day a rise in the prices of iron and steel amounting on the average to about £2 per ton, or some 5 per cent, on present prices. About half of this increase was attributable to the recent increase in the price of coal, a quarter to a rise in the price of imported ore, and the balance to increased wages and transport costs. This announcement would arouse criticism, particularly in view of the profits shown by the steel companies and the rise which had taken place in their share quotations since de-nationalisation. Nevertheless, United Kingdom
Reimuneration of Ministers.

(Previous Reference: C.M. (55) 24th Conclusions, Minute 2.)

Economic Situation.

(Previous Reference: C.M. (55) 22nd Conclusions, Minute 3.)

steel remained among the cheapest in the world, and he felt that it would be wrong to attempt to depress the price artificially below its economic level.

In discussion the Cabinet agreed that, although in the last resort the Government had the power to give directions to the Iron and Steel Board on their price policy, it would be wrong to exercise this power in any but the most exceptional circumstances.

The Cabinet—

Took note of this statement by the President of the Board of Trade.

5. The Chancellor of the Exchequer said that it had not so far been possible to begin taking informal soundings of Leaders of the Opposition Parties about proposals affecting the remuneration of Ministers. On reflection, he was inclined to think that any such approach should be deferred until the Prime Minister had had an opportunity of considering the whole question further.

The Cabinet—

Agreed that no approach on the question of the remuneration of Ministers should be made to Opposition Leaders until the matter had been considered further by the Prime Minister.

6. The Cabinet had before them a memorandum by the President of the Board of Trade (C.P. (55) 85) proposing that hire-purchase facilities should be further restricted by raising the minimum deposit from 15 per cent. to 33⅓ per cent. in the case of certain domestic appliances and durable consumer goods.

The President of the Board of Trade said that his proposals to restrict hire-purchase on radio and television sets and gramophones, on domestic appliances such as gas and electric fires, washing machines, vacuum cleaners and refrigerators, and on cars and motor cycles, &c., could only be justified if they formed part of comprehensive measures for restricting credit and restraining expenditure.

It had to be recognised that restrictions on hire-purchase affected a comparatively small proportion of total demand; outstanding hire-purchase credit amounted to about £400 millions, which was small compared with total consumer expenditure of about £12,000 millions a year.

The additional hire-purchase restrictions would inevitably arouse criticism, particularly in the case of certain of the domestic appliances. He had considered whether an even higher rate of initial deposit, such as 40 per cent., might be justified on cars; but, since most hire-purchase car transactions related to secondhand cars, and since the restrictions would extend to motor-cycles and power-assisted cycles, he recommended that the minimum deposit should be 33⅓ per cent. as for the other goods in question. He understood that the Chancellor of the Exchequer was prepared to announce such a comprehensive policy, and the necessary Orders restricting hire-purchase would come into operation on the day following the announcement.

The Chancellor of the Exchequer then outlined the statement which he proposed to make to Parliament in the following week. He proposed to point out that it was necessary to make up the backlog due to the strikes, and to warn the country that the strain on the gold and dollar reserves was continuing. It was accordingly necessary to limit home demand and to free resources for exports.
Credit restrictions must therefore be tightened, and he proposed in consultation with the Governor of the Bank of England to do this by further restricting Bank advances and by reducing hire-purchase facilities. He would make it clear that the restraint on expenditure would also be made to apply equally to the public sector, and that the capital programmes of the nationalised industries and expenditure by local authorities would not be exempt.

The Chancellor of the Exchequer said he did not propose to abolish the bread subsidy at present but would consider this measure later in the year, possibly in combination with some adjustment of the milk subsidy. He was also advised that the policy of credit restriction could best be implemented in present circumstances by restricting Bank advances rather than by a further adjustment in Bank Rate. He was disposed not to prescribe precise liquidity ratio requirements for the Clearing Banks, since that might set an undesirable precedent.

The following points were raised in discussion:

(a) It was suggested that the measures outlined were perhaps less severe than was required. The hire-purchase restrictions would seem to be the only positive action taken and this, while politically controversial, was relatively unimportant from an economic point of view. It was necessary for the Government to set an example to industry by reducing public expenditure, even if this meant postponing desirable development.

(b) The additional hire-purchase restrictions might lead to some unemployment, which would first be felt in development areas where alternative employment might be hard to find.

(c) It would help if the statement of policy showed that the Government appreciated the need to make saving, particularly by small savers, more attractive. People were losing the habit of saving because of the continual fall in the value of money.

(d) The Chancellor of the Exchequer said that examination suggested that the Stock Exchange boom was not attributable, in any considerable degree, to speculation. It would, therefore, be unwise to introduce specific measures, such as shortening the period of settlement of accounts, in an attempt to curb investment in stocks and shares.

The Cabinet—

(1) Approved the comprehensive measures to meet the economic situation outlined by the Chancellor of the Exchequer.

(2) Approved the additional restrictions on hire-purchasing facilities set out in C.P. (55) 85.

(3) Took note that the Chancellor of the Exchequer would take into account points raised in the Cabinet's discussion, and would circulate to the Ministers concerned the statement on the economic situation which he proposed to make in Parliament in the following week.
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(Signed) C. Smith
8. The Cabinet considered a memorandum by the Secretary of State for the Colonies (C.P. (55) 81) seeking approval for the basis on which the Colonial Secretary should begin to discuss with the Rulers of the Malay States a revision of the present arrangements governing the constitutional position of Malaya.

The Colonial Secretary said that there were a number of fundamental points on which he proposed to have preliminary discussions with the Rulers of the Malay States and leaders of political opinion in the Federation, in the course of his forthcoming tour. The points on which it was essential for the United Kingdom to keep the initiative in the development of plans for self-Government in Malaya were:

(i) the United Kingdom Government's responsibility for the defence of Malaya;
(ii) the maintenance of internal security in the Federation;
(iii) reconsideration of the financial arrangements with the Federation;
(iv) the relationship of the United Kingdom Government to the Federation;
(v) the question of a Malayan nationality, and
(vi) the question of setting up a Constitutional Commission.

In discussion, the following points were raised:

(a) Malaya was relatively prosperous at present and it should be made clear to its people that, if their aim was full self-Government, they must as a corollary make every effort to pay their own way. If, as seemed likely, we were to be obliged to provide them with considerable financial assistance for a long period, we should endeavour to ensure that the future security of our commercial interests in Malaya was safeguarded. Our financial stake in the Federation was one of the buttresses of the sterling area.

(b) It was suggested that we should not miss any opportunity of strengthening the link between Singapore and Malaya. The present position under which the two areas were constitutionally on a different footing was anomalous. On the other hand, unification with Singapore would weaken the status of the Rulers.

(c) Australia and New Zealand had both now agreed to keep troops in the area in peacetime and should be kept informed of the progress of the Colonial Secretary's negotiations. It was also desirable that the South-East Asia Collective Defence Treaty Powers should be kept informed.
(d) The present relationship between the Governor of Singapore and his new Chief Minister (Mr. Marshall) was unsatisfactory and had been brought to a head by two motions tabled in the Singapore Chamber for the following day. The Colonial Secretary said that he hoped that Mr. Marshall would remain in office until he arrived in Singapore.

The Cabinet—

(1) Approved the proposals in C.P. (55) 81, subject to the points made in discussion.

(2) Invited the Colonial Secretary, in consultation with the Commonwealth Secretary and the Minister of State for Foreign Affairs, to arrange for the Governments of Australia and New Zealand and the South-East Asia Collective Defence Treaty Powers to be kept informed, as necessary, about the progress of his discussions on constitutional development in Malaya.

9. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C.P. (55) 80) on the question of introducing a Pensions Increase Bill to improve the pensions of retired members of the public services, both civil and military.

The Chancellor of the Exchequer said that, although the internal economic position made further economy desirable, he felt that it would be necessary to introduce a Pensions Increase Bill shortly after the recess. If further delay occurred, the scale of the increases proposed might have to be raised still further.

The Minister of Pensions said that he approved the proposals in C.P. (55) 80, but he was concerned about one or two aspects affecting the timing and presentation of a Pensions Increase Bill. The recent rise in the retail price index was likely to lead in the next few weeks to increased pressure for a rise in the rates of public assistance; the findings of the current review of the position of widows receiving a pension of only 10s. a week were not likely to be announced until February 1956. It would be difficult to hold the position in these two cases after a decision to introduce a Pensions Increase Bill had been made public. With regard to presentation, he considered it important not to put forward the case for a pension increase for public servants on grounds of hardship, since many of the pensioners concerned had other means, and such a description would involve difficulties with the recipients of national assistance who were subject to a means test. The decision should be taken on grounds of equity and justice rather than of hardship.

In discussion it was suggested that, by taking the proposed pensions increase a little further, the Government could clear themselves of the accusation, which had been levelled at them by the Opposition during the Election, that they had broken faith with retired officers. Against this, it was argued that there was a danger that, by going too far, the Government would merely encourage a further round of claims.

It was agreed that it would be necessary to consult the Minister of Health and the Ministers responsible for the nationalised industries in working out the details of a scheme for pensions increases.

The Cabinet—

Invited the Chancellor of the Exchequer to circulate in due course proposals for a scheme of pensions increases.
10. The Cabinet had before them a note by the Minister of Defence (C.P. (55) 86) seeking approval for the answer to be given to a Parliamentary Question about the establishment of a guided weapons training range in the Hebrides.

The Secretary of State for Air said that the range would be used for surface-to-air and air-to-air firing. At the present time the maximum range of the weapons to be tested was not likely to exceed 100 miles, but the area of the training range would be extended as new weapons were developed. Adequate safety precautions on the usual lines would be taken whenever firing was contemplated.

In discussion, certain drafting amendments were suggested to the passage in the proposed answer which related to compensation, and it was agreed that this passage should be settled by the Minister of Defence in consultation with the Secretary of State for Scotland.

It was pointed out that the Australians ought to be notified of the establishment of the range before an announcement was made in Parliament, in order to avoid arousing fears that the use of the Woomera range was being in any way abrogated. It would also be advisable to inform the Australian Minister for Supply, who was at present visiting guided weapons establishments in the United States, if this had not been done already.

It would be for the Foreign Secretary, in consultation with the other Ministers concerned, to settle what steps, such as a proclamation of British sovereignty, should be taken to ensure that the island of Rockall was not used by a foreign Power to observe firing on the range.

The Cabinet—

(1) Approved the terms of the answer proposed by the Minister of Defence, subject to consultation with the Secretary of State for Scotland about the passage relating to compensation.

(2) Invited the Commonwealth Secretary, in consultation with the Minister of Defence, to inform the appropriate Australian authorities about the decision to establish the range.

Cabinet Office, S.W. 1,
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The Cabinet—

(1) Approved the terms of the answer proposed by the Minister of Defence, subject to consultation with the Secretary of State for Scotland about the passage relating to compensation.

(2) Invited the Commonwealth Secretary, in consultation with the Minister of Defence, to inform the appropriate Australian authorities about the decision to establish the range.

Cabinet Office, S.W. 1.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 26th July, 1955, at 11 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir David Eccles, M.P., Minister of Education.
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 9).
The Right Hon. Henry Hopkinson, M.P., Minister of State for Colonial Affairs (Items 3-5).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.
The Right Hon. Henry Brooke, M.P., Financial Secretary, Treasury (Item 9).

The following were also present:
The Right Hon. Nigel Birch, M.P., Minister of Works (Item 9).
The Right Hon. Sir Norman Brook.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. H. O. Hooper.
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The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:
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The Right Hon. Henry Hopkinson, M.P., Minister of State for Colonial Affairs (Items 3–5).

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. H. O. Hooper.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
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<td></td>
<td>General</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Malta</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Four-Power Talks</td>
<td>5</td>
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<td></td>
<td>Far East</td>
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<td>Europe</td>
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<tr>
<td>5</td>
<td>Singapore</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Security in the Colonies</td>
<td>6</td>
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<tr>
<td>7</td>
<td>Tariff Policy</td>
<td>7</td>
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<td>Japan and the G.A.T.T.</td>
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<td>8</td>
<td>Administrative Tribunals</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>London Traffic Congestion</td>
<td>9</td>
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<td></td>
<td>Park Lane Scheme</td>
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<td>10</td>
<td>National Service: Science Teachers</td>
<td>10</td>
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1. The Cabinet were informed of the provisional arrangements for business in the House of Commons in the first week after the end of the summer recess.

2. The Chancellor of the Exchequer said that the statement on the economic situation which he had made in the House of Commons on the previous day had been well received. He now wished to consult his colleagues on three particular aspects of the speech which he would be making when that statement was debated in the House of Commons later in the day.

First, as regards Government expenditure, he proposed to make it clear that he did not contemplate any drastic reduction of existing programmes of investment for the benefit of the social services. There would, in particular, be no interference with present plans for the building of hospitals or schools.

Secondly, he proposed to decline the requests which were being made for a forecast of the future course of Government policy in respect of the convertibility of sterling. He would at this stage confine himself to declaring the Government's aim of keeping the dollar value of the pound sterling at about $2.80.

Thirdly, as regards public expenditure on housing, he was disposed to say that the number of new houses to be started by local authorities in 1955 would be about 80 per cent of the corresponding figure for 1954 and that house-building by local authorities would now be directed mainly to what was needed for slum clearance or for the relief of congestion in urban areas.

The Cabinet—

(1) Took note, with approval of the statements which the Chancellor of the Exchequer proposed to make, in his speech in the House of Commons, that afternoon, on exchange policy and on investment generally.

As regards housing, doubts were expressed about the expediency of making any statement which might provoke debate on housing policy before the Government had decided what adjustments should be made in the housing subsidy. The Minister of Housing said that, with the Cabinet's approval, he had been taking administrative measures to reduce the number of new houses to be started by local authorities; but the full effect of those measures had not yet been brought out by the published statistics and he had been able so far to avoid public disclosure of the fact that the number of new houses to be started by local authorities in 1955 would be only 80 per cent. of the number started in 1954. He would himself prefer that this fact should not be disclosed before Parliament adjourned. For he hoped that, before Parliament reassembled, the Government would have settled their future policy on housing subsidies. And, if the subsidy were reduced, the local authorities would have a financial incentive to reduce their rate of building and less reliance would need to be placed on the administrative methods for controlling the volume of local authority building.

In discussion the following points were made:—

(a) It was politically desirable that the annual total of new houses built should not fall below 300,000. Within that total a larger proportion might be privately built, but the number built by local authorities should not fall below 200,000.
(b) If the total was not to fall below 300,000 the volume of local authority building might have to be adjusted to take account of fluctuations in the volume of private building. Was it not possible that the policy of credit restriction might reduce the volume of private building? There had recently been a falling off in the number of houses started with assistance from building societies. It was, however, suggested that this was not so much because people were being discouraged, by higher interest rates, from borrowing from the building societies. It might rather be because the societies had less money to put into house building, since some investors were looking elsewhere for a higher return on their savings. In so far as credit restriction increased savings, the activities of the building societies might increase.

(c) In debate on investment the relevant factor would be the total volume of house building rather than the division of that total between local authority building and private building. It might therefore suffice to say that the total level had risen far above the target of 300,000 a year; that the Government were taking steps to bring the annual rate nearer to that target figure; but that it was not their policy to allow the rate to drop below that figure.

The Cabinet—

(2) Invited the Chancellor of the Exchequer, in his references to housing in his speech in the House of Commons that afternoon, to be guided by the views expressed in the Cabinet's discussion, and particularly by those recorded in paragraph (c) above; and took note that he would settle the precise terms of his statement on this point in consultation with the Minister of Housing.

Malta.

(Previous Reference: C.M. (55) 25th Conclusions, Minute 3.)

3. The Prime Minister said that he wished to announce, before Parliament rose for the summer recess, the composition and terms of reference of the Round Table Conference on Malta. The Opposition Parties had nominated their representatives, and good progress had been made with the selection of Government supporters to serve as members of the Conference. Some of these would not, however, be available until the second half of September.

The Cabinet were informed that the Maltese representatives were not anxious to come to London for this purpose before the middle of September. It would probably meet the convenience of all concerned if the Conference opened on 19th September.

As regards representation of the House of Lords, it was suggested that the Earl of Perth would be a suitable choice as a Conservative member of the Conference.

The Cabinet—

(1) Agreed that the Government should propose that the Conference should open its proceedings on 19th September.

(2) Invited the Lord President to ascertain whether the Earl of Perth would be willing to serve as a member of the Conference.

(3) Took note that the Prime Minister would announce the composition and terms of reference of the Conference before Parliament rose for the summer recess.
4. *The Prime Minister* reported to the Cabinet the impressions which he and the Foreign Secretary had formed as a result of their discussions with representatives of other Governments at the Four-Power talks in Geneva.

The situation in the Far East had not been considered by the Conference. It had, however, been the subject of private bilateral discussions outside the conference room. All the four Governments recognised that it presented a greater immediate threat to world peace than the situation in Europe. It was evident, from the conversations which had taken place, that President Eisenhower recognised the heavy responsibility that rested on him, and that he was resolved to do his utmost to restrain Chiang Kai-shek from any rash or provocative course of action. The efforts which he had so far made to persuade Chiang to withdraw his forces from the coastal islands had not been successful. He was now considering the possibility that Chiang might be induced to reduce his forces there, so that they might present less of a challenge to the Communists and, from his point of view, be less of a hostage to fortune. If the islands were held only as outposts, it would be less likely that a major struggle would develop there in which the United States might feel obliged to intervene. On the other side it was also evident, from the conversations at Geneva, that the Russians would use such influence as they had over the Chinese Communists to dissuade them from taking any action which might precipitate a major conflict in the Far East.

In the Conference itself discussion had turned mainly on the questions of German unification and European security. It had proved impossible to induce the Russians to modify their view that Germany could not be unified until a new system of security had been established in Europe. In this they were influenced by a genuine fear that Germany might re-emerge as a strong military power in Europe. Even if the Russian leaders could be persuaded that this could be prevented, their freedom to manoeuvre would for some time be limited by an instinctive fear of Germany among the Russian people. This evidently went so deep that even a dictatorship had to take account of it. At this Conference, at any rate, the Russians had seemed to be more apprehensive of the resurgence of Germany than of encirclement by the United States.

The other outstanding impression left by the Conference was the desire of the Russian leaders to establish more normal relations with Governments of the West. They seemed genuinely anxious to secure a relaxation of international tension and a friendlier relationship with the Western Powers.

*The Foreign Secretary* said that he was in full agreement with all that the Prime Minister had said and had little to add to it. The Russians had seemed far less anxious than he had expected about the possibility of encirclement by the United States. They were much more concerned about Germany—and, in the long run perhaps, at the position in which they might find themselves between a resurgent Germany and a strong China. He doubted whether the Foreign Ministers, at their meeting in October, would make much progress towards the unification of Germany. But, if a steady pressure were maintained, a solution might eventually be found through some form of security pact for Europe. Meanwhile it certainly seemed that the Russian leaders were anxious to follow peaceful policies in Europe. They had presumably concluded that, with the advent of nuclear weapons, European war would not serve their purposes. Moreover, with the end of the Stalin regime, they seemed less disposed to favour aggressive methods and would prefer, if they could, to devote their resources to the development of their internal economy.

The Cabinet—
Took note of these statements.
5. The Minister of State for Colonial Affairs said that the Legislative Assembly of Singapore had on the previous day passed a resolution asking (i) that the Governor, in the exercise of his powers, should place the most liberal possible interpretation on the terms of the existing constitution; (ii) that, where the Governor was required by the constitution to consult with Ministers, he should accept their advice; and (iii) that the time had come for the grant of a new constitution providing for the immediate grant of self-government. The Governor had said that he must have time to consider this resolution, and could not give an immediate reply to it.

The new constitution had been in force for little more than three months: there could be no question of amending it without full discussion: the Governor would doubtless do his best to avoid making any further statement until he had had an opportunity for personal consultation with the Colonial Secretary, who would be in Singapore for a short time on 31st July and would be returning, about ten days later, for a longer stay. Meanwhile the Commissioner-General for South-East Asia had arrived in Singapore and would doubtless bring his influence to bear on the Chief Minister. British troops were available to deal with any disorders that might arise. In Singapore one infantry battalion and a squadron of armoured cars were available, and there was another infantry battalion in Johore. There was every reason to believe that the police would be reliable.

The Prime Minister said that he saw no reason to consider the amendment of a constitution which had been in force for little more than three months. The Commissioner-General for South-East Asia would presumably send an early appreciation of the situation.

The Cabinet—

Took note of these statements.

6. The Cabinet had before them a note by the Lord Chancellor (C.P. (55) 89) covering an interim report of the Committee on Security in the Colonies.

The Lord Chancellor recalled that on 5th November, 1954, the Cabinet had appointed a Committee of Ministers to review the existing organisation of armed forces, police and security services in Colonial territories. This Committee had invited General Sir Gerald Templer to carry out an investigation on their behalf. General Templer's report was annexed to his memorandum.

The military aspects of General Templer's report were still under consideration. This interim report dealt only with his recommendations on Police and Security Services. The most important of these were:

(i) that separate Police and Intelligence Departments should be established within the Colonial Office;
(ii) that the Colonial Secretary should join with the Foreign Secretary and the Minister of Defence in issuing a new charter of the Joint Intelligence Committee;
(iii) that the Colonial Office should be permanently represented on the Joint Intelligence Committee and Joint Intelligence Staff; and
(iv) that the United Kingdom should, if necessary, contribute towards the cost of establishing regional police training colleges in the Colonies.

The Committee strongly endorsed these recommendations, which had now been accepted by the Colonial Office. Other less important recommendations in General Templer's report had also been accepted and were being put into operation.
PUBLIC RECORD OFFICE

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CM(55)26th Conclusions Item 6

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There was, however, one recommendation which neither the Colonial Secretary nor the Committee felt able to accept—namely that, in appropriate cases, there should be no hesitation in operating a "colour bar in reverse" to ensure rapid promotion of Africans in Colonial Police Forces. The Colonial Secretary feared that the adoption of this recommendation would undermine the morale of European police officers now serving in Colonial territories in Africa. The Committee had felt obliged to accept his view on this point, though they hoped that no opportunity would be lost of promoting senior African police officers, wherever possible.

In discussion the following points were made:

(a) The Minister of State for Colonial Affairs said that, in the light of Foreign Office experience, the Colonial Office were now prepared to accept the recommendations for the establishment of separate Police and Intelligence Departments within the Colonial Office and for the closer association of the Colonial Office with the work of the Joint Intelligence Committee and Joint Intelligence Staff.

(b) The Commonwealth Secretary suggested that the time had come when his Department should also be permanently represented on the Joint Intelligence Committee.

The Prime Minister said that he would like to have an opportunity of considering this suggestion, in the light of advice from the Chiefs of Staff and the Chairman of the Joint Intelligence Committee.

(c) In the later stages of their development towards self-government the Colonies enjoyed a considerable measure of independence in the allocation of their revenue, and it would not always be easy to ensure that in these territories expenditure on such purposes as the provision of houses for the police had a sufficiently high priority in comparison with expenditure on social services.

The Cabinet:

(1) Approved the recommendations in the interim report of the Committee on Security in the Colonies, and invited the Colonial Secretary to take immediate steps to bring them into operation.

(2) Took note that the Prime Minister would consider the suggestion that the Commonwealth Relations Office should be permanently represented on the Joint Intelligence Committee.

(3) Agreed that the Committee on Security in the Colonies should remain in being and should report to the Cabinet (i) on the military aspects of General Temple's report and (ii) on the progress made in giving effect to the approved recommendations on Police and Security Services in Colonial territories.

7. The Cabinet resumed their discussion on the question whether the United Kingdom should vote in favour of admitting Japan to the General Agreement on Tariffs and Trade (G.A.T.T.).

The Cabinet were informed that it now seemed likely that Japan would in any event obtain rather more than the minimum number of votes necessary for admission to the G.A.T.T. Of the more important industrial countries, Germany's attitude was not yet known, but it was understood that the Benelux countries intended to vote in favour of Japan's admission. On the other hand, an increasing number of those countries which intended to vote in her favour were expected to avail themselves of the protection afforded...
by Article XXXV. Of the Commonwealth countries, Australia, South Africa and the Central African Federation were inclined to abstain, but Australia had asked what our intentions were.

In discussion the following points were made:

(a) Although we should invoke the safeguards afforded by Article XXXV, these would be effective only against Japanese competition in the home market and not against competition in export markets overseas.

(b) A decision to vote in favour of admitting Japan would not be popular in this country, especially in Lancashire. But it would tend to secure the advantage of Japanese goodwill, and neither abstention nor a hostile vote could now impede her admission.

(c) It would be possible for the United Kingdom to delay their vote until it was clear that Japan had already obtained the number of votes needed for admission.

The general feeling of the Cabinet was that, in these circumstances, the best course would be to vote for Japan’s admission. The Government would be open to political criticism if they recorded a favourable vote immediately after Parliament had adjourned; and our vote should be delayed on that account until about 8th August. In the interval the other Commonwealth Governments should be informed of the course which we proposed to follow; and it would be helpful if some of them could be persuaded to follow the same line.

The Cabinet—

(1) Agreed that the vote of the United Kingdom should be recorded, about 8th August, in favour of the entry of Japan into the G.A.T.T.; and authorised the President of the Board of Trade to make arrangements accordingly.

(2) Invited the Commonwealth Secretary to inform other Commonwealth Governments of this decision, and to do what he could to influence them to follow the same course.

Administrative Tribunals.
(Previous Reference: C.M. (55) 19th Conclusions, Minute 7.)

8. The Cabinet had before them a memorandum by the Lord Chancellor (C.P. (55) 88) on the composition and terms of reference of the proposed Committee to enquire into the working of administrative tribunals.

The Lord Chancellor said that the proposals outlined in his memorandum were based on further consultations which had been held since the Cabinet previously discussed this matter on 30th June. Discussions had taken place between senior officials of the Departments concerned; and he had also had an opportunity of consulting with some of his colleagues before formulating his proposals.

Discussion showed that there was general agreement with the terms of reference proposed in paragraph 3 of the Lord Chancellor’s memorandum.

As regards the composition of the Committee, the following points were raised:

(a) Since the Lord Chancellor’s memorandum was written, Lord Radcliffe had been appointed a trustee of the will of the late Mr. Gulbenkian. This might make it impossible for him to accept the Chairmanship of the proposed Committee. The Lord Chancellor would consult him about this.

(b) Sir Oliver Franks might be asked to act as Chairman of the Committee if Lord Radcliffe were unable to do so. In that event Lord Justice Parker might be asked to serve as a member of the Committee.
(c) If the Trades Union Congress were invited to nominate a member of the Committee, the British Employers' Confederation might feel that they should have had a similar opportunity to nominate an employer. There was something to be said for including a suitable industrialist among the members of the Committee. It would, however, be preferable that both the trades unionist and the industrialist should be selected by the Government, though the Trades Union Congress and the British Employers' Confederation should have an opportunity to comment on the Government's choice before any public announcement was made.

The Cabinet—

(1) Approved the terms of reference, proposed in paragraph 3 of C.P. (55) 88, for the Committee which was to enquire into the working of administrative tribunals.

(2) Approved the membership of the proposed Committee, as set out in paragraph 4 of C.P. (55) 88, subject to the points noted in paragraphs (a) to (c) above.

(3) Invited the Lord Chancellor to ascertain whether Lord Radcliffe would be able to accept the Chairmanship of this Committee; to consult with the Minister of Labour and the President of the Board of Trade on the choice of a trades unionist and an industrialist to serve as members of the Committee; and to submit for the Prime Minister's approval his final recommendations regarding the composition of the Committee.

9. The Cabinet considered memoranda by the Minister of Transport (C.P. (55) 91) and the Minister of Works (C.P. (55) 96) on a scheme for relieving traffic congestion at Hyde Park Corner by constructing a new roundabout and tunnel and by converting Park Lane and the East Carriage Drive into one-way streets.

The Minister of Transport said that urgent action was needed to relieve the traffic congestion at Hyde Park Corner. Elements in the present scheme had been under consideration for a number of years and, although there had been important differences of opinion on the question whether a tunnel was necessary, those differences had now been resolved. The scheme now planned would have the effect, not merely of relieving local traffic congestion in the Hyde Park area, but of improving the access to inner London from the west. He recognised that the scheme, which would involve radical reconstruction at Hyde Park Corner, would affect the amenities in that area. But the problem had been exhaustively considered and the traffic problem was now so urgent that time should not be lost in canvassing the possibility of an entirely new alternative proposal.

The Minister of Works said that the Fine Arts Commission had commented adversely on this scheme, and it would certainly provoke much public controversy. He doubted whether the scheme would achieve as much as had been claimed for it: much of the traffic congestion might merely be transferred to the Piccadilly area. The traffic problem at Hyde Park Corner might be more effectively relieved by more radical road improvements elsewhere, e.g., near Victoria Station. The proposal to include a tunnel had been added at a late stage to a surface scheme which was already intended as a comprehensive scheme. He wondered therefore whether, with the tunnel as a nucleus, it might not be possible to work out alternative surface arrangements which would not encroach so much upon amenities.
In discussion it was pointed out that some of the amenities that would be destroyed could be recreated—the trees cut down could be planted again—but the problem of London traffic was already urgent and would get worse. It would store up trouble to put off dealing with it. The tunnel by itself would not solve the problem by relieving east-west traffic congestion because the approaches to it would take up space at present available for north-south traffic. It was accepted that, on any basis, a bold approach to the problem would be necessary. But the inclusion of a tunnel at a cost of £14 million would raise the total cost of the scheme to £24 million and the Cabinet should be satisfied from all points of view that it was the best solution that could be achieved.

The Lord President said that the Home Affairs Committee had been considering this problem for several months. Nobody liked encroaching on the Royal Parks, but he had been forced to the conclusion that the traffic problem could not be dealt with otherwise. He was convinced that both an enlarged roundabout and a tunnel would be necessary. The Cabinet’s discussion had, however, disclosed some differences of opinion on important aspects of the plan; and he thought that a further examination by the two Departments concerned, the Road Research Laboratory and the London County Council, in the light of the opinions expressed in the Cabinet’s discussion, might result in some improvements which might help to satisfy public opinion.

The Cabinet—

(1) Agreed in principle that there was need for major road improvements to relieve traffic congestion at Hyde Park Corner, Park Lane and Marble Arch.

(2) Recognised that these improvements would involve some encroachment on the amenities of the Royal Parks, but considered that, as a tunnel had now been added to the earlier proposals, it might be possible to modify the scheme in such a way as to reduce its interference with amenities.

(3) Invited the Minister of Transport to hold discussions for this purpose with representatives of the Ministry of Works, The Ministry of Housing and Local Government, the Road Research Laboratory and the London County Council, and to report the results of his discussions to the Cabinet before the end of September.


10. The Cabinet had before them a memorandum by the Chancellor of the Duchy of Lancaster and the Minister of Labour (C.P. (55) 90) proposing that science graduates willing to take up teaching should be allowed to defer their National Service and that a limit should be established for deferment of other scientists.

The Chancellor of the Duchy of Lancaster said that the shortage of scientists, which was causing general and serious concern, was bound to continue unless effective steps were taken to increase the number of teachers of science in the schools. The best means of securing this increase was to allow science graduates to defer their National Service on condition that they took up teaching and remained in that profession. But the number of deferments granted to scientists for work of other national importance had been increasing greatly in recent years, and if yet another category were now added it might become impossible to claim that the principle of universality of service was being maintained. A Sub-Committee of the Home Affairs Committee had, however, been able to agree upon certain proposals. It was recommended that a limit should be
established to the total number of deferments granted to scientists for all civilian purposes other than teaching, and a system evolved for allocating the deferments among the various interests concerned. In addition, all scientists who took up teaching could be deferred on the assumption that the number would not be likely to exceed 75–100 each year. If it became apparent that the number of applications was likely much to exceed these figures, there would have to be further consultation between the Education Departments and the Ministry of Labour. In order, however, to avoid giving any impression that deferment for this category would be granted without limit, the public announcement which, if approved, would be made in answer to a Parliamentary Question could simply say that favourable consideration would be given to the deferment of such graduates.

The Cabinet—

Approved the proposals outlined in C.P. (55) 90, and authorised the Minister of Labour to make an announcement, in reply to a Parliamentary Question, in the terms set out in the annex to that memorandum.

Cabinet Office, S.W. 1.
26th July, 1955.
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The Cabinet—

Approved the proposals outlined in C.P. (55) 90, and authorised the Minister of Labour to make an announcement, in reply to a Parliamentary Question, in the terms set out in the annex to that memorandum.

Cabinet Office, S.W. 1,

26th July, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday, 28th July, 1955, at 2.30 p.m.

Present:
The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. G WILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The Right Hon. HENRY HOPKINSON, M.P., Minister of State for Colonial Affairs (Item 1).

Also present:

The Right Hon. Sir NORMAN BROOK.
Mr. H. O. HOOPER.

Secretariat:

The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cyprus</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Conference with Greek and Turkish Governments. Military Headquarters.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Palestine</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Japanese War Criminals</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Legislative Programme: 1955–56 Session</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Economic Situation</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>Newsprint</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>China</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Request for visit by Parliamentary Delegation.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Cabinet</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Procedure during recess</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet had before them a note by the Minister of Defence (C.P. (55) 94) covering the report of the Committee which they had appointed on 14th June to consider what proposals for further constitutional advance in Cyprus could be put forward at the forthcoming Conference with representatives of the Greek and Turkish Governments.

The Foreign Secretary said that he had been anxious to avoid putting forward proposals which implied that the Cypriot claim to self-determination would be admitted at some future date; for past experience suggested that this would give rise to increasing pressure for the withdrawal of British rule from the Island. He had hoped that it would be possible to devise a practical alternative plan by which the Greek and Turkish Governments would accept the continuance of British rule in Cyprus in return for some form of association with the administration of the Island. The Colonial Secretary was still very doubtful, however, whether proposals on those lines (Annex A of C.P. (55) 94) would be practicable. He preferred the alternative (Annex B of C.P. (55) 94) of a progressive advance to full internal self-government. The Cabinet should recognise that, if a plan of the latter kind were adopted, we should in effect be relying on the Turkish Government to maintain, when that stage was reached, an effective veto against the grant of self-determination to the Cypriots. Much therefore would turn on the attitude adopted by the Turkish representatives at the forthcoming Conference. If they should show a resolute opposition to Greek claims in respect of Cyprus, it might still be possible to make some progress with proposals on the lines of Annex A of C.P. (55) 94.

In discussion there was general support for the view that a plan on the lines of Annex A of C.P. (55) 94 was unlikely to win acceptance at the Conference. Though it might prove expedient, as a tactical manœuvre, to put it forward for discussion in the earlier stages, it seemed unlikely that a settlement could be reached on those lines. In Cyprus itself little support would be forthcoming for a solution which involved associating the Greek and Turkish Governments in the administration of the Island. The agitation in favour of closer association with Greece could not be checked by those means. The Greeks, whether in Cyprus or on the mainland, would never willingly agree that the Turkish Government should have any share in the administration of the Island.

It was the general view of the Cabinet that a solution was more likely to be found along the lines of offering progressive advance towards full internal self-government (Annex B of C.P. (55) 94). Great care should, however, be taken to avoid any statement which could be construed as a promise to concede self-determination for the Cypriots at any early date. Our strategic requirements in the Eastern Mediterranean were such that we could not at present foresee a time at which we should be ready to surrender our sovereignty over Cyprus. Our difficulties in Egypt had arisen because we had no claim to sovereignty over the site of the Canal Zone Base. We should risk finding ourselves in similar difficulties in Cyprus if we surrendered our sovereignty there. Neither strategically nor politically could we afford to make a second withdrawal from a military base in the Eastern Mediterranean. From this point of view the wording of paragraph (a) (iii) of Annex B of C.P. (55) 94 went much too far in the direction of implying recognition of the right of the Cypriot people to self-determination: an undertaking to reach agreement with the Cypriot people about "the future status" of the Island would be construed as an intention to surrender British sovereignty. Some middle course must be found between a flat statement that we would "never" surrender sovereignty and, on the other hand, a formula on which the Cypriots would found a firm expectation that self-determination would be granted after a relatively short period. It was suggested that, for the words in paragraph (a) (iii) of Annex B, there should be substituted a simple
undertaking to review the situation, in consultation with the Cypriot people, after a definite period, say ten years. During that time, every effort should be made to ensure that some sections of the Cypriot people had an interest in preserving the British connection.

In further discussion the following points were made:

(a) It was at least possible that no practicable solution would emerge from the forthcoming Conference. Indeed, this seemed at present to be the most likely result of the Conference. In that event we should presumably be prepared to maintain our rights in Cyprus under the existing constitution. The Conference would have served to show that we had made a genuine effort to reach an agreed settlement, and we might on that account expect that a policy of maintaining our existing position would command a larger measure of support from world opinion.

(b) There were some indications that the Archbishop of Cyprus was concerned about the effect of increased intervention by the Greek Government in the internal affairs of Cyprus. It was possible that some Cypriots might come to favour complete independence rather than closer association with Greece.

(c) The Foreign Secretary said that he had again been considering whether it would be wise to... He was, however, disposed to doubt the expediency of this course. He thought it would be preferable to develop the counter-propaganda which was being relayed from broadcasting stations in Cyprus.

The Cabinet endorsed the view expressed by the Foreign Secretary on this point.

The Prime Minister, summing up this part of the discussion, said that it was the general opinion of the Cabinet that progress towards a settlement of the constitutional question in Cyprus was more likely to be made along the lines of Annex B of C.P. (55) 94 subject to modification of paragraph (a) (iii) on the lines which had been suggested in the discussion. The Foreign Secretary would consider, before the opening of the Conference, how that plan could be adjusted to meet the Cabinet's desire that it should give the Cypriots no encouragement to expect that self-determination would be granted in the foreseeable future. The Foreign Secretary would also consider at what point it would be expedient to put forward, in the forthcoming Conference, definite proposals on these lines. He would have an opportunity to consult the Cabinet again before any final proposals were put to the Conference on behalf of the United Kingdom Government.

The Cabinet—

(1) Invited the Foreign Secretary to consider the proposals in C.P. (55) 94, in the light of their discussion, and to refer again to the Cabinet before putting forward, at the forthcoming Conference with representatives of the Greek and Turkish Governments, final proposals for constitutional advance in Cyprus.

The Cabinet also had before them a note by the Minister of Defence (C.P. (55) 82) covering a report by the Chiefs of Staff on the strategic considerations to be taken into account in relation to future constitutional development in Cyprus. The conclusion of this report was that British military requirements in Cyprus could only be met if the control of its administration in matters of defence, external affairs and internal security remained in British hands.

In discussion there was general agreement with this conclusion. Some concern was, however, expressed about the extent of the military installations which the Chiefs of Staff were planning to establish in Cyprus, as indicated in the maps annexed to C.P. (55) 82. These seemed to be disproportionate to the number of British
fighting troops which were to be retained in the Middle East. The size, and the probable cost, of these installations should be subjected to further scrutiny.

The Cabinet—

(2) Invited the Minister of Defence to review the plans of the Services for the establishment of military installations in Cyprus and to submit his views for consideration by the Cabinet.

2. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 87) outlining the results of his further discussions about the form of the announcement to be made by the United States Secretary of State on the principles which should govern the settlement of the dispute between the Arab States and Israel.

The Foreign Secretary said that Mr. Dulles had modified his proposed statement to meet some of the objections which had been raised. The revised statement was set out in Annex 1 of C.P. (55) 87. In this form, the announcement would not be a joint Anglo-American declaration. The United States Government would alone be responsible for the initiative and for the form of the announcement. A supporting statement would be separately made on behalf of the United Kingdom Government in the terms set out in Annex 4 of C.P. (55) 87.

The Foreign Secretary said that this plan met many of the objections which the Cabinet had seen in the earlier proposal. He recommended that it should be approved on two conditions—

(i) that the United States Government undertook to inform the Iraq Government that, if a settlement of the dispute between the Arab States and Israel could be reached on these lines, the United States would be prepared to join the Turco-Iraqi Pact; and (ii) that the United States Government agreed to make a substantial financial contribution, by "off-shore" orders, towards the supply of British tanks to Iraq.

In discussion the following points were made:

(a) The Cabinet were informed that, as a result of approaches made to him during the Geneva Conference, President Eisenhower had undertaken to do his utmost to arrange that, if ten of the eighty tanks required by Iraq were supplied by us on easy terms, the supply of the remaining seventy would be financed by the United States Government on "off-shore" terms. The final decision of the United States Government on this point had not yet been notified to us. If it were favourable, it would be most important that the first consignment of these tanks should be sent to Iraq without delay.

(b) The announcement which Mr. Dulles proposed to make could be made more palatable to Arab opinion if Section I contained some acknowledgement of the right of Arab refugees who formerly lived in Israel to return to their homes.

(c) In Section III of the draft announcement it was stated that the existing armistice lines separating the Arab States from Israel were "not designed to be permanent frontiers in every respect." This would be more acceptable to Arab opinion if the words "in every respect" were omitted.

(d) The Chancellor of the Exchequer said that, on the new basis on which these proposals were to be announced, it seemed unnecessary that we should accept a firm commitment to contribute £15 millions towards an international loan to Israel. A smaller contribution might suffice. The Foreign Secretary agreed that it should suffice to say that the United Kingdom Government would make an appropriate contribution to this loan.
The Cabinet—

(1) Invited the Foreign Secretary to suggest to the United States Secretary of State that his proposed announcement on a settlement of the dispute between the Arab States and Israel might be amended to take account of the points noted in paragraphs (b) and (c) above.

(2) Agreed that, subject to assurances by the United States Government on their ultimate adherence to the Turco-Iraqi Pact and on their readiness to make a substantial financial contribution towards the supply of British tanks to Iraq, the United Kingdom Government should support the announcement of a United States plan for the settlement of the dispute between the Arab States and Israel on the lines of the draft reproduced in Annex 1 of C.P. (55) 87.

(3) Agreed that, if such an announcement were made, the Foreign Secretary should make a supporting statement on behalf of the United Kingdom Government in the terms of the draft set out in Annex 4 of C.P. (55) 87.

3. The Cabinet considered a further memorandum by the Foreign Secretary (C.P. (55) 92) on the exercise of clemency towards those Japanese war criminals who were still in custody.

The Foreign Secretary said that six of the eight Powers responsible for the custody of the major war criminals had decided that these should be released on parole after the completion of ten years' imprisonment. As so many of the responsible Powers had already decided to adopt this principle, it was hardly practicable for us to take a different line. He proposed that we should concur in the proposal favoured by the other Powers. The result would be that the seven major criminals still in custody would all be released before April 1956.

The Foreign Secretary said that there would be practical advantage in applying the same principle to those of the minor war criminals who were held in British custody. This would be in line with the action which was being taken by other Governments responsible for the custody of minor war criminals.

In discussion it was suggested that, instead of adopting a rule that all these prisoners should be released after they had completed ten years' imprisonment, it would be preferable to review the cases individually on the basis that a life sentence would be treated as a sentence of fifteen years' imprisonment. On that basis a man who had earned the maximum remission for good conduct would not serve more than ten years, but discretion would be reserved to detain the worst cases for a longer period. It was also suggested that no public announcement of this decision should be made. It would, however, be desirable that the President of the Far East Prisoners of War Association should be informed in advance of the policy which the Government were proposing to follow, so that he might take steps to forestall public criticism by the members of his Association.

The Cabinet—

(1) Authorised the Foreign Secretary to notify the other Governments concerned that the United Kingdom Government were agreeable that major war criminals still in custody should be released on parole after completing ten years' imprisonment.
(2) Invited the Foreign Secretary to review the case of minor war criminals in British custody on the basis that a life sentence would normally be treated as a sentence of fifteen years' imprisonment.

(3) Agreed that no public announcement of these decisions would be made, but invited the Foreign Secretary to inform the President of the Far East Prisoners of War Association of the course which the Government were proposing to follow.

Legislative Programme: 1955-56 Session.

(Previous Reference: C.M. (55) 22nd Conclusions, Minute 7.)

4. The Cabinet had before them a memorandum by the Lord Privy Seal (C.P. (55) 95) on the legislative programme for the current session, with particular reference to Bills needed for introduction when Parliament reassembled in October.

The Lord Privy Seal said that, if the Bills listed in Annex A of his memorandum were ready for introduction in October, he thought that, with the Bills already introduced, there should be enough legislative business to occupy the House of Commons immediately after the recess. The situation in the House of Lords would be less satisfactory, but it was hoped that they would be able to make progress with the two Bills dealing with Copyright and the Administration of Justice.

In discussion the following points were raised:

(a) A Revenue Bill, which would reduce the scope of next year's Finance Bill, would be ready in October.

(b) A measure providing for increased pensions would also be ready for consideration in October. It would be for the Cabinet to decide whether legislation on this subject should be introduced in the current session.

(c) A Bill to give effect to the Geneva Conventions could be ready for introduction in October, but its introduction might provoke discussion on capital punishment. It had been suggested on this account that the Home Secretary should proceed, instead, with a Bill dealing with the closing hours of shops.

In discussion the view was expressed that means should be found to enable progress to be made, a little later in the session, with the Geneva Conventions Bill. If we could reserve our position in regard to the clauses in the Conventions dealing with capital punishment, the Bill could go forward without provoking Parliamentary controversy on that question.

(d) The introduction of the Family Allowances Bill, which was ready, was being delayed at the request of the Chancellor of the Exchequer.

The Cabinet—

(1) Invited the Ministers concerned to ensure that there was no avoidable delay in preparing the Bills listed in Annex A to C.P. (55) 95 for introduction when Parliament reassembled in October.

(2) Agreed that the Shops (Closing Hours) Bill should be introduced early in the autumn.

(3) Invited the Foreign Secretary to explore the possibility of reserving our position in respect of the clauses in the Geneva Conventions Bill which would necessitate legislation on capital punishment and agreed that, if this could be arranged, the Geneva Conventions Bill should be introduced later in the autumn.
5. *The Chancellor of the Exchequer* said that both the reception and the effect of the further steps taken to curb inflation were proving better than he had expected. As he had stated in the House of Commons, there would be a further fall in our reserves in July. But his advisers did not take too serious a view of this, for the technical position, with sterling short in the world, was strong. Much of the recent pressure on sterling could be attributed to the rumours, arising out of the Paris discussions, that we intended to introduce a floating rate of exchange. Forward operations which the Exchange Equalisation Fund had made that week had proved successful. The anti-inflationary policy would be continued during the recess, and time would thus be given for the measures taken to have their effect. It was not his present intention to make any important statement on exchange policy at the conference in September of the International Monetary Fund at Istanbul. If it proved necessary to make any change in present policy, he would have an opportunity of consulting his colleagues before that conference took place.

The Cabinet—

Took note, with approval, of this statement by the Chancellor of the Exchequer.

6. The Cabinet considered a memorandum by the President of the Board of Trade (C.P. (55) 93) inviting their views on a proposal that Government control over the distribution of newsprint should be brought to an end in six months' time.

*The President of the Board of Trade* said that the total supply of newsprint had risen from about 500,000 tons in 1950 to about 850,000 tons in 1955. Although the import of newsprint could not yet be completely freed, the Chancellor of the Exchequer had been willing to agree to a maximum limit upon imports which was well above the volume of supplies likely to be available. This meant that the Government were no longer effectively controlling supplies of newsprint through the restriction of imports. He would therefore like to end the control over the distribution of newsprint. The newspapers themselves were divided on this question. Newspapers whose contracts with suppliers would guarantee them an adequate supply of newsprint were anxious that the control should end. Others, whose supplies were less well assured, would prefer the controls to continue. But the mills producing newsprint in this country had agreed to re-negotiate their contracts so as to make provision for the smaller newspapers and for the provincial press which might otherwise be in difficulties. In these circumstances he would like to give notice in mid-August that all remaining controls (except import controls) would come to an end six months thereafter.

*The Chancellor of the Exchequer* supported this proposal.

The Cabinet—

Authorised the President of the Board of Trade to make an announcement, as proposed in C.P. (55) 93, foreshadowing the withdrawal in six months' time of the Government control over the distribution of newsprint.
(2) Invited the Foreign Secretary to review the case of minor war criminals in British custody on the basis that a life sentence would normally be treated as a sentence of fifteen years' imprisonment.

(3) Agreed that no public announcement of these decisions would be made, but invited the Foreign Secretary to inform the President of the Far East Prisoners of War Association of the course which the Government were proposing to follow.

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In discussion the following points were raised:

(a) A Revenue Bill, which would reduce the scope of next year's Finance Bill, would be ready in October.

(b) A measure providing for increased pensions would also be ready for consideration in October. It would be for the Cabinet to decide whether legislation on this subject should be introduced in the current session.

(c) A Bill to give effect to the Geneva Conventions could be ready for introduction in October, but its introduction might provoke discussion on capital punishment. It had been suggested on this account that the Home Secretary should proceed, instead, with a Bill dealing with the closing hours of shops.

In discussion the view was expressed that means should be found to enable progress to be made, a little later in the session, with the Geneva Conventions Bill. If we could reserve our position in regard to the clauses in the Conventions dealing with capital punishment, the Bill could go forward without provoking Parliamentary controversy on that question.

(d) The introduction of the Family Allowances Bill, which was ready, was being delayed at the request of the Chancellor of the Exchequer.

The Cabinet—

(1) Invited the Ministers concerned to ensure that there was no avoidable delay in preparing the Bills listed in Annex A to C.P. (55) 95 for introduction when Parliament reassembled in October.

(2) Agreed that the Shops (Closing Hours) Bill should be introduced early in the autumn.

(3) Invited the Foreign Secretary to explore the possibility of reserving our position in respect of the clauses in the Geneva Conventions Bill which would necessitate legislation on capital punishment and agreed that, if this could be arranged, the Geneva Conventions Bill should be introduced later in the autumn.
5. The Chancellor of the Exchequer said that both the reception and the effect of the further steps taken to curb inflation were proving better than he had expected. As he had stated in the House of Commons, there would be a further fall in our reserves in July. But his advisers did not take too serious a view of this, for the technical position, with sterling short in the world, was strong. Much of the recent pressure on sterling could be attributed to the rumours, arising out of the Paris discussions, that we intended to introduce a floating rate of exchange. Forward operations which the Exchange Equalisation Fund had made that week had proved successful. The anti-inflationary policy would be continued during the recess, and time would thus be given for the measures taken to have their effect. It was not his present intention to make any important statement on exchange policy at the conference in September of the International Monetary Fund at Istanbul. If it proved necessary to make any change in present policy, he would have an opportunity of consulting his colleagues before that conference took place.

The Cabinet—

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6. The Cabinet considered a memorandum by the President of the Board of Trade (C.P. (55) 93) inviting their views on a proposal that Government control over the distribution of newsprint should be brought to an end in six months' time.

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The Chancellor of the Exchequer supported this proposal.

The Cabinet—

Authorised the President of the Board of Trade to make an announcement, as proposed in C.P. (55) 93, foreshadowing the withdrawal in six months' time of the Government control over the distribution of newsprint.
7. The Foreign Secretary said that the Chinese Chargé d'Affaires had delivered to the Foreign Office an invitation from the Chinese Institute of Foreign Affairs for a Parliamentary delegation from the United Kingdom to pay a visit to China. Subject to the views of the Cabinet, he proposed to reply that any official invitation of this kind should be made by the Chinese National Peoples' Congress and should be addressed to the Lord Chancellor and the Speaker. If such an invitation were received, it could be answered in the sense that, while it was accepted in principle, no early date could be fixed for such a visit in view of the large number of commitments to pay return visits to countries whose Parliaments had already sent delegations to the United Kingdom.

The Cabinet—

Approved the reply which the Foreign Secretary proposed to make to this suggestion that a Parliamentary delegation from the United Kingdom should visit China.

8. The Prime Minister said that it should not be necessary for standing Committees of the Cabinet to meet during August and September. During that period the Cabinet itself could dispose of any urgent business which would ordinarily be submitted to those Committees. This would not, of course, apply to the Ministerial Committees on Cyprus and Malta, which were to supervise the preparations for Conferences on those subjects during the recess.

The Prime Minister said that he hoped it would not be necessary for the Cabinet to meet during the first two weeks of August. In the second half of the month some meetings would have to be held for the transaction of urgent business; but his aim would be to hold not more than one meeting a week attended by Ministers who were in London or within easy reach of it. The ordinary business of the Cabinet would be resumed in September. It should not, however, be necessary for the Cabinet to meet more than once a week in September, and Ministers who had been on duty in London in August would not be expected to attend Cabinet meetings in September unless they were in, or within easy reach of, London.

Cabinet Office, S.W. 1,
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 15th August, 1955, at 2.45 p.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer (Items 1-5).
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The following were also present:
The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Items 6-7).
The Right Hon. A. R. W. LOW, M.P., Minister of State, Board of Trade (Items 7-11).
The Right Hon. HENRY' HOPKINSON, M.P., Minister of State for Colonial Affairs (Items 1-3 and 8-11).
Sir EDWARD BOYLE, M.P., Economic Secretary, Treasury (Items 7-11).

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. R. C. CHILVER.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irish Republic</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Singapore</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Constitution.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reinforcement.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Meeting of Commonwealth Prime Ministers</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Soviet Union</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Visit of Soviet Leaders to United Kingdom</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exchanges of Military Visits</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Road Haulage Disposals</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Japan</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Trade and Payments Negotiations</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Irish Republic</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Invitation to Foreign Investors</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Cyprus</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Conference with Greek and Turkish Governments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Order</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Broadcast by the Governor</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Disarmament</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>German War Criminals</td>
<td>11</td>
</tr>
</tbody>
</table>
1. The Prime Minister said that later in the day he would be discussing with the Home Secretary and the Secretary of State for War questions arising from the recent raids on Army depots in this country by members of the Irish Republican Army (I.R.A.). Further precautions would have to be taken to prevent the theft of arms and ammunition from military installations in this country. He would, however, prefer that these should be carried out as unobtrusively as possible.

In discussion there was general agreement with the view expressed by the Prime Minister. The Government should not appear to be unduly alarmed by these developments. Close watch should, however, be kept on I.R.A. activities in this country.

The Cabinet—

Took note that the Prime Minister would report at their next meeting the results of his discussions on I.R.A. activities in this country.

2. The Chancellor of the Exchequer said that the economic situation continued to be somewhat uneasy. The Banks were beginning to put into operation the policy of credit restriction; and, in order to support their efforts, the Government would soon need to show practical signs of their intention to reduce expenditure in the public sector of the economy. He had given much thought to this and would be in a position to put specific proposals before the Cabinet in the course of the following week. In the last two weeks the pressure on our gold and dollar reserves had relaxed somewhat; but there was continuing uncertainty about the strength of sterling and he would be glad to have an opportunity for fuller discussion of this question with his colleagues before he left, early in September, for the meeting of the International Monetary Fund.

In discussion the following points were raised:

(a) Inflationary pressures were likely to be increased by further round of wage claims in the autumn. There was no prospect of any drop in the cost-of-living index; and wage claims affecting 4 million workers were now in course of preparation.

(b) There was evidence that conditions of over-full employment were affecting productivity in certain industries.

(c) To the extent that it was applied to farmers, the policy of credit restriction might produce some falling-off in agricultural production, particularly of livestock.

(d) The Chancellor of the Duchy of Lancaster said that inflationary pressure would not be checked unless the Government showed that they were taking effective steps to reduce public expenditure. He had drawn attention to this need in a memorandum (C.P. (55) 98) which he had circulated to the Cabinet at the end of July.

The Chancellor of the Exchequer said that he would take account of that memorandum in the specific proposals which he would be submitting to the Cabinet in the course of the following week.

(e) The Lord President said that, while he recognised the present need to reduce excessive demands for labour, he hoped it would be possible to avoid delaying projects of capital investment which were necessary in order to increase our industrial productivity. Our continuing ability to export at competitive prices depended on progressive modernisation of our industrial plant. He would also
regret any postponement of plans for road development. In the past we had been told that we could not afford to improve our road system because times were too bad. It would be ironical if we were now to be told that the programme on which we were at last to embark had to be deferred because times were too good.

The Cabinet—

(1) Took note that the Chancellor of the Exchequer would submit, for the Cabinet’s consideration in the following week, further proposals for handling the present economic situation.

(2) Agreed that these proposals should be considered at a meeting on 26th August unless the Prime Minister decided on further consideration that they should be considered earlier in that week.

3. The Cabinet had before them a memorandum by the Minister of State for Colonial Affairs (C.P. (55) 97) reporting the result of the discussions which the Colonial Secretary had held during his first visit to Singapore on 1st August and indicating the lines on which the Colonial Secretary wished, subject to the Cabinet’s approval, to handle the further discussions which he was to have with the Chief Minister of Singapore on his return there on 16th August.

In discussion the following general points were made:

(a) The Colonial Secretary was anxious to keep the Chief Minister in power. If his Government fell, it would probably be necessary to face a period of direct rule involving serious disorders.

(b) It should be borne in mind that Singapore and Malaya were the last important Colonial territories to be granted this measure of self-government. They were also the only Colonial territories left in a part of the world where other territories had gained their independence. As against this, it was pointed out that Singapore and Malaya enjoyed a far higher standard of government and administration than other countries in South-East Asia: in none of those other countries had real elections yet been held. We should not be induced by fear of adverse world opinion to move more rapidly towards the grant of full internal self-government than was in the interests of the people themselves.

(c) It was suggested that, when once a Colonial territory had been given a measure of responsibility, fairly rapid progress towards the grant of full internal self-government was inevitable. On this view it was arguable that, so long as responsibility for defence, internal security and foreign relations was retained in our hands, it was not to our advantage to delay the transfer of full responsibility for other matters.

(d) There was general support for the view that it was too early to talk of revising a constitution which had only been granted a few months before. While showing ourselves reasonable we must avoid the appearance of precipitate retreat under pressure. Certainly the Cabinet could not commit themselves to an undertaking to revise the constitution in the direction of the grant of full internal self-government without being informed of the precise respects in which this would differ from the constitution recently granted and their implications.

(e) The Cabinet were reminded that it had been found necessary to revise at an early stage the constitutions first granted to the Gold Coast and Nigeria. They were also informed that the Colonial Secretary was proposing to broach with the Federation of Malaya
proposals for modifying their relations with the United Kingdom Government on defence and finance. It would be advantageous if similar arrangements were made with Singapore. This might, however, involve reviewing, and indeed revising, the constitution of Singapore in order to get the binding arrangement on defence facilities which was desirable. Against this it was argued that it should be possible to make satisfactory arrangements about defence without amending the constitution, under which defence was a reserved subject.

On the specific proposals outlined in C.P. (55) 97 the following conclusions were reached:

(i) No objection need be raised to the proposal that the Governor should in future accept the advice of the Chief Minister on all matters relating to the appointment and dismissal of Ministers and Assistant Ministers, and the allocation of duties between them, subject to the reservations suggested in paragraphs 3 and 4 of Appendix B of C.P. (55) 97 regarding the allocation of subjects to ex officio Ministers and the appointment of assistants to them. It could also be agreed that the Governor would in future accept the advice of the Chief Minister regarding the establishment and composition of committees of the Council of Ministers, though retaining the right to insist that such committees should include any Ministers whom he considered to be directly affected by their work.

(ii) The Colonial Secretary might also agree, in the last resort, that the Governor should in future accept the advice of the Chief Minister about the prorogation of the Legislative Assembly. This concession should not, however, be made unless it proved necessary in the last resort in order to prevent a breakdown of the negotiations. Even then it must be subject to the Governor’s power to over-ride Ministers in the interests of public faith, public order or good government. The Colonial Secretary should in no circumstances agree that the Governor should be required to accept the advice of the Chief Minister on the dissolution of the Legislative Assembly.

(iii) The changes outlined in the two preceding paragraphs should be made by means of formal instructions to the Governor, in which the reservations mentioned would be incorporated. They could not be made by means of a “liberal interpretation” of the constitution. They required, in fact, an amendment of the constitution; and, although it would be inexpedient to propose any amendment at the present time, they should in due course be incorporated in the next revision of the constitution.

(iv) The Colonial Secretary might propose that Singapore Ministers should visit London next summer for discussions, but in making this invitation he should avoid any language which might imply a commitment to revise the constitution. An appropriate formula would be “to discuss the situation in the light of a year’s working of the constitution.”

(v) The Colonial Secretary should endeavour to secure that any agreed statement on his negotiations should include a recognition by the Singapore Government that the present constitution was a great step forward and given goodwill was fully workable, and an expression of the sincere intention of that Government so to work the constitution.

The Cabinet—

(1) Invited the Minister of State for Colonial Affairs to inform the Colonial Secretary of the Cabinet’s conclusions as recorded in paragraphs (i) to (v) above.

The Minister of Defence said that, if it became necessary to reinforce the British troops in Singapore, he had it in mind that one battalion should be sent from Hong Kong. Further reinforcements could be sent from the Middle East, if the need did not arise before...
the beginning of October, since by that time troops could probably
be spared from Kenya or the Canal Zone. If, however,
reinforcements had to be sent earlier they would have to be drawn
from the strategic reserve in the United Kingdom, which had been
provided for tasks of that kind. He recognised the political
disadvantages of taking troops from Hong Kong, but it would only
be a question of taking one battalion out of eleven units there. The
precise arrangements to be made, for example the extent to which
the initial reinforcements for Singapore should be drawn from
Malaya and replaced by incoming troops, would be for consideration
at the time.

The Cabinet—

(2) Invited the Minister of State for Colonial Affairs to inform
the Governor of Hong Kong that in the event of disorders
in Singapore it might become necessary to move one
battalion from Hong Kong to Singapore.

(3) Invited the Minister of Defence to keep under review, in
consultation with the Minister of State for Colonial
Affairs, plans for the reinforcement of Singapore.

Meeting of
Commonwealth
Prime
Ministers.

4. The Prime Minister said that he had been considering when
the next meeting of Commonwealth Prime Ministers should be held.
He was disposed to suggest a date in January, 1956.

The Commonwealth Secretary doubted whether other
Commonwealth Prime Ministers would expect to meet again so
soon: the last meeting had been held in January, 1955. It was
desirable that at their next meeting the Prime Ministers should
consider the aspirations of the Gold Coast to full Commonwealth
membership, and it would be premature to raise this question early
in 1956. January was not a convenient month for all Prime Ministers.
In these circumstances he had been disposed to think that the next
meeting might be held in the autumn of 1956.

In discussion there was support for the view that it would be
useful to hold the next meeting in January, 1956. While it was
difficult to find a time of year which suited all Prime Ministers,
experience had shown that it was easier to arrange a meeting in the
first part of January than at any other time of year. A meeting in
January, 1956 would follow the meeting of Foreign Ministers which
was to open in Geneva at the end of October, and would precede the
visit which the leaders of the Soviet Union were to pay to the United
Kingdom in April. It would therefore be a convenient moment for
an exchange of views on international affairs. The Chancellor of
the Exchequer said that he would also welcome the opportunity to
discuss economic questions with Commonwealth Prime Ministers
early in 1956. The Prime Minister said that, if there were any general
reluctance to come to London in January, the meeting might be held
in some other Commonwealth capital.

The Cabinet—

Took note that the Prime Minister would enquire whether
other Commonwealth Prime Ministers would be ready to
attend a meeting of Commonwealth Prime Ministers in
January, 1956.
5. During the recent Conference of Heads of Governments in Geneva the Prime Minister had, after consulting some of his senior colleagues, invited M. Bulganin and M. Khrushchev to pay a visit to the United Kingdom. They had at once expressed gratification at this invitation and, immediately after their return to Moscow, had confirmed their willingness to visit this country in April. A further exchange of messages on this subject between the Prime Minister and M. Bulganin was read to the Cabinet. It was now expected that the visit would take place in the second half of April and would last for a little over one week.

The Cabinet—

(1) Took note that the Prime Minister and the Foreign Secretary would jointly supervise the making of detailed arrangements for this visit.

Exchanges of Military Visits.

The Cabinet were also informed that in the course of conversations at Geneva M. Bulganin had suggested that exchanges of military visits might be arranged between this country and the Soviet Union. In pursuance of that suggestion proposals were now being made to the Soviet Government for a number of H.M. ships to pay a formal visit to Leningrad about the middle of October.

The Cabinet—

(2) Agreed in principle that suitable exchanges of military visits should be arranged between this country and the Soviet Union; and took note of the proposal that, as a first step, a number of H.M. ships should visit Leningrad in October.

6. The Cabinet considered a memorandum by the Minister of Transport (C.P. (55) 101) reporting the advice given by Sir Malcolm Trustram Eve on the number of vehicles needed to enable British Road Services to operate their trunk services.

The Minister of Transport said that, if this advice were accepted, the total number of vehicles to be retained by the British Transport Commission would be nearly 9,000, as compared with the figure of 8,000 which he had indicated to Parliament. Even so, he thought it would be right for him to accept the advice given in Sir Malcolm Eve's report. Subject to the Cabinet's views, he proposed to publish the report and to announce his acceptance of its recommendation. Prospective purchasers were entitled to know how many vehicles would be available for disposal.

The Cabinet—

Authorised the Minister of Transport to publish Sir Malcolm Trustram Eve's report, and to announce his acceptance of its recommendation that the British Transport Commission should retain 7,750 vehicles for operating the trunk services of British Road Services.

7. The Cabinet had before them (i) a note by the Chancellor of the Exchequer (C.P. (55) 103) covering a report by an interdepartmental committee of officials on the present state of the negotiations for a new trade and payments agreement with Japan; and (ii) a memorandum by the Minister of State, Board of Trade (C.P. (55) 104) setting out the views of the Board of Trade on this question.

The question submitted for the Cabinet's decision was whether our negotiators should make a further effort to secure our objectives in these negotiations, as set out in paragraphs 4 and 5 of the report.
Irish Republic.

Invitation to Foreign Investors.

The Cabinet—

(1) Invited the Foreign Secretary to reconsider the decision that the shipping question should not be raised again in the course of the negotiations for a new trade and payments agreement.

(2) Agreed to resume their consideration of C.P. (55) 103 and 104 at a meeting in the following week.

Cyprus.

(Previous Reference: C.M. (55) 23rd Conclusions, Minute 6.)

Conference with Greek and Turkish Governments.

8. The Cabinet's attention was drawn to a recent statement by the Minister of Industry and Commerce in the Irish Republic inviting German industries to establish factories in the Irish Republic and thereby to obtain the advantage of Commonwealth preferences. The Cabinet had before them a memorandum by the Minister of State, Board of Trade (C.P. (55) 105) commenting on this statement.

In discussion it was suggested that a warning might be given to the Government of the Irish Republic that the settlement of 1948 might have to be reconsidered if it were to be used in this way for the benefit of our foreign competitors. Although renegotiation of the agreement of 1948 would put at risk important preferences which the United Kingdom now enjoyed in the Irish Republic, the consequences of such a renegotiation might be even more serious to the Irish. The United Kingdom was an important outlet for Irish agricultural produce.

On the other hand, it was unlikely that any German industries would accept this invitation to establish factories in the Irish Republic. The Dublin Government had made similar offers before, without result, and it might be better to defer making any protest until there was greater risk of practical damage to our interests.

The Cabinet—

Invited the Minister of State, Board of Trade, to watch this situation and to inform the Cabinet of any developments.

9. The Foreign Secretary said that he had been considering the handling of the forthcoming conference with representatives of the Greek and Turkish Governments.

It was arguable that, in view of the failure of the Greek Government to control the broadcasts from Athens Radio, we should not proceed with the conference at all, and should inform the Greeks that we were not prepared to enter into a conference with a Government whose radio propaganda was directly inciting people to violence. His own opinion, however, was that on balance it would be to our advantage to allow the conference to take place.

On the composition of the conference, he thought we should take the line that this was a conference between Governments and there could be no question of admitting to it persons who, though not...
elected representatives, purported to speak for the people of Cyprus. The conference could, however, take account of written statements submitted on behalf of, e.g., the Ethnarchy and the Muslim community in Cyprus.

On the conduct of the conference, he still proposed to proceed without haste. After an introductory meeting he would himself make a statement, in which he would deal with the historical and strategic reasons for the British administration of Cyprus. He would say that Her Majesty's Government had in mind certain proposals for the future but that he would prefer not to develop these before hearing the statements of the other two Governments. Thereafter the Greek and Turkish representatives would make their opening statements, and the Foreign Secretary would sum up. He would then propose the appointment of a drafting committee to set out with precision the views of each Government; this was important since, although the Greek representative would doubtless express extreme views in discussion, he would probably wish any formal statement of his Government's position to be more moderate.

The conference could next examine the extent of the agreement between the three Governments. If, as was to be expected, a wide difference of opinion was revealed, the conference would adjourn at that point. He would hope that this handling of the discussion would serve to show that the deadlock was due, not to British Colonialism, but to the irreconcilable attitudes of the Greek and Turkish Governments; and that the British aim, as at the time of our original occupation of the Island, was to safeguard the Eastern Mediterranean against Russian aggression.

When the conference was resumed, he would produce the British proposals. Their precise nature would depend on the outcome of the previous discussions; and he would like in any event to consider their details further, with an eye to their reception by world opinion. There would be ample time to refer them again to the Cabinet before they were presented.

The Cabinet—

(1) Approved the Foreign Secretary's proposals for the conduct of the forthcoming conference with representatives of the Greek and Turkish Governments.

Public Order.

The Foreign Secretary said that it seemed advisable that all necessary preparations should be made to handle the disorders which might be expected to break out in Cyprus if the conference were not successful.

The Minister of State for Colonial Affairs said that certain measures had already been taken; for example, the pay of police had been increased. A suggestion which was currently being considered was the appointment of a Director of Operations to co-ordinate the activities of the police and the armed forces.

The Cabinet—

(2) Invited the Ministerial Committee on Cyprus to consider what further measures were needed to ensure the maintenance of public order in Cyprus if disturbances broke out after the forthcoming conference.

Broadcast by the Governor.

The Minister of State for Colonial Affairs said that the Governor of Cyprus wished to make a broadcast, primarily to refute the recent misrepresentations by Athens Radio about the new detention law in Cyprus. He favoured this proposal. The text of the broadcast would be examined in the Colonial Office.

The Cabinet—

(3) Agreed that no objection need be raised to a suitable broadcast on this subject by the Governor of Cyprus.
10. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 100) seeking the Cabinet's approval for the general line which the Minister of State for Foreign Affairs was to take in forthcoming discussions with the Americans, French and Canadians preparatory to the meeting of the Sub-Committee of the United Nations Disarmament Commission on 29th August.

The Foreign Secretary said that, in his view, there were two outstanding facts. First, it had now become clear that there was no means of establishing an effective control over existing stockpiles of nuclear weapons or new production of fissile material, and that it would before long become impossible to control the means of launching nuclear weapons. Secondly, the Russians had now recognised the full dangers of nuclear war and the existence of nuclear weapons seemed more likely to preserve than to threaten the peace of the world. These two considerations suggested that a convention for the abolition of nuclear weapons might be a positive threat to peace, since it would weaken the deterrent to war, while the fact that it could be evaded would lead to a dangerous competition in the clandestine accumulation of nuclear weapons. He therefore believed that our policy on disarmament needed to be reconsidered. We must be careful not to drift into acceptance of a plan which was in fact unreal.

In discussion the following points were raised:
(a) There was general support for the view that, until other proposals had been formulated, there was no reason why we should not stand by the Anglo-French proposals which had been submitted to the Disarmament Sub-Committee. Those proposals contained ample safeguards. In particular, they provided that substantial progress should be made with disarmament in conventional weapons before disarmament in nuclear weapons was begun, and that there should be no nuclear disarmament until an effective system of inspection and control had been devised. Therefore, so long as it remained impossible to devise an effective system of controlling nuclear disarmament, the deterrent value of nuclear weapons would be retained. If we now withdrew our support for the Anglo-French proposals, we might give the impression that we had abandoned all hope of finding a practical scheme of disarmament and might thereby give a tactical advantage to the Russians.

(b) The Prime Minister suggested that the Minister of State for Foreign Affairs might go rather further than was proposed in paragraph 7 of C.P. (55) 100 in referring to the proposal which he had put forward at Geneva for a practical scheme of inspection in Europe. He recognised that there would not be time for any formal consultation with the North Atlantic Treaty Powers before the Disarmament Sub-Committee met in New York. But he had in fact consulted the Supreme Allied Commander, Europe, before he put this proposal forward at Geneva. There was, therefore, no reason why rather more should not be made of it than was suggested in paragraph 7 of the memorandum.

(c) In paragraph 5 of C.P. (55) 100 it was suggested that it would be difficult for us to reach final conclusions on the means of establishing effective supervision over disarmament until we knew more about the trend of American thinking on this subject. The Prime Minister said that we should be unwise to wait too long upon the Americans in this matter: it might be some considerable time before they produced any views of their own. We should not hesitate to go forward with our own enquiries into this aspect of the problem and to bring forward suggestions of our own as soon as we were ready.

The Cabinet—
Agreed that the instructions for the guidance of the Minister of State for Foreign Affairs at the forthcoming meeting of
the Disarmament Sub-Committee should be drawn on the lines proposed in C.P. (55) 100, subject to amendment of paragraphs 5, 7 and 9 of that memorandum to take account of the points noted in paragraphs (a), (b) and (c) above.

German War Criminals.
(Previous Reference: C.C. (52) 84th Conclusions, Minute 6.)

11. The Foreign Secretary said that the Germans were pressing for the immediate release of Admiral Raeder and Admiral Doenitz, who were still serving sentences of imprisonment as war criminals. The Governments of the United States and France favoured the release of both these men. He was disposed to support the recommendation for the release of Raeder, who was aged 79 and broken in health. He could be released on grounds of ill-health, as had Von Neurath in similar circumstances. Different considerations applied, however, to Admiral Doenitz, who was only 64 and might still become prominent in political affairs in Germany.

The Cabinet—

Agreed that the Foreign Secretary should agree to the release of Admiral Raeder, on grounds of ill-health, but should not consent to the release of Admiral Doenitz.

Cabinet Office, S.W. 1,
16th August, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Friday, 26th August, 1955, at 2·30 p.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.

The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.


The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. Harold MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.

The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.

The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The following were also present:

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Items 1–3).

The Right Hon. A. R. W. LOW, M.P., Minister of State, Board of Trade (Item 3).

Mr. H. A. Watkinson, M.P., Parliamentary Secretary, Ministry of Labour and National Service (Items 1–2).

The Right Hon. HENRY HOPKINSON, M.P., Minister of State for Colonial Affairs (Items 1–9).

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

LORD CARRINGTON, Parliamentary Secretary, Ministry of Defence (Items 4–9).

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. F. A. BISHOP.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Industrial Relations</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Trade and Payments Negotiations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shipping</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Cyprus</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Public Order</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Broadcasting</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>The Fortnight Rule</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Disarmament</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Irish Republic</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Afro-Asian Conference</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Loss of Indian Airliner</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sudan</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>Food</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Bacon Prices</td>
<td></td>
</tr>
</tbody>
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The Cabinet reviewed the current economic situation. They had before them memoranda on this subject by the Chancellor of the Duchy of Lancaster (C.P. (55) 98) and the Lord President (C.P. (55) 106).

The Chancellor of the Exchequer said that there had been no further deterioration in the economic situation since he last reported to the Cabinet. The underlying trade position in July was less unfavourable than might be assumed from the loss to the reserves, which had been due largely to an outflow of short-term capital caused by the expectation that some change was likely to be made in the exchange rate. The loss to the reserves in August was likely to be considerably less, though there would be a considerable deficit with the European Payments Union. There was therefore no cause for alarm, though the time of year was approaching when the balance of trade and payments were seasonally unfavourable.

The measures so far taken to restrict credit were now working effectively, although they were to some extent being offset by the capital requirements of local authorities and certain of the nationalised industries. The clearing banks were responding to the request for a definite and positive reduction in their lending. Nevertheless the economy was still overloaded, and the Government could not expect the public to accept the need for credit restrictions unless it could be shown that these would also be applied to the nationalised industries and to Government expenditure generally. Moreover, we should soon be faced with demands for a further round of wage increases, inspired by overfull employment. Some further corrective action was necessary. He therefore recommended the simultaneous announcement of further measures designed to restrain expenditure in the public sector and to reduce demand still further in the private sector. The timing of the announcement and introduction of these measures would have to be carefully considered, but he did not at present think that an early recall of Parliament would be necessary.

There should be a substantial reduction in expenditure by local authorities. By far the larger proportion of this expenditure was devoted to subsidised housing: in 1954 local authorities had spent £373 millions on subsidised housing, compared with £215 millions for all other purposes. This could not be reduced without a drastic alteration in the housing subsidies which should, in his view, be reduced by about £100 millions. One method of doing this would be to abolish the general housing subsidy, and to confine the subsidy to slum clearance and schemes to prevent overcrowding. This might be combined with a limit on the number of houses which local authorities were allowed to build: the aim might be to reduce the total to about 100,000 a year. It might also be expedient to restore the control over private building. As regards their expenditure for other purposes, it would be desirable that a circular should be sent to all local authorities urging them to reduce wherever possible the burden of their demands on the economy.

Turning to Government expenditure, he hoped that a substantial reduction could be made in the defence programme. As regards transport, he would not be able to authorise an extension of the current roads programme, and he hoped that some of the major schemes in the current programme, as well as expenditure on road maintenance, could be postponed. The substantial expenditure involved in the railways modernisation plan had not yet begun. The investment programmes of the electricity and gas industries should be slowed down, but capital expenditure planned for the coal industry and for atomic development should not be reduced. Even education should make some contribution: schemes for school building should be postponed or slowed down wherever possible. In the private sector, the Federation of British Industries had recommended that the Government should make a public appeal to industry to avoid unnecessary capital investment at the present time.

In addition, the possibility of abolishing the bread subsidy would have to be considered, though the effect of this measure on the cost
of living and on pressure for higher wages would have to be carefully weighed.

The Chancellor said that, in addition to these proposals, certain fiscal measures might also be necessary. He would prefer that a further increase in the Bank Rate should be kept in reserve for the present. But he was considering an increase in the tax on distributed profits; and he favoured an appeal to industry to do their utmost to avoid increases in dividends, profit margins and prices.

The Chancellor said that in his view no further move towards convertibility should be made until the internal economy had been strengthened. He proposed to discuss with the Secretary of the United States Treasury, at the forthcoming meeting of the International Monetary Fund in Istanbul, the problems which would arise, particularly in the field of import control, if a further move towards convertibility were made in present circumstances.

The Prime Minister welcomed these proposals for early action to remedy the economic situation. He endorsed the views expressed by the Chancellor of the Exchequer on Bank Rate and on a further move towards convertibility. As regards public expenditure, he said that the Service Departments were now working out defence programmes related to a total figure of expenditure proposed by the Chancellor. This would entail reductions in the strengths of the Armed Forces which would provide an addition to the civilian labour force. From his discussions with the National Coal Board he was convinced that any reduction in the capital investment planned for that industry would entail a further loss of coal output. He agreed that the coal industry and atomic energy development should be exempt from the proposed restrictions on capital expenditure. A comprehensive plan on the general lines envisaged by the Chancellor should be made ready by the time Parliament reassembled. This should be a balanced plan and should include measures to show that the Government were prepared to restrain profits. Politically, the Government were now in a position to pursue whatever policy was in the best interests of the country, and it was likely that firm action would command a large measure of public support.

The following is a summary of the main points made in the discussion which ensued.

**Housing.**

The Minister of Housing said that he was preparing proposals for a substantial reduction in the housing subsidies. He believed that the right course was to discontinue the general housing subsidy but to maintain the subsidy for housing for special needs, such as slum clearance and relief of overcrowding. Indeed, as an earnest of the Government’s regard for social requirements, the subsidy for special needs might be slightly increased. This change in the scope of the subsidy would in itself have the effect of reducing substantially the amount of house-building undertaken by local authorities. He would be most reluctant to set a limit to the number of houses which local authorities could build without subsidy. He was also very doubtful about the wisdom of attempting to bring down the annual total of houses built by local authorities to as low a figure as 100,000 a year, especially if it were likely that credit restriction would have the effect of reducing the volume of private house-building. He would deprecate the reintroduction of control over building generally. He believed that the Chancellor’s objectives could be achieved by an early announcement that the general housing subsidy was to be withdrawn: it might be expedient that it should be tapered off over a period of, say, two years.

Reduction of housing subsidies was bound up with the question of rent control. If the general housing subsidy were abolished, local authorities would have to increase rates or raise rents. Those who raised rents would be likely to spread the increase over all their houses, and they could be encouraged to arrange differential rent schemes to meet the needs of poor people. An increase in the rents of local
authority houses would, however, widen the disparity between rents charged by local authorities and those charged by private owners; and this would sharpen the demand for relaxation of rent restriction.

The Minister of Transport said that the proportion of the national resources which was being devoted to roads was considerably less than before the war, despite the great increase in traffic. The importance of avoiding further delay in developing the transport system was emphasised in the memorandum circulated by the Lord President (C.P. (55) 106). The current roads plan did not involve exceptional expenditure and could hardly be slowed down. Once a major scheme had been authorised, it was cheaper to complete it as quickly as possible. As regards maintenance, the Exchequer only contributed to the maintenance of major roads, and this work was essential from the point of view of road safety. Economy in the maintenance of minor roads could only be obtained by way of an appeal to local authorities. The Minister said that he had intended to propose an extended roads programme involving the expenditure of £90 millions over the next few years.

In discussion there was support for the view that in present circumstances ambitious plans for road development would have to be postponed.

The following further points were also made in discussion—

(a) It might be desirable to postpone further work on some of the large Government buildings at present under construction.

(b) Steps might be taken to make saving more attractive to small investors.

There was general agreement that the Government's plan for remedying the situation must hold the balance fairly between the various classes of the community. The view was expressed, and commanded support, that the Chancellor’s present plan was not sufficiently balanced. If house rents were increased and the bread subsidy were abolished and, if, in addition, a reduction were to be made in the subsidy on school meals, further restraints should be imposed on profits and dividends. Without these, the balance would not be fairly held between the interests of different sections of the community, and the plan would not succeed in reducing the pressure for higher wages. Various additional measures were suggested with this in view. These included a capital gains tax, a compulsory limitation of dividends, and a withholding tax on the Canadian model. The Chancellor of the Exchequer said that all of these possibilities had been considered but there would be great difficulties in putting them into effective operation. He would, however, consider again in the light of the Cabinet’s discussion how the plan which he had outlined could be modified so as to strike a fairer balance between the interests of the various classes of the community.

The Cabinet—

Agreed to resume their discussion of the economic situation at a meeting on 5th September.

2. The Cabinet were informed that substantial wage claims would be made in the autumn on behalf of workers in a number of industries and that disputes might arise in certain other industries. A major wage claim would be made on behalf of workers in the engineering and shipbuilding industries; and it was the present inclination of the employers to make some concession on wages while resisting pressure for shorter working hours. Agricultural workers were claiming a substantial increase in the minimum weekly wage, and
it was likely that further wage demands would shortly be made by railway workers.

There was danger of a recrudescence of the inter-union dispute when the time came for dock workers to exchange their employment books at the end of September. The dispute in the Yorkshire coalfield might also become more acute. London busmen might strike in the autumn on the question of hours of work.

The wage increases already granted in 1955 amounted to £500,000 a week more than in the whole of 1954. There was little hope of halting this trend unless the Government could make it clear that they were taking effective action to check the rise in the cost of living.

The Cabinet—

Took note of these statements.

3. The Cabinet resumed their consideration of the state of the negotiations for a new trade and payments agreement with Japan. In addition to a note by the Chancellor of the Exchequer (C.P. (55) 103) covering a report by officials on the negotiations, and a memorandum by the Minister of State, Board of Trade (C.P. (55) 104), they also had before them a further memorandum by the Chancellor of the Exchequer (C.P. (55) 108) re-stating the objectives to be sought in the negotiations, and a memorandum by the Foreign Secretary (C.P. (55) 109) recommending that the question of shipping discrimination should not be raised further in the course of these negotiations but should be pursued separately.

The Chancellor of the Exchequer said that the objectives set out in paragraph 5 of C.P. (55) 108 did not represent any significant departure from our original demands. If we could secure those objectives it would be reasonable, and consistent with the Government's general economic policy, to undertake to allow the Colonies to import from Japan up to the amount of their requirements. On the other hand, we should be ready to restrict Colonial imports if Japan would not enter into a satisfactory agreement and discriminated in an unjustifiable way against sterling area trade. As had been publicly stated by Ministers, the United Kingdom Government could not ask the Colonies to restrict their imports, contrary to their own interests, unless there were sound reasons for doing so on balance of payments grounds. It would therefore be unwise, at this stage of the negotiations, to threaten to restrict Colonial imports from Japan. To do so would prejudice the chances of securing our objectives and would be contrary to our interests in maintaining trade with Japan at a high level.

The Minister of State, Board of Trade, said that, even if we secured the objectives set out in paragraph 5 of C.P. (55) 108, the advantages which we should obtain would not, in his view, be sufficient to justify a commitment to give Japan free access to Colonial markets. Such a commitment would mean increasing Colonial imports from Japan by about £7 millions, and this was bound to provoke strong criticism in this country in view of the current difficulties of the textile industry in Lancashire and the general balance of payments situation. The Japanese discriminated administratively against imports from the sterling area, and it was unlikely that we should secure reliable assurances that they would cease to do so. Moreover, the negotiations so far had shown that we were not likely to obtain all the trade concessions that we had hoped for when they started. On these grounds it would be wrong to undertake to give Japan any greater access to Colonial markets.

In discussion the following points were made:

(a) It was becoming increasingly difficult to persuade the Colonies to restrict their imports from Japan. There was a growing demand for cheap Japanese textiles.
(b) It was suggested that, in the present state of our balance of payments, it would be possible to urge the Colonies not to increase their imports from Japan, particularly if it was impossible to reach a satisfactory trade and payments agreement.

Shipping.

It was suggested in discussion that the possibility of restricting Colonial imports from Japan might prove a useful bargaining weapon with which to persuade the Japanese Government to stop subsidising the uneconomic expansion of their mercantile marine. As against this it was argued that the shipping question was a long-term problem to which the possibility of restricting Colonial imports was not relevant.

There was general agreement with the recommendation in C.P. (55) 109 that the shipping issue should be pursued separately through diplomatic channels and on other suitable occasions.

The Cabinet—

(1) Accepted the recommendation made in C.P. (55) 109 on the shipping question.

(2) Invited the Chancellor of the Exchequer to discuss with the Minister of State, Colonial Office, and the Minister of State, Board of Trade, the question of Japanese access to Colonial markets, and to report further to the Cabinet at their next meeting.

4. The Cabinet were informed that, in pursuance of their decision of 15th August, the Ministerial Committee on Cyprus had considered what further measures could be taken to ensure the maintenance of public order in Cyprus if disturbances broke out during or after the forthcoming Conference. It had been agreed that a Director of Security should be appointed who could, if a state of emergency occurred, assume operational control of the police and military forces responsible for the maintenance of public order. An acting appointment to this post had already been made. Steps were also being taken to strengthen the police forces in the Island. The Colonial Office were looking for men who had the necessary qualifications and experience through service in Malaya or the Sudan or elsewhere.

The Foreign Secretary said that unless the administration showed themselves firm and resolute, the situation in Cyprus might easily get out of hand. Prompt action should therefore be taken to strengthen the police and security services in the Island. The Prime Minister endorsed this view.

The Cabinet—

Took note of the measures which were being taken to ensure the maintenance of public order in Cyprus.

5. The Prime Minister said that he had recently had correspondence with the Leader of the Liberal Party in the House of Commons regarding the maintenance of the rule requiring the British Broadcasting Corporation to refrain from broadcasting discussions or ex parte statements on any issue which was to be debated, within a fortnight, in either House of Parliament. In this correspondence Mr. Clement Davies had indicated his desire to withdraw his agreement to the maintenance of this rule, and had asked that his position should be made clear by the publication of the correspondence. The Prime Minister had replied that he would
have an early opportunity of explaining his change of attitude to representatives of the other political Parties at a meeting which was shortly to be held to discuss the question of Party political broadcasts under the auspices of the Independent Television Authority. At that meeting there would be an opportunity to ascertain whether the Labour Party would continue to support the maintenance of the rule. The Cabinet could, if necessary, review the matter further after that meeting had taken place.

The Cabinet—

Took note of the Prime Minister's statement.

6. The Cabinet had before them a note by the Foreign Secretary (C.P. (55) 110) covering a memorandum by officials on a proposal by Mr. Stassen (the special assistant on disarmament to the President of the United States) that the United Nations Disarmament Sub-Committee should appoint a technical panel to consider typical or sample installations of types which would have to be covered by an effective system of inspection.

The Foreign Secretary said that it was recommended in this memorandum that at the forthcoming meeting of the Disarmament Sub-Committee the Minister of State (Mr. Nutting) should give only cautious support to Mr. Stassen's proposal, and that one of the conditions of our accepting it should be that nuclear production plants should not be included. In his opinion it would be wiser that the United Kingdom representative should not raise difficulties about this American proposal at the present stage. The legislation in force in the United States already prevented the disclosure of atomic or nuclear information.

There was general agreement with this view.

The Cabinet—

Invited the Foreign Secretary to inform the Minister of State (Mr. Nutting) of their view that he should not at present discourage this American proposal.

7. The Prime Minister said that after the Cabinet's meeting on 15th August he had reviewed, in consultation with the Home Secretary and the Secretary of State for War, the recent raids on Army depots by members of the Irish Republican Army (I.R.A.) and had considered what further precautions should be taken to safeguard arms and ammunition in military installations in this country. It had been agreed that it would be inexpedient to allow sentries generally to carry loaded rifles, but other measures were being taken, unobtrusively, at regular Army establishments which should decrease the risk that further I.R.A. raids of this kind would be successful. Arms and ammunition were, however, held at many other establishments, e.g., for Officers Training Corps at schools and universities and at Territorial Army establishments, at which precautions of this kind could not be applied. The War Office were considering what would be involved in calling in arms and ammunition from such establishments as these, if the situation became more serious.

Meanwhile, the arms and ammunition stolen from the Army Depot at Arborfield had been recovered by the police. Representations about these raids had also been made to the Government of the Irish Republic.

The Cabinet—

Took note of the Prime Minister's statement.
8. The Foreign Secretary said that it had now been established that the loss of the Indian airliner which had been carrying part of the Chinese Communist delegation to the Afro-Asian Conference at Bandoeng had been due to sabotage at Hong Kong, a bomb having been placed in the aircraft there by a Chinaman named Chou Chu, who had probably been acting as the agent of a Chinese Nationalist organisation. This man had unfortunately left for Formosa before the authorities in Hong Kong had obtained sufficient evidence to justify them issuing a warrant for his arrest. It was now proposed to issue a warrant, and to bring pressure on the Chinese Nationalists to hand him over so that he might stand his trial on a charge of conspiracy to murder. Information of the issue of the warrant would be given in advance to the Chinese Communist Government, the Indian Government and the United States Government.

The Foreign Secretary said that it was important that the United States Government should have sufficient advance notice to enable them to be ready to rebut any suggestion that a United States agency had been concerned in this act of sabotage.

The Cabinet—
Took note of this statement.

Sudan.

9. The Foreign Secretary said that the disturbances in the Southern Sudan, which had begun with the mutiny of members of the Sudanese Defence Force, reflected the continuing resistance of the southern provinces to domination by the northern Sudanese. There had always been some doubt whether the country could remain united without external rule; and, if it appeared that a division between north and south was inevitable, our policy might have to be reconsidered. Meanwhile, we should continue to support the Government at Khartoum.

The Governor-General would do his utmost to restore order with the troops already available in, or earmarked for, the Sudan. Any reinforcement of the British troops there would have presumably to be matched by a corresponding increase of Egyptian forces; and we should if possible avoid the necessity for bringing more Egyptian troops into the Sudan.

The Governor of Uganda had in a recent telegram (No. 601) offered suggestions for dealing with the current situation. These should be considered in the first instance by the Governor-General of the Sudan, to whom this telegram would now be repeated.

The Cabinet—
Took note of this statement.

Food.

Bacon Prices.

10. The Minister of Agriculture, Fisheries and Food said that during the summer there had been an unusually strong demand for bacon. Imported supplies had declined to some extent, and total supplies continued to be insufficient to meet the demand, even though the retail price had been gradually increased. The price was now 10 or 12 per cent. higher than at the time of decontrol, and the Government were making a profit of nearly £500,000 a week on imported bacon. But even if the price at which imported bacon was released to the trade had not been increased, retailers would doubtless have taken advantage of the strong demand to increase their prices. He was, however, inclined to think that the time had come at which the Government should not further increase the price at which imported bacon was released, even if that made it necessary to allocate supplies to distributors for a short period before demand fell.

The Cabinet—
Took note of this statement.

Cabinet Office, S.W. 1.
26th August, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Monday, 5th September, 1955, at 2.45 p.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat-Amory, M.P., Minister of Agriculture, Fisheries and Food.

The following were also present:
The Right Hon. Lord De L'Isle and Dudley, Secretary of State for Air (Item 3).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 5–8).
Mr. H. A. Watkinson, M.P., Parliamentary Secretary, Ministry of Labour and National Service (Items 5–8).

LORD CARRINGTON, Parliamentary Secretary, Ministry of Defence (Items 1–8).

Secretariat:
Mr. H. O. Hooper.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cyprus</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Internal Security.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Chief Joseph Dam</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Supply of Arms to the Middle East French Aircraft</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Malaya</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Economic Situation</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Malta</td>
<td>9</td>
</tr>
<tr>
<td>7</td>
<td>Japan</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Trade and Payments Negotiations.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Bechuanaland Protectorate</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>Palestine</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>Disarmament</td>
<td>11</td>
</tr>
</tbody>
</table>
1. The Cabinet had before them a note by the Foreign Secretary (C.P. (55) 117) covering a draft memorandum of the views of Her Majesty’s Government in regard to the constitutional development and the international status of Cyprus which he proposed to place before the Tripartite Conference during the course of that week. The Cabinet also had before them a memorandum by the Minister of State for Colonial Affairs (C.P. (55) 115) covering the outline of a form of liberal constitution for Cyprus.

The Foreign Secretary said that, although slow, the discussions in the Tripartite Conference during the previous week had led to encouraging results in two important respects. First, all the three Governments concerned had set before the Conference a clear statement of their respective positions in the matter, and the Greek and Turkish Governments had been persuaded to agree that their views, along with those of the United Kingdom, should be set out in a joint communiqué which had been published. This was a considerable gain. The Greek Government, as had been expected, were hoping to achieve internal self-government for Cyprus on terms which would lead, within five years or so, to self-determination in favour of union with Greece. But they had abandoned their pressure for union forthwith and for a plebiscite designed to achieve this. This was the second most important outcome of the Conference to date. The Turkish Government wanted neither internal self-government nor self-determination for Cyprus and were strongly against any change in the present status and administration of Cyprus. If there were to be any change in status they were against the transfer of sovereignty to anyone but themselves. They took the view that the Treaty of Lausanne could not be modified piecemeal without reference to questions relating to Thrace and the Dodecanese Islands which had also been regulated by that Treaty. It was not an unreasonable view for Turkey to hold that Cyprus, which covered the “back door” of entry into Turkey, should not fall into weak hands.

We for our part were prepared to concede self-government but not self-determination. Self-determination was the crucial issue because he had no doubt that the Turkish authorities, while not specially favouring self-government, would be quite willing to support us on this if they were fully satisfied that we had no intention of yielding on the international status of the Island. It was therefore for the Cabinet to decide how the question of self-determination should be handled in the further stages of the Conference. On the assumption that it would not be practicable to announce categorically that self-determination could never be conceded he was not in favour of accepting any commitment to consult again on the question of self-determination at any specific date in the future, say in ten years’ time; that would certainly be taken to imply that the eventual right to self-determination had been conceded and would simply encourage the Greeks to press continuously for an earlier date for consultation on this issue. He considered it would be less dangerous to run the risk of having the matter raised at any time in the standing tripartite machinery for consultation on Cyprus questions which his memorandum proposed should be set up and, if the matter were to be raised, to maintain the position we had already indicated. He could not tell, however, whether the Greeks would be prepared to agree to his proposals and, unless we were prepared simply to surrender to them, he foresaw a long and difficult period ahead in Cyprus which would have to be handled as a joint political and military operation aimed at getting the moderate people on our side and at isolating the extremists. It was with this in mind that he proposed to set up a special tripartite committee which would serve as a standing instrument of consultation between the three Governments on the problems which would arise in introducing a constitution. He thought that with such a body known to be in constant session the risk of the situation deteriorating to the point of a general breakdown of administration or even revolution ought
to be greatly lessened. He intended to put the proposals in his memorandum orally to the Conference in the first instance. He was certain, however, to be pressed on the question of self-determination.

Discussion in the Cabinet turned mainly on this issue.

The Colonial Secretary said that it was a remarkable step forward to have reached some agreement with the Greeks on the question of a constitution. But, unless there was an acceptance of the principle that at some time the Cypriots would be given an opportunity to express themselves on the question of self-determination, he thought the constitution would fail. As he had not had an opportunity of himself assessing the strength of the Turkish position, he did not dissent from the Foreign Secretary's proposals, but he would prefer some commitment to be willing to discuss the question of self-determination if and when the international situation might improve. As the views of the Turkish Government on Cyprus were, he thought, governed mainly by their concern for the security of their southern ports, he wondered whether they could not be induced to agree to such a solution. If not, he thought that, at the least, it would be helpful if the Foreign Secretary were to make some reference to eventual further discussion of the "future status" of the island. The Cypriots themselves had a vested interest in their future and would not want to see the Island swamped by the Greeks.

The Prime Minister said that the Cabinet must bear in mind that this was not merely a question whether a country should be allowed to govern itself but an international issue of the most explosive character. The leader of the Turkish delegation had made it clear to him that the Turks would support us as long as we remained firm on the question of self-determination. But as soon as there were any indication that the Island might go to Greece at some future date there would undoubtedly be a breach between the Turks and the Greeks and an end to the Greco-Turkish Alliance. It was essential to avoid leaning so far towards the Greeks as to risk alienating the Turks. The Conference would have the effect of making it clear to international opinion that this was not purely a Greek issue. The Greeks, he thought, were now more doubtful of the strength of their position. He himself saw no choice but to follow the course proposed by the Foreign Secretary.

It was the general view of the Cabinet, after further discussion, that in putting his proposals to the Conference the Foreign Secretary should give no undertaking which would imply any willingness to make concessions in the future on the question of self-determination. The Cabinet, in considering the Foreign Secretary's memorandum (C.P. (55) 117) and various amendments which he proposed to it, agreed that the references to self-determination in relation to the future international status of Cyprus in paragraphs 3 and 11 should be deleted and agreed that the undertaking to call the Conference together again when a new constitution had come into working order in Cyprus should simply be a commitment to "review the situation in all its aspects including the question of security in the Eastern Mediterranean." It was also agreed to abandon altogether the proposal in paragraph 7 of the memorandum providing for the appointment of Greek and Turkish representatives to reside in Cyprus to observe the application of the new constitutional arrangements on the ground that this would encourage the Cypriots to look too much to these representatives. The Cabinet also agreed with other drafting amendments which the Foreign Secretary proposed.

The Prime Minister informed the Cabinet that the Ministers concerned were meeting that night to consider further steps for strengthening internal security in the Island. This was likely to prove a difficult problem.
The Cabinet—

Endorsed the proposals contained in C.P. (55) 117 subject to the amendments which had been agreed in the Cabinet's discussion.

2. The Foreign Secretary said that Her Majesty's Minister at Washington had now presented a strongly worded note protesting against the decision of the United States Government to reject the tenders made by a British firm for contracts for equipment for the Chief Joseph Dam. It had been intended that the text of this protest should be published after a suitable interval during which the United States Government might wish to reply to it, but it was arguable that publication would play into the hands of protectionist interests in the United States. The Government would in any case have an opportunity of making their views known in due course, since Questions on this matter were bound to be asked when Parliament reassembled.

The Chancellor of the Exchequer said that the extent to which the United States was in fact carrying out the liberal trade policy that had been proclaimed by the President was extremely disappointing, and he proposed to make strong representations to this effect to the Secretary of the United States Treasury at the forthcoming meeting of the International Monetary Fund in Istanbul. Unless the United States Government were prepared in fact to follow more liberal policies we might be forced to make a substantial reappraisal of our external economic policy, and in that event would have to express plainly our disappointment with the trade policy of the United States.

Further discussion showed that it was the general view of the Cabinet that the question whether or not to publish the text of the protest should be decided in the light of any reply which might be received from the United States Government and of the response of the Secretary of the United States Treasury to the representations which the Chancellor of the Exchequer intended to make to him.

The Cabinet—

Agreed to resume consideration of this matter at a later meeting.

3. The Foreign Secretary said that, in spite of the objections which we and the United States had raised in the Middle East Arms Co-ordinating Committee, the French authorities had gone ahead with their proposal to supply swept-wing French Mystere aircraft to Israel. Both we and the United States considered it inadvisable that fast aircraft of this type should be in the possession of Middle East countries and were not prepared to supply them ourselves. The French had now requested staging facilities in Cyprus for the delivery of these aircraft, of which the first batch of six was due to go later this month. This placed us in something of a dilemma. It would have a bad effect on the Arab States and would also be disturbing to Turkey for Israel to possess these aircraft. On the other hand, as an air power, it was in our general interest that transit facilities all over the world should be accorded without hindrance and it might set a precedent with damaging repercussions if we were to refuse to accord the French facilities in Cyprus. In any case, we could not prevent the French from delivering the aircraft since they might be found to have the range to fly direct or could be crated. The current disturbances in Gaza might, however, provide us with an opportunity for a diplomatic approach to the French and the United States.
Governments suggesting that they should join with us in imposing a ban upon the delivery of all arms while the present dispute lasts. This would be a temporary solution.

The Prime Minister said that it was unfortunate that the French should insist on breaking rules which we were prepared to keep. The supply of these aircraft would alter the balance of military power in the Middle East. He hoped that the matter could again be referred to the Co-ordinating Committee and meanwhile agreed with the proposal that we should try to secure a temporary ban on the supply of all arms.

The Cabinet—

Agreed that, in order to prevent the early delivery of French Mystere aircraft to Israel and to give time for further consideration of the matter, a diplomatic approach should be made to the French and United States Governments suggesting a ban on the shipment of all arms to Israel and Egypt while the present frontier disturbances continued.

4. The Colonial Secretary informed the Cabinet that an amnesty would be announced by the Government of Malaya on 8th September, to become effective on 9th September. It would be made clear in it that restrictions would have to be placed on the liberty of some of those who surrendered, and it was gratifying that Malayan Ministers had agreed to this condition being included.

The Cabinet

Took note of this statement.

5. The Cabinet continued their review of the current economic situation. In addition to the memoranda on this subject by the Chancellor of the Duchy of Lancaster (C.P. (55) 98) and the Lord President (C.P. (55) 106), they had before them memoranda on the general situation by the Foreign Secretary (C.P. (55) 111) and the President of the Board of Trade (C.P. (55) 118), and a memorandum on housing policy by the Chancellor of the Exchequer (C.P. (55) 116).

The Chancellor of the Exchequer said that during August the reserves of gold and dollars had fallen by $87 millions to $2,457 millions. This fall was considerably less than in July, but there would be a further substantial loss in September, partly on account of the current deficit of £28 millions with the European Payments Union. These losses to the reserves were not, of course, as serious as the fall in 1951, but there was no sign that the situation would quickly right itself. The measures to restrict credit that had already been introduced were undoubtedly taking effect; but the trade figures, although improving, still showed a substantial excess of imports, and it was not certain how long it would be in present economic conditions before the credit restrictions would have their full impact.

To restore confidence in sterling and to avoid a run on the reserves, some further corrective measures were unavoidable. It would be best if these were announced before the annual conferences of the Conservative and Labour Parties, which were to be held early in October. The measures he had in mind would make it necessary to introduce a Budget in the autumn and he therefore proposed that Parliament should be recalled for a few days in the last week of September simply to deal with the economic situation, and should thereafter again be adjourned until 25th October.
To reduce the overload on the economy, the Chancellor outlined a number of measures to reduce expenditure by the Government, local authorities and the nationalised industries, and to restrain consumer demand in general.

As regards Government expenditure, he looked for a reduction in defence, which would release manpower and afford some relief to the metal-using industries. He favoured a substantial reduction in the housing subsidies leading to the eventual elimination of the general needs subsidy. It would not be possible to undertake an extension of the roads programme, and some saving would be obtained by restraining Post Office development and by postponing the construction of large Government buildings. Similarly, some slowing up of the capital investment plans of the nationalised industries, other than atomic development and the coal industry, would be necessary. He also proposed to consult with the Ministers concerned about the terms of a circular letter which should be sent to local authorities stressing the need for economy in their expenditure.

In the private sector, at the request of the Federation of British Industries, he proposed to make an appeal to industry to avoid all unnecessary capital expenditure at the present time.

He had not yet finally decided whether it would be possible to recommend the abolition of the bread subsidy, but its effect was directly inflationary to the extent of £40 millions a year. He also had in mind a reduction in the subsidy on school meals.

As regards fiscal measures, he had it in mind to make an attack on excessive consumption by certain increases in the rates of purchase tax. This was the quickest method of controlling personal consumption. He proposed to discuss with the Ministers concerned how rates of purchase tax could be adjusted in such a way as to achieve this objective and at the same time free supplies for export.

He had discussed with the Prime Minister the problem of balancing these various measures so that the burden would fall equitably on all sections of the community. A capital gains tax would undoubtedly have the merit of attracting support from the trade unions; but he feared that, apart from the serious objections to this tax which had been noted by the Royal Commission on Taxation, the administrative difficulties in the way of introducing it were insuperable. He was therefore inclined to favour the relatively simple course of increasing the tax on distributive profits. Finally, he would naturally bear in mind the possibility of a further increase in the Bank Rate.

The Prime Minister endorsed the proposal to recall Parliament before the end of September, so that further measures could be introduced which would show the country that the Government was dealing with the economic situation firmly and fairly. He said that he saw some danger that the control of moderate elements over the Trade Unions might be weakened: the Government's ability to meet any challenge in this direction might well depend on whether they had convinced the country that they were prepared to keep a fair balance between the interests of different sections of the community.

He agreed broadly with the proposals outlined by the Chancellor of the Exchequer. Housing was one of the most important human needs and he recognised that the proposals relating to the subsidy could not be expected to be popular in the country at large. He felt that increases in purchase tax would be acceptable and could be defended if they were seen to be designed to help exports. He was examining, in consultation with his colleagues, whether the period of National Service could be reduced so as to make more labour available, but it would not be possible to reduce the period immediately to eighteen months. He thought consideration might be given to certain expedients which would have the effect of offsetting somewhat the severity of the burdens which it would be necessary to impose on some sections of the community in order to make the
totality of the measures rather more palatable. An increase in the
price of bread would present special complications which put it in a
separate category from the other measures proposed.

The Cabinet were in general agreement with the necessity for
measures of the character outlined by the Chancellor of the
Exchequer. Their discussion turned mainly on the means of
achieving a proper balance.

It was argued that an increase in purchase tax, or the abolition
of the bread subsidy, would be contrary to the Government's aim
of reducing prices; the latter measure, in particular, might be
represented as an attack on working-class standards. Such measures
would be likely to stimulate the pressure for higher wages, and would
also lead to demands for increases in national assistance and pensions
rates. On the other hand, if corrective measures were to be successful,
they would be bound to affect the general body of consumers, and would
therefore tend to strengthen the demand for increased wages. The
measures ought clearly to be balanced by some action to restrain
profits, but this should not be done in such a way as to imply that
the Government believed that the inflationary pressure was due
primarily to excessive profits.

It might also be possible to offset the effects of some of the
proposed measures by compensating vulnerable classes. In this
connection the Cabinet were informed that a Pensions Increase Bill
would shortly be submitted for their approval.

In further discussion it was argued that the root of the problem
still lay in the fact that incomes had been rising faster than output
and that the ultimate solution could only be in increased productivity.

The Minister of Housing said that, although it could not yet be
claimed that the housing shortage had been overcome, he agreed
that it was necessary for the building programme to be slowed down.
This could best be done by financial measures, rather than by
rationing the number of houses which local authorities could build.
The system of housing allocations should therefore be brought to an
end, and the general housing subsidy should be reduced from £22 1s.
to £10. The subsidy on houses already approved would not be
affected, and the subsidy for houses built to re-house slum dwellers
or to accommodate overspill should be rounded up to a figure of
£24 per house. The rate at which houses were being started to meet
general needs with the reduced subsidy could be reviewed at half-
yearly intervals and, if it were found that the number of houses being
started was still excessive, the possibility of reducing the general
subsidy still further could be considered.

This change in the housing subsidy arrangements had already
been recognised to be desirable, and it would not be right to present
it simply as one of the measures necessary to deal with the present
economic situation. With the abolition of the allocation system, the
Government ought no longer to be responsible for achieving an
annual total housing target; but the rate of house building ought not
to be allowed to fall below 250,000 a year. At the same time, the
Government ought to make it clear that they recognised the close
connection between subsidies and rent control, and should indicate
that it was their intention, after the new rating valuations had been
introduced, to deal with the problem of rent restriction.

In further discussion the following points were raised:

(a) The changes in housing subsidy arrangements proposed were
not inconsistent with the housing targets already announced, since the
number of completions in 1956, and probably in 1957, would still be
about 300,000 a year.

(b) Some means should be found of making saving more
attractive to small savers. Would it be possible to guarantee to savers
that they would be repaid the full original value of their savings,
despite any fall in the value of money? The Colonial Secretary said
that he was examining whether encouragement could be given to small savers to invest in Colonial Loans.

(c) Apart from a reduction in the period of National Service, and the possibility of postponing call-up, it was suggested that it might be possible to secure some saving in manpower on defence by making greater use of Colonial troops, not necessarily in their own territories.

(d) If the period of National Service was to be reduced, some stimulus to regular recruiting would be necessary, and this would entail improvements in Service pay and living conditions.

(e) A draft White Paper dealing with industrial relations in the present economic situation was in course of preparation. This might be published in conjunction with the measures to deal with the economic situation.

(f) It was unavoidable that the result of some of the measures proposed would be to discourage investment which was necessary in our longer-term economic interests. The postponement of the development of the transport system was regrettable, and any prolonged delay in expanding the roads programme would be especially harmful.

Finally, the Cabinet considered the time-table for the introduction of the measures to be proposed by the Chancellor of the Exchequer. It was agreed that it would be necessary to recall Parliament for 26th or 27th September, and that notices to this effect would have to be issued on about 21st September. The Leaders of the Opposition Parties would have to be informed of the Government’s intention on about 20th September.

The Chancellor of the Exchequer said that he would return from Istanbul on 20th September. He would then be in a position to make final proposals to the Cabinet and would take into account the suggestions made in this discussion.

The Cabinet—

(1) Invited the Lord Privy Seal and the Chief Whip to make recommendations to the Prime Minister about the arrangements necessary for the recall of Parliament on 26th or 27th September.

(2) Invited the Chancellor of the Exchequer, in consultation with the Minister of Labour, to circulate a draft of a White Paper on industrial relations in the present economic situation, with a view to its publication in connection with the measures to deal with the economic situation.

(3) Agreed to resume discussion of the economic situation at a meeting on 22nd September.

6. The Lord Chancellor said that a Committee of Ministers under his chairmanship would shortly consider a report by officials on the economic, financial, social and constitutional implications of possible schemes of closer association between the United Kingdom and Malta. They would have to consider to what extent it would be necessary for United Kingdom Ministers attending the Round Table Conference to give a lead to the members of the Conference on a number of points which were certain to be raised. The Conference was due to begin on 19th September and the Cabinet should have an opportunity of endorsing the policy to be followed.

The Cabinet—

Invited the Lord Chancellor to circulate a report on the line to be taken by Ministers at the Round Table Conference, for consideration by the Cabinet at a meeting on 15th September.
7. The Cabinet resumed their consideration of the state of the negotiations for a new trade and payments agreement with Japan. They had before them (i) a note by the Chancellor of the Exchequer (C.P. (55) 103) covering a report by officials on the negotiations, (ii) a memorandum by the Minister of State, Board of Trade (C.P. (55) 104) on the question of Japanese access to Colonial markets, and (iii) a memorandum by the Chancellor of the Exchequer (C.P. (55) 108) re-stating the objectives to be sought in the negotiations, together with (iv) a further note by the Chancellor of the Exchequer (C.P. (55) 114) covering a copy of a minute which he had submitted to the Prime Minister, summarising the conclusions reached in Ministerial discussions following the Cabinet's previous consideration of this question.

This minute stated that the Ministers concerned had agreed that it was desirable to obtain certain further undertakings from Japan (described in the Annex to C.P. (55) 114) in addition to the objectives which had previously been set out in paragraph 5 of C.P. (55) 108, in order to provide a safeguard against Japanese discrimination against sterling area exports and to ensure that the import quotas we would obtain from the Japanese would not be frustrated by administrative devices. If all these requirements were accepted by the Japanese it would be less difficult for the Government to defend an agreement which involved an increase in Japanese exports to the Colonies, although there would still be criticism on that score. It was recommended that negotiations should be resumed with a view to obtaining all these objectives, including the additional undertakings. At a later stage, in the light of the Japanese response, Ministers could take a final decision on the question of Japanese access to Colonial markets.

The Cabinet—

Endorsed the conclusions contained in the minute attached to C.P. (55) 114.

8. The Cabinet had before them a memorandum by the Commonwealth Secretary (C.P. (55) 112) reporting the present position about the chieftainship of the Bamangwato Tribe in respect of which representations had recently been received from the Labour Party. The memorandum stated that the Tribe had not yet brought themselves to designate a new chief, in place of Seretse Khama who was still in this country, and that Rasebolai was still in process of establishing his position as "Native Authority." In a discussion with a deputation from the Labour Party, led by Mr. James Griffiths, it had been made clear that the Government could not agree to call a conference of tribal representatives for talks with Seretse Khama as the Labour Party had proposed. The Commonwealth Secretary had since written to Mr. Griffiths pointing out that the Government could not change this policy, but that when a new chief had established himself the possibility of Seretse's return to the Bamangwato Reserve as a private citizen would be sympathetically considered.

The Cabinet—

Took note with approval of C.P. (55) 112.

9. In reporting briefly on the current situation abroad, the Foreign Secretary informed the Cabinet that the announcement by the United States Secretary of State regarding a settlement of the dispute between the Arab States and Israel and the supporting statement made on behalf of the United Kingdom Government had had a reasonably satisfactory reception. Attention had been concentrated more on the hostilities at Gaza, where the situation was
still somewhat obscure. It had, however, now been agreed that at their next meeting the Security Council of the United Nations should take note of the situation at Gaza.

The Prime Minister said that he was most anxious that everything possible should be done to ensure speedy delivery of the tanks we had undertaken to supply to Iraq, as part of the conditions on which the announcement of the plan for the settlement of the dispute between the Arab States and Israel had been made.

The Cabinet—
Took note of these statements.

10. The Foreign Secretary briefly informed the Cabinet of the progress of the United Nations Disarmament Sub-Committee meeting. The Western representatives had agreed to concentrate on the problem of control. The United Kingdom still adhered broadly to the Anglo-French disarmament proposals, but we acknowledge the difficulty of control of nuclear weapons, as the Russians themselves recognised in their own proposals. The Americans were concentrating on the development of their proposal for an exchange between the United States and the Soviet Union of blueprints of military installations and of aerial surveys; but, if we were to participate in this plan, it would have to be made a multilateral one.

The Cabinet—
Took note of this statement.

Cabinet Office, S.W. 1,
5th September, 1955.
PUBLIC RECORD OFFICE

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CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 15th September, 1955, at 2.30 p.m.

Present:

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council
(In the Chair)

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.


The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.

The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.

The Right Hon. J. P. L. THOMAS, M.P., First Lord of the Admiralty (Item 1).

The Right Hon. HENRY BROOKE, M.P., Financial Secretary, Treasury.

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. SIR WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. PETER THORNEycroft, M.P., President of the Board of Trade.

The following were also present:

Dr. the Right Hon. CHARLES HILL, M.P., Postmaster-General (Item 5).

Secretariat:

Mr. H. O. HOOPER.
Mr. F. A. BISHOP.
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The Right Hon. THEROS THORNEycROFT, M.P., President of the Board of Trade.

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The Right Hon. HENRY BROOKE, M.P., Financial Secretary, Treasury.

Secretariat:

Mr. H. O. Hooper.

Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Malta</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>European Defence Alert Measures</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Draft White Paper on the Implications of Full Employment</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Colonial Immigrants</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Cyprus</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Television Broadcasts. Bishop of Kyrenia.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Disarmament</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>United Nations Admissions of New Members.</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Broadcasting The Fortnight Rule.</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Foreign Affairs Soviet-German Talks.</td>
<td>9</td>
</tr>
</tbody>
</table>
I. The Cabinet had before them a memorandum by the Lord Chancellor (C.P. (55) 121) reporting the conclusions of the Committee of Ministers over which he had presided on the procedure to be followed at the forthcoming round-table Conference on Malta, and setting out the considerations which would have to be taken into account in formulating the attitude to be adopted by representatives of the Government at the Conference.

The Lord Chancellor said that he had ascertained that the Leaders of the Opposition who would be members of the Conference were generally in agreement with his procedural proposals. Mr. MintofT had, however, intimated during a courtesy call, no doubt because it would tend to diminish the importance of his own leading position as Prime Minister, that he hoped the number of independent Maltese called to give evidence would be very much restricted. Mr. Mintoff was also not in favour of the proposal that the Conference should at an appropriate stage pay a visit to the Island. The decisions on both these matters would, of course, have to be taken by the Conference itself.

In view of the complexity of the problem, it was felt desirable that Her Majesty's Government should place before the Conference a full and objective statement of the considerations—constitutional, strategic and financial—which it would be necessary for the Conference to have taken into account. A draft of such a statement was annexed to C.P. (55) 121 and might appropriately be presented to the Conference jointly by the Colonial Secretary and the Financial Secretary, Treasury.

The Lord Chancellor sought especially the guidance of the Cabinet on the attitude which should be adopted at the Conference towards Mr. Mintoff's proposals for Parliamentary representation. It was clear from the statement which the Prime Minister had made in the House of Commons on 28th July, announcing that a Conference was being convened, that there was no intention of taking any final decision on this matter until the Conference had reported. But it might well influence the manner in which the Conference should be handled if the Cabinet had in fact reached any preliminary conclusions as to the desirability or otherwise of according direct Parliamentary representation for Malta.

Discussion in the Cabinet turned mainly on this question. It was argued that, because of the repercussions which could be expected from Scotland, Wales and Northern Ireland, as well as certain Colonial territories, if the financial proposals which were linked with Parliamentary representation were accepted, it would be wise to reach a preliminary conclusion on this main issue at the present stage. Such a conclusion need not be made public. There was some risk (although the circulation of the proposed memorandum might obviate this) that considerable enthusiasm for the Mintoff proposals might develop in the Conference and that the Government might be faced by recommendations to which they might find themselves flatly opposed. Against this, it was argued that the Government had already welcomed the initiative shown by Mr. Mintoff in seeking the closer association of Malta with the United Kingdom without expressing an opinion on his actual proposals for achieving this. The Government were faced with an extremely difficult situation in Malta and the consequences which might flow from the premature rejection of these proposals might be serious.

In further discussion the following points were raised:

(a) Was it essential that Parliamentary representation should carry with it full voting rights or could some intermediate form of membership be devised? Against this, it was pointed out that there was no precedent for limited membership of the House of Commons. Moreover, it would be impracticable to restrict the right of Maltese
representatives to vote on matters of direct concern to Malta because of the difficulty of segregating such questions from much wider issues.

(b) Could not Parliamentary representation be granted without necessarily incurring a commitment to raise Maltese standards of wages and social services eventually to United Kingdom levels? Such a commitment would not be justified unless United Kingdom rates of taxation were applied to Malta. Nevertheless, representation would be felt in the public mind to carry with it some undefined claim to equality of treatment with the United Kingdom.

The Financial Secretary, Treasury, said that, while he agreed that it would not be appropriate to reach at this stage any general conclusion on the main issue, proposals which involved according Malta equality with the United Kingdom in economic standards would have to be resisted. It was necessary that Malta should have an incentive to develop her own economy and to maintain emigration as a means of easing the costly burden of over-population.

The Colonial Secretary said that he hoped the Cabinet would not feel it necessary to reach any conclusion one way or the other before the Conference started, for any such conclusion would inevitably be reflected at the Conference itself and prejudice its findings. If the Cabinet had to reach a decision at this stage he thought it would have to be generally in favour of the Mintoff proposals.

In further discussion it was agreed that it was essential that the Government representatives at the Conference should express sympathy for the constitutional aspirations of Malta and reiterate the welcome already given to the initiative which the Maltese Prime Minister had taken. Paragraph 63 of the draft memorandum might be suitably amended to this effect. But the Conference should, if possible, be guided to concentrate upon the practicability of the various alternatives, including Mr. Mintoff's proposals, so as to put before the Government a fully objective appraisal. The Lord Chancellor, as Chairman, would have the opportunity of consulting the Cabinet again while the Conference was in session should it prove necessary to do so.

The Cabinet—

(1) Agreed that the memorandum annexed to C.P. (55) 121, amended to take account of the Cabinet's discussion, should be circulated to the Round Table Conference on Malta as a statement on behalf of Her Majesty's Government.

(2) Agreed to reach no conclusion at this stage on the merits of Parliamentary representation for Malta which might prejudice the outcome of the Conference.

(3) Invited the Lord Chancellor, as Chairman of the Conference, to attempt to secure an objective appraisal of the practicability, both in their constitutional and their financial aspects, of any proposals which the Conference would have under consideration.

2. The Cabinet had before them a memorandum by the Minister of Defence (C.P. (55) 120) about the proposals of the Supreme Allied Commander in Europe (SACEUR) for preparations to be made in the warning periods which might be called in the North Atlantic Treaty Organisation area.

The Minister of Defence said that SACEUR had asked national authorities to agree that when a warning period was called he should be automatically authorised to put into force measures which he himself could carry out, and that national authorities should at the same time automatically put into force the measures which they
alone could take. For political and other reasons, it might not be possible for the Government to give full effect immediately to all of the preparations in question, and on certain of them (set out in paragraph 7 of C.P. (55) 120) the Government would have to reserve their position. Subject to that, we should do all we could to meet SACEUR's wishes, and should assure him that even those measures on which the Government had to reserve their position would be given the most sympathetic consideration when the time arose.

The Cabinet—

Endorsed the proposals in C.P. (55) 120.

3. The Cabinet had before them a note by the Prime Minister (C.P. (55) 123) circulating a draft of a White Paper on Industrial Relations in the present economic situation, together with an explanatory note by the Financial Secretary.

In discussion of the substance of the paper the view was expressed that, as the White Paper was primarily intended to provide the background for the measures which it was proposed to take to correct the economic situation, it would be unwise to include Appendix I which contained an illustration of the possible state of the economy in ten years' time. Politically, this Appendix gave hostages to fortune unnecessarily. It was speculative, and might attract criticism and debate which would deprive the White Paper as a whole of its full value. It would be well also for the paper to develop further the point that incomes were rising so fast as to draw excessive imports into the country and to remove effective incentives for export.

In further discussion of the timing of the publication of the White Paper, it was argued that it ought not to be published in conjunction with the measures which would be announced when Parliament was recalled on 27th September. Publication of this paper could confuse the immediate issue and would lead the Opposition to demand additional time to debate it. Alternatively, because of the immediate measures, it might attract little attention and therefore fail in its purpose. Moreover, one of the main lessons of the White Paper was the need for a reduction in prices; this might read strangely in view of the effects of some of the measures which the Government were likely to propose. For these reasons, it might be preferable to publish the White Paper shortly before Parliament reassembled in October.

On the other hand, it was pointed out that the White Paper would explain to the public generally, and especially to Government supporters, why certain measures to restrain excessive demand were necessary in present circumstances, and would at the same time make it clear that the Government had not given up their policy of economic expansion. From this point of view it might be useful to publish the White Paper shortly before the Conservative Party conference. This aspect of the Government's policy could, however, be made clear by Ministers in the course of the debate on economic affairs when Parliament was recalled.

The Cabinet—

Agreed to resume consideration of the draft White Paper and the timing of its publication at their next meeting.

4. The Cabinet had before them a note by the Home Secretary (C.P. (55) 102) covering a report by officials on the social and economic problems arising from the influx into the United Kingdom of coloured workers from other Commonwealth countries, together with a statement on this subject in a form suitable for publication by the Government. The Cabinet also had before them a memorandum by the Commonwealth Secretary (C.P. (55) 113) about the difficulty of
discriminating against immigration from the Asian countries of the Commonwealth.

The Home Secretary said that the Appendix to C.P. (55) 102 was an objective statement which, if published, would not lead to a demand for legislation to restrict Colonial immigration; nor on the other hand would it preclude the Government from introducing such legislation or taking other action if this were later decided to be necessary. Generally speaking, Colonial immigration was not an acute problem at the moment, but it could become one particularly if there were to be a trade recession.

The Minister of Housing said that in certain districts, such as Birmingham and Lambeth, Colonial immigration had already led to serious overcrowding and consequently to social disturbance. It was doubtful whether a requirement that a prospective immigrant had suitable accommodation to which to go would be sufficient to avoid overcrowding, since such a control could easily be evaded; it would be better to require such immigrants, in addition to obtaining an employment certificate, to go to some area where there was no danger of overcrowding.

Discussion showed that it was the general view of the Cabinet that the publication of the statement in the Appendix to C.P. (55) 102 would not serve any useful purpose at the present time. It would be better for the Government first to decide whether any action to restrict Colonial immigration was necessary, and if so what form it should take.

The Lord President said that he took a serious view of the dangers of uncontrolled Colonial immigration and was anxious that the Cabinet should consider practical proposals for dealing with this matter. He suggested that a draft Bill which had been prepared by the Home Office should be circulated as a basis for further discussion.

The Cabinet—

Invited the Home Secretary to circulate a draft Bill to control Colonial immigration, as a basis for discussion at a later meeting.

5. The Colonial Secretary reported that the British Broadcasting Corporation (B.B.C.) were proposing to send Mr. Woodrow Wyatt to Cyprus on 18th September to collect material for a television broadcast in this country on 26th September. Mr. Wyatt intended to interview Archbishop Makarios and had asked for leave to interview the Governor of Cyprus. He would also need, of course, other facilities. It was not normal for Colonial Governors to be interviewed for broadcast programmes of this kind but consideration would have to be given to allowing this if Archbishop Makarios were given such an opportunity to express his views. It was a most inopportune moment for a broadcast of the kind proposed. The Minister of Defence said that he had been asked to agree that the Commander-in-Chief should also be interviewed.

The Postmaster-General said that it would be within his powers to direct the B.B.C. not to make this television broadcast but the Corporation were free to make public that they had been required to refrain from doing so.

It was agreed in discussion that it would be undesirable to exercise compulsory powers in a matter of this kind, except possibly as a last resort. The broadcast, which would be heard and seen only in the United Kingdom, would no doubt tend to give undue
prominence to the Greek point of view. Apart from the question of special facilities, there was no essential difference between television broadcasting and the activities of newspaper or newsreel companies who were free to comment on Cyprus affairs. The Director-General of the B.B.C. had on previous occasions responded very reasonably to representations that certain broadcasts might prove embarrassing to Her Majesty's Government and could be approached on this occasion. On balance it would be better to get the programme postponed. It was desirable, if the programme were to take place, that the international and security significance of Cyprus together with the interests of Turkey should be given due weight, and it was understood that Mr. Wyatt had offered to submit his programme to informal censorship. If the B.B.C. were unwilling to postpone the broadcast but were prepared to satisfy the Government that it would be properly balanced in this way it would probably be desirable to co-operate with it.

The Cabinet—
Invited the Colonial Secretary to approach the Director-General of the B.B.C. with a view to getting the proposed television broadcast on Cyprus postponed until a more opportune time or, if this were not possible, ensuring that it would reflect all points of view in a reasonably balanced manner.

The Colonial Secretary said that the Bishop of Kyrenia (who was more extremist than Archbishop Makarios) had put himself within the scope of a detention order as a result of public statements approving the recent murder of a policeman and other crimes. His statements were direct incitements to violence and bloodshed and could not be overlooked. The Governor possessed powers under which the Bishop could be detained and deported either to the United Kingdom (from which, as a British subject, he would be free to leave forthwith but would not be allowed to re-enter Cyprus) or to certain Colonial territories where he could be locked up. On the other hand, he saw great difficulties in taking such action forthwith for it might well be misunderstood in the United States, whose support was needed if we were to prevent the inscription of Cyprus as an item on the agenda of the forthcoming Assembly of the United Nations.

It was the general feeling of the Cabinet that, while it was not our traditional habit to put people under legal restraint merely for making violent utterances, there could be no compromise with the public condonation of murder. Moreover, it would be necessary to show that effective action had been taken against the Bishop if the morale of the Cyprus police were to be maintained. But it was for the moment more important to prevent the inscription of Cyprus on the United Nations agenda. The Cabinet were informed that, while proceedings clearly could not be delayed unduly, it would still be possible to take action against the Bishop after the question of inscription had been settled.

The Cabinet—
Agreed in principle on the necessity for taking action against the Bishop of Kyrenia for inflammatory utterances and decided to review the matter again at a later meeting.

6. The Foreign Secretary informed the Cabinet of the progress of the United Nations Disarmament Sub-Committee meeting. He said that Mr. Stassen (the special assistant on disarmament to the President of the United States) had continued to press the new plan amplifying the President's original proposals for an exchange of military information and aerial surveys between the United States and the Soviet Union, but had failed to reply to Russian enquiries
whether the proposal would cover nuclear weapons and whether it would apply to other countries.

Mr. Stassen had wanted to table a resolution on the American proposals in the Sub-Committee, for submission later to the General Assembly of the United Nations. This would have enabled the Russians to exploit differences between the Western Allies on these proposals, and would have given them grounds for seeking a vote in the General Assembly on their own disarmament proposals. Fortunately Mr. Stassen had eventually been persuaded not to pursue for the time being the idea of tabling such a resolution.

The Cabinet—
Took note of this statement.

United Nations.

7. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 124) proposing that the views of the United States and French Governments should be sought on a Canadian proposal to reach an understanding with the Soviet Government for the admission of seventeen new members to the United Nations.

The Foreign Secretary said that candidates for membership to the United Nations proposed by the Western Powers had so far been vetoed by the Russians, because the Russian candidates had failed to obtain sufficient favourable votes in the Security Council. To break the deadlock, the Russians had hitherto proposed that certain Western and Soviet candidates should be admitted together, but we had rejected this as inconsistent with the Charter. It had now been suggested that all "qualified States" (as set out in paragraph 4 of C.P. (55) 124) should be admitted. This would provide for the admission of seventeen new members and could be regarded as consistent with the Charter. Although these admissions would have disadvantages from our point of view, particularly in that the voting position of the Colonial Powers would be adversely affected, the deadlock would be broken, and the legitimate complaints of certain countries, such as Italy, would be met.

The admission of Spain was at present specifically barred by two General Assembly Resolutions of 1946. While we should be prepared to support the admission of Spain, we should not raise this issue ourselves at the present time.

Discussion showed that several members of the Cabinet took the view that on balance it was contrary to our interests to enlarge the membership of the United Nations. In the past we had consistently opposed the admission of a large number of additional countries. Many of the candidates now suggested would vote against us on Colonial questions, and we might then have to withdraw from meetings at which we considered that the competence of the United Nations was being exceeded.

The view was also expressed that if we had to agree to the admission of such countries as Outer Mongolia, we should take the initiative in seeking the admission of Spain.

It was pointed out that it was not unlikely that the Soviet Government would refuse to support the admission of Japan at present; in that case the United States would not agree to the admission of the rest of the "qualified States," and the present proposals would come to nothing. Moreover, it was thought that the Canadian and Australian Governments were in favour of reaching a prior understanding with the Soviet Government for the admission of the seventeen countries in question.

The Lord President said that it seemed to be the view of the Cabinet that it was not necessary for the United Kingdom to take any initiative for the admission of the seventeen "qualified States." But if the Canadian and Australian Governments were strongly in
favour of seeking an agreement with the Soviet Union for that purpose, we should be prepared to support them.

The Cabinet—

Invited the Foreign Secretary to take the views expressed in their discussion into account in making further soundings about the proposal for the admission of the seventeen “qualified States” to the United Nations.

8. *The Lord Privy Seal* said that the discussions with Leaders of the Opposition Parties had shown that the Government would have the support of the Labour Opposition for the retention of the rule under which discussions or *ex parte* statements could not be broadcast on any issue during a period of a fortnight before it was debated in either House of Parliament. The Leader of the Liberal Party was, however, opposed to the retention of this rule.

The Labour Opposition were still opposed to television broadcasting of non-political statements by Ministers; the Liberal Party did not object to such broadcasts.

The Cabinet—

Took note of this statement.

Foreign Affairs.

Soviet-German Talks.

(Previous Reference: C.M. (55) 16th Conclusions, Minute 7.)

9. *The Foreign Secretary* said that the agreement concluded by the Federal German Chancellor (Dr. Adenauer) had caused much concern in the United States and France. There was little doubt that it represented a substantial victory for Soviet diplomacy and it did not improve prospects for the forthcoming meeting of Foreign Ministers in Geneva.

It might well be that Dr. Adenauer would react strongly if the Russians failed to fulfil their undertaking to release the German prisoners.

The Cabinet—

Took note of this statement.

*Cabinet Office, S.W.1,*

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Wednesday, 21st September, 1955, at 10.30 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmain, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. David Eccles, M.P., Minister of Education.

The following were also present:

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Mr. G. R. H. Nugent, M.P., Joint Parliamentary Secretary, Ministry of Agriculture, Fisheries and Food (Items 3–4).

Secretariat:

The Right Hon. Sir Norman Brook,
Mr. H. O. Hooper,
Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>International Bank and International Monetary Fund: Meeting at Istanbul.</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Import of United States Fruit</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Commercial Policy: Review of the G.A.T.T.</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Cyprus</td>
<td>9</td>
</tr>
<tr>
<td>Minute No.</td>
<td>Subject</td>
<td>Page</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>1</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>International Bank and International Monetary Fund Meeting at Istanbul</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Import of United States Fruit</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Commercial Policy Review of the G.A.T.T.</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Cyprus</td>
<td>9</td>
</tr>
</tbody>
</table>
1. The Cabinet resumed their discussion of the current economic situation. In addition to a note by the Prime Minister (C.P. (55) 123) covering a draft of a White Paper on Industrial Relations, they had before them memoranda by the Chancellor of the Exchequer on local authority borrowing and on capital expenditure by local authorities (C.P. (55) 131 and 132) and a memorandum by the Minister of Housing (C.P. (55) 128) on housing subsidies.

The Chancellor of the Exchequer said that it was likely that during September the reserves of gold and dollars would fall by not less than $150 millions. This compared with a loss of $136 millions in July and $87 millions in August, and was due partly to the need to settle an adverse balance with Europe of $60 millions, partly to a deficit on current commercial transactions of $65 millions and partly to withdrawals caused by lack of confidence in sterling. Moreover, there would be a further adverse balance with Europe of about $100 millions which would have to be settled in October. On 17th September the reserves amounted to $2,349 millions, compared with about $2,500 millions at the beginning of 1954 when the level was still rising.

The cost of seasonal purchases had mostly been absorbed, and confidence in sterling had been strengthened by the assurances he had given at the recent meeting of the International Monetary Fund in Istanbul. But he could not be sure that confidence would be maintained or that the adverse balance of trade, with imports remaining at a very high level, would improve. Further corrective measures were essential and urgent; and he recommended that arrangements should be made to recall Parliament on 27th September, so that a comprehensive plan could be announced for reducing expenditure by the Government, by local authorities and by the nationalised industries, and for restraining consumer demand. He proceeded to describe the various measures which should, in his view, be included in this plan.

First, as regards defence, he hoped that the Prime Minister would be able to announce some reduction in the demands of National Service on the nation's manpower, whether by a decrease in the numbers called up or by a reduction in the period of service. It would not, however, be right to include in such an announcement any reference to improvements in Service pay, since this would be inconsistent with the general purposes of the corrective measures.

As regards the housing subsidies, he was in general agreement with the proposals put forward by the Minister of Housing in C.P. (55) 128, but he would prefer that the revised subsidy figures should be announced as part of the economy measures. He considered that the Government should also foreshadow their intention to deal with the problem of rent restriction, though he recognised that Scottish legislation on this subject might have to be deferred until later than the legislation applying to England and Wales.

To secure a reduction in capital expenditure by local authorities (other than expenditure on housing) the Chancellor proposed that a circular on the lines of Annex A to C.P. (55) 132 should be sent to all local authorities, after further consultation with the Ministers directly concerned. He thought it would be unwise to exclude any particular service from the scope of this circular; but it could be left to the local authorities to decide on what services the necessary savings could best be secured. He appreciated that it would be particularly difficult for the Government to press for savings in the programmes for building hospitals and schools.

As a further measure to restrain capital expenditure by local authorities, he proposed to change the present system under which local authorities could choose the source from which they borrowed, without limit to the amount that they could raise from the Exchequer through the Public Works Loan Board (P.W.L.B.). He would limit these demands on the Exchequer by instructing the P.W.L.B. to
grant loans to the larger local authorities only when they were satisfied that the local authority could not borrow the money in the stock and mortgage markets. Furthermore, he would prescribe rates for the P.W.L.B. based, not on Government credit, but on the credit of local authorities of good standing in the market. These proposals were described in detail in C.P. (55) 131.

As regards expenditure by the nationalised industries, it had been agreed that the investment programmes of the coal and atomic energy industries should not be reduced, and the development programme of the railways had not yet commenced. The restraint on nationalised industries would therefore fall mainly on gas and electricity.

The Chancellor also proposed that the bread subsidy should be abolished, but that this should be offset by increases in the scales of National Assistance. It was likely that some increase in these scales would be needed in any event, and it would be worth while bringing these forward to coincide with an increase in the price of bread.

As regards savings, the Chancellor proposed to make an early issue of Defence Bonds bearing interest of 4 per cent. encashable at three months' notice. He was also considering a suggestion that the interest on holdings in the Post Office Savings and Trustee Savings Bank should be exempt from income tax by a limit of between £10 and £15 per annum.

A further possible measure would be to reduce the foreign travel allowance to £75 a year. This would, however, save only about £3 millions of foreign exchange, and it was perhaps doubtful whether it would be worth doing—especially as it would shortly become known that we should be unable to fulfil our obligation to reach a level of liberalisation of 90 per cent. with O.E.E.C. countries.

The Chancellor said that he also proposed to make changes in purchase tax. He intended to abolish the "D" scheme and to make alterations in the rates of tax on textiles: this would have the effect of leaving the total yield of tax on textiles unchanged while encouraging the production and export of quality goods. At the same time he would increase the general rates of tax by one-fifth, and would bring certain articles of domestic use within its scope. The total effect of these proposals would be to increase the yield of the tax by £75 millions a year.

Finally, he proposed to increase the tax on distributed profits. This seemed to be the only measure which could be taken to restrain profits. The change which he had in mind would yield about £60 millions a year, and could be expected to curb any further boom on the Stock Exchange.

The Cabinet first discussed the substance of the various measures proposed by the Chancellor of the Exchequer. In this part of the discussion the following points were raised: —

(a) There was general agreement that the proposals for reducing public expenditure on housing would make a valuable contribution, both in their practical effect and in their impact on public opinion, towards the reduction of inflationary pressure. There was also support for the view that this part of the proposed statement should foreshadow the Government's firm intention to proceed thereafter to overhaul the existing system of rent control.

The Minister of Housing said that it was important that the Government should do their utmost to secure the acquiescence of local authorities in the proposed adjustments in housing subsidies. He would have an opportunity to prepare the way for this at a meeting of the Association of Municipal Corporations on the following day. He proposed to give a preliminary warning then that local authorities must expect some reduction in the level of subsidies and must be ready to consider means of charging more realistic rents for their houses. Thereafter he would wish to hold
consultations with the local authority associations on the actual reductions to be made in the subsidies, and he strongly urged that the proposed new level of the subsidies should not be announced until after those consultations had been held.

(b) The Minister of Housing pointed out that the proposals on capital finance for local authorities, put forward by the Chancellor of the Exchequer in C.P. (55) 131, would have the effect of increasing by about a quarter per cent. the rate of interest on local authority borrowing. This increase in interest rates would make it more difficult to secure their acquiescence in the proposed reduction of housing subsidies.

(c) In discussion of the draft circular on capital expenditure by local authorities, annexed to C.P. (55) 132, it was suggested that local authorities might expect rather more guidance from the Government on the directions in which the desired economy should be sought. It was doubtless desirable that local authorities should be left with some discretion to apportion the cuts between their various services, but this was a point on which they would expect some general guidance from the Government.

The Chancellor of the Exchequer said that, while he would prefer that no particular service (other than housing) should be specifically excluded from the scope of this circular, he was ready to discuss with the Ministers directly concerned the comments which they had offered on the terms of the present draft.

(d) The Minister of Labour said that he was doubtful about the expediency of discontinuing the bread subsidy at the present time. This would involve an increase of 1.33 points in the cost-of-living index, and was bound to enhance the pressure for wage increases. Moreover, it was likely to alienate those trade union leaders who had hitherto been willing to heed the Government's plea for the exercise of restraint in wage claims. He believed that, on balance, this measure was more likely to increase inflationary pressures than to reduce them.

The Minister of Pensions said that he was also doubtful about this proposal. If the price of bread remained unchanged, an increase in National Assistance scales was not inevitable. If, however, the bread subsidy was discontinued, the Assistance Board would be obliged to propose an increase in their scales. This would nullify the efforts which the Government had made, so far with marked success, to reduce the numbers on public assistance by increasing National Insurance benefits. The numbers receiving National Assistance were now lower than for some years past; and it would be most unfortunate if this trend were now reversed in consequence of the abolition of the bread subsidy.

In discussion it was recognised that the bread subsidy ought, on merits, to be discontinued and that no better opportunity of abolishing it was likely to present itself. On the other hand there was strong support for the view that its abolition at the present time would be open to serious objections, on both economic and political grounds.

(e) There was general agreement that, from the point of view of preserving a balance between the various measures proposed, there would be advantage in including among these measures a reduction in the allowance for foreign travel.

The Cabinet next considered whether Parliament should be recalled on 27th September, as envisaged by the Chancellor of the
Exchequer, so that these proposals could be announced without delay.

This part of the discussion turned mainly on the question whether the sudden recall of Parliament might have the effect of weakening confidence instead of restoring it. There was support for the view that the recall of Parliament would in itself create an atmosphere of crisis and would give the impression that the situation was even more serious than it was. It would come as a shock to the public generally, who were quite unprepared for such a development. It might also tend to destroy the credit which the Government had gained for restoring the economy to a healthy footing and avoiding successive economic crises. Moreover, Parliament, once recalled, might well wish to debate these and other issues beyond the appointed time.

On the other hand it was argued that, as the publication about 3rd October of the September figures for the reserves would show a further substantial loss, the Government would be exposed to criticism and pressure for action if no steps to remedy the situation had been announced by then and confidence would be likely to decline further on that account. The discussion of economic issues at the forthcoming Party Conference would also be difficult to handle. The Chancellor of the Exchequer was due to make a speech at the Mansion House on 4th October, and it would be possible for him to make a strong statement then which would indicate the Government’s intention to take such further measures as were needed to combat inflation. Confidence abroad had been restored by the Chancellor’s recent statement in Istanbul. It would in any event be some time before the full effect of the proposed measures on the internal situation would be felt. Parliament could be recalled a week earlier than 25th October. Would a general announcement on 4th October hold the position for the intervening two weeks?

Some Ministers felt that an announcement in general terms might have an unsettling effect on opinion at home and abroad unless it were accompanied by a comprehensive statement of the measures to be taken. It was clear, however, that the programme of measures proposed must be announced in the first instance to the House of Commons. Nor would it be practicable to give a broad indication of the Government’s intentions with special emphasis on some of the proposed lines of action. It was important that the programme should be presented as a comprehensive plan for dealing with the situation. It might fail in its purpose if this were not done. On matters of such public importance and interest as the housing subsidies and purchase tax it would not be practicable for the Government to take action without first informing Parliament.

The Chancellor of the Exchequer, summing up this part of the discussion, stressed the importance of disclosing all the elements in the programme simultaneously. Moreover, there were risks in holding such a programme in abeyance for a further month. It was true that the reserves were not yet in a critical state and it might be possible to hold the position by making a general announcement on 4th October. But he still felt that, if the situation were to be brought under control, the right course was to follow up the effect which his Istanbul speech had had on foreign opinion by prompt action on the home front. He was therefore disposed to favour recalling Parliament on 27th September, but he recognised the weight of the considerations that had been urged against this course and suggested that the Cabinet should postpone a final decision until the following day in order to allow time for further reflection.

The Cabinet—

Agreed to resume their discussion at a meeting on the following day.
2. The Chancellor of the Exchequer said that at the recent meeting of the International Bank and Fund at Istanbul he had held some useful discussions with Mr. Humphrey, Secretary to the United States Treasury, and with representatives of Commonwealth Governments. In his talks with Mr. Humphrey he had expressed his misgivings about the recent trend of United States trade policy as illustrated by the raising of the bicycle tariff, the award of the contract for the Chief Joseph Dam and the application of the “Buy American” Act. In response to these representations Mr. Humphrey had taken the line that each country must consider how its trade interests could best be defended and must be free to take the necessary measures to that end. He was ready to accord the same freedom to the United Kingdom; and he had, in particular, recognised that we should be justified in abandoning the obligation to bring discrimination to an end within twelve months from the date on which sterling was made convertible.

The Chancellor said that with an election year approaching in the United States the situation would remain difficult and he did not expect the Administration to make much further advance towards more liberal trade practices. For our part, we should continue to make firm representations if faced with United States actions (as recently in the case of oil and tobacco) which adversely affected our interests, but we should endeavour to do so in such a way as to avoid inflaming relations. In view of this he was not now in favour of publishing at the present time the protest we had made about the award of the contract for the Chief Joseph Dam.

In spite of the disappointing trend of United States trade policy, the Commonwealth representatives whom he had consulted were not in favour of abandoning the pursuit of our objectives of removing trade barriers and freeing payments but they considered that, in the circumstances, it might be wise to pursue these objectives at a somewhat slower pace. He had had some difficulty in convincing the Canadian representative on this last point. He had been informed that Australia and New Zealand, who were both facing inflation, were about to reimpose import restrictions. He had, however, obtained a favourable response to his representations that such restrictions should bear as lightly as possible upon textiles. It appeared that, in addition, both Western Germany and France were faced with the need to consider measures to combat inflation.

The Cabinet—

Took note of this statement by the Chancellor of the Exchequer.

3. The Cabinet had before them a note by the Financial Secretary, Treasury (C.P. (55) 129) covering a report by officials reviewing the extent to which imports of United States fruit into the United Kingdom under Mutual Aid programmes might be authorised during the current season, after taking into account the need to safeguard the special interests of West Indian producers.

The Chancellor of the Exchequer said that he would be prepared to take under Mutual Aid programmes United States fruit up to the values shown in paragraph 11 of the report attached to C.P. (55) 129, namely $19 millions for fruit other than citrus and $4.5 millions for citrus fruit, subject to the limitation that of this not more than $1 million should be spent on fresh grapefruit and $1.5 million on canned grapefruit. He was not prepared to assign any free dollar resources for these purposes. He agreed that the allocation of aid resources to canned grapefruit should be subject to further consultation with the British West Indies.
The Colonial Secretary said that the proposals relating to canned grapefruit presented unusual difficulties. This trade, although of no great significance to the United States, was of vital importance to the West Indies. At his suggestion the West Indian producers had already reached agreement with the Florida producers on an arrangement which would be mutually satisfactory to both trade groups, only to find that the agreement was held to be contrary to United States law because the trade would be limited to certain United States suppliers and prices would be fixed. In his view the West Indian Ministers must be given a further opportunity of trying to reach with the United States interests a different agreement which would be acceptable under American law. This was primarily a matter for the United States interests themselves. If such an agreement could not be reached, he felt that the import of canned grapefruit should not be authorised. It was most important to avoid a bad atmosphere for the forthcoming negotiations with the West Indies over price assistance for their citrus fruit industry.

In discussion it was pointed out that, although we did not need American citrus fruit, we should run the risk of impairing our relations with the United States in other fields if we resisted the application of an unused balance remaining from last year's aid appropriation to a commodity on which the United States had laid special emphasis. The citrus lobby was strong in the United States and was anxious to regain a foothold in the United Kingdom market. Moreover, the scheme agreed between the West Indian and United States producers was not merely contrary to American law but contravened our own import policy. On the other hand, it was the general feeling of the Cabinet that we should go as far as possible in attempting to safeguard the interests and susceptibilities of the West Indian fruit producers and that we should not exclude the possibility of dispensing with imports of canned grapefruit from the United States.

The Cabinet—

(1) Agreed that up to $19 millions of United States aid funds should be allocated to the import during the current season of United States fruit other than citrus fruit.

(2) Agreed in principle that, in determining whether United States citrus fruit might be licensed for import into the United Kingdom and on what basis, full account should be taken of the need to safeguard the interests of West Indian producers of canned grapefruit and in particular of the need to avoid creating a situation unfavourable for the forthcoming negotiations on price assistance for West Indian producers.

(3) Invited the Chancellor of the Exchequer to arrange for Ministers of the Departments concerned to examine the issues further in the light of the Cabinet's discussion and to report to the Cabinet at their next meeting.

4. The Cabinet had before them a memorandum by the President of the Board of Trade (C.P. (55) 126) recommending that the United Kingdom Government should now sign the Protocols of Amendments to the General Agreement on Tariffs and Trade (G.A.T.T.).

The President of the Board of Trade reminded the Cabinet of the approval which they had already given on 30th March to a statement of policy welcoming the outcome of the Review of the G.A.T.T. A number of countries would be taking the opportunity to sign the Amendments at the next inter-sessional meeting of the G.A.T.T. due to take place in Geneva shortly, and it would be convenient if the
Amendments were signed on behalf of the United Kingdom at the same time.

The Cabinet—
Approved the proposal put forward in C.P. (55) 126.

5. The Foreign Secretary said that the United States Government had now indicated their readiness to support the view that it would be inappropriate that the question of Cyprus should be inscribed on the agenda of the current meeting of the General Assembly of the United Nations. This being so, there was now a reasonable prospect that the attempt to raise the matter at the Assembly would be defeated. The question would be put to a vote in the General Committee that day, and the Committee's recommendation would come before a plenary session of the Assembly on 23rd September. It would be preferable, therefore, that no further action should be taken before 23rd September to limit the freedom of the Bishop of Kyrenia.

The Cabinet—
Agreed that no action should be taken before 23rd September to limit the freedom of the Bishop of Kyrenia.

Cabinet Office, S.W. 1.
21st September, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 22nd September, 1955, at 9.45 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister

The Most Hon. the Marquess of Salisbury, Lord President of the Council (Items 1-4).


The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.

The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.


The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. Sir Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

The following were also present:

The Right Hon. J. P. L. Thomas, M.P., First Lord of the Admiralty (Item 1).

The Right Hon. Lord de L'Isle and Dudley, Secretary of State for Air (Item 1).

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Admiral the Right Hon. the Earl Mountbatten of Burma, First Sea Lord and Chief of Naval Staff (Item 1).

Secretariat:

The Right Hon. Sir Norman Brook.
Mr. H. O. Hooper.
Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Service</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Economic Situation</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>House of Commons Redistribution of Seats.</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Imports of United States Fruit</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>East/West Trade</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Supply of Arms to the Middle East French Aircraft</td>
<td>10</td>
</tr>
</tbody>
</table>
The Cabinet had before them a memorandum by the Minister of Defence (C.P. (55) 125) on the future of National Service, and a memorandum by the Minister of Labour (C.P. (55) 130) on the liability of agricultural workers to National Service.

The Minister of Defence said that his review of the future of National Service had been undertaken, not by reason of the immediate economic difficulties which the Cabinet had recently had under discussion, but because of the excessive burden which existing defence programmes would in the long term impose on the nation's resources. Among other measures for relieving this burden he proposed that the total strength of the Forces should be reduced to 700,000 by 31st March, 1958. In his memorandum he had reviewed the various methods by which this reduction could be achieved. Effectively, however, the choice lay between two methods: (i) maintaining the period of service at 24 months, but reducing the intake by allowing the age of call-up to rise; or (ii) reducing the period of service to 21 months and making a smaller reduction in the intake by allowing the age of call-up to rise. On military grounds, the first of these two courses was to be preferred. If the period of service were reduced, the efficiency of the Forces would be impaired; and, if the Forces were to be smaller in size, it was the more important that their efficiency should not be reduced. If, however, it were thought that there were strong political advantages in following the second course, the military consequences, though substantial, would not be disastrous.

The Secretary of State for War said that any substantial reduction of the existing period of National Service would impair the efficiency of the Forces. A quicker turnover of the National Service element in front-line units would lower their standards of efficiency; a substantial part of the useful service of National Service men would be lost, and the effect of this would be felt especially with officers, N.C.Os. and skilled tradesmen: the incentive to volunteer for regular engagements of three years or more in lieu of National Service would be reduced: the strain on the training cadres would be increased, and the morale of the Regular Army would suffer. All this would make it more difficult to achieve the objective, which the Services had in view, of increasing the regular content of the Forces. These considerations became all the more important if the adjustment were viewed as the first step in a progressive movement towards the abolition of National Service. For it was important that the Government should not become committed to a policy of discontinuing National Service by progressive reduction of the period of service. This might have been feasible if the function of National Service were still, as originally envisaged, to provide trained reserves for a future war; but its primary function now was to provide men for active service in peace, and this could not be secured if the period of service fell much below 24 months. A reduction of three months in the period of service would not satisfy critics in other Parties, who looked for a much larger reduction, and it would be criticised by some Government supporters as likely to impair the efficiency of the Forces.

The First Lord of the Admiralty and The Secretary of State for Air supported the views expressed by the Secretary of State for War.

The Chief of the Imperial General Staff agreed that the efficiency of the Forces would be impaired if the existing period of National Service were reduced. The reduction in numbers proposed by the Minister of Defence should not in itself make it impossible for the Forces to carry out the commitments which they were likely to be called upon to discharge after 1958; but Forces of that size would
not be equal to those commitments unless their efficiency was
maintained. He had himself had personal experience, as
Commander-in-Chief, Far East, of the effect on efficiency when the
period of service was raised from 18 to 24 months in 1950, and he
was confident that the subsequent achievements of British troops in
Korea, Malaya and Kenya would not have been possible with a
shorter period of service.

The First Sea Lord said that he fully supported the view
expressed by the Chief of the Imperial General Staff.

Discussion showed that there was general agreement in the
Cabinet that the desired reduction in the strength of the Forces
should be secured, without any reduction in the period of service,
by allowing the age of call-up to rise. Ministers accepted the
contention that, unless there was some substantial change in our
overseas commitments, the efficiency of the Forces would suffer if
the period of National Service were reduced below twenty-four
months. They were also influenced by the consideration that, if the
size of the Forces was to be reduced, it was the more important that
their efficiency should be maintained. They considered that the
political advantages of reducing the period of service to twenty-one
months were not sufficient to outweigh the loss of efficiency which
this reduction would involve. Indeed, if the period were reduced
at this stage to twenty-one months, the political pressures to reduce
it still further might be difficult to resist. It would be easier for the
Government to take their stand on the efficiency argument if the
period of service were maintained at twenty-four months.

In the course of the discussion the following particular points
were made:—

(a) There would be advantages in allowing the age of call-up to
rise: for, if they were not called up until a later age, young men were
more likely to settle down, before National Service, in employment
to which they could return thereafter. Some firms already took
special steps to encourage young men to return to their employment
after completing their National Service, and further efforts might
well be made to extend this practice more widely throughout industry.

The Minister of Education said that he would like to discuss
this aspect of the matter with the Minister of Labour, for the
Government would have to meet the criticism that, by raising the
age of call-up, they were increasing the gap, between school-leaving
age and National Service, which was now regarded as a fertile
ground for juvenile delinquency.

(b) If the age of call-up were raised, it was important that
candidates for University education should be able to do their
National Service immediately after leaving school. The Minister
of Labour confirmed that there would be no difficulty in arranging
for this.

(c) If a period of twenty-four months' National Service was to
be justified on the ground that it was essential for the efficiency of
the Forces, the Services must put themselves in a position to reply
effectively to complaints that National Servicemen were not always
kept fully occupied on worthwhile tasks.

(d) Was it clear that, with the reduced numbers now proposed,
the Services would be able to meet their commitments in full? Further
consideration would certainly be needed before the strength
of the Forces was reduced to a point at which it should be unable
to carry out all the obligations which we had undertaken in agreement
with the United States and other Allies. Any modification of those
obligations would need to be negotiated with our Allies.

The Prime Minister said that he hoped there need be no
suggestion at this stage of inability to carry out those obligations.
The international skies, though they might seem fairer at the moment,
might well darken again; and this was an additional reason for
adopting a flexible method of reducing Service strengths so that, if it became necessary, the process could be reversed without a major upheaval.

(e) This method of reducing the size of the Forces should be presented as the first step in a policy of progressively reducing the burden of National Service.

In this connection it was to be remembered that the principle which had originally been accepted, by all political Parties, was that young men should undergo military training in peace as a citizen duty. Over the years, however, National Service had come to fulfil a wholly different function, viz., that of supplementing regular Forces which were inadequate to discharge all the commitments which they were required to meet in peace. Politically, this was quite a different proposition; and Ministers would ultimately have to consider for how long National Service could be justified for that purpose. This involved the further question how far, under conditions of full employment, the regular Forces could be maintained at the strength required to meet present-day commitments.

In paragraph 21 of C.P. (55) 125 it was stated that substantial improvements were already needed in the pay and conditions of service of the regular Forces.

The Chancellor of the Exchequer said that no proposals for this purpose had yet been submitted to the Treasury; and while he agreed that some improvements were due, he did not consider that these could be brought into force before the spring of 1956. He hoped that Service Ministers would take all practicable steps to prevent any premature foreshadowing of increases in Service pay.

The Minister of Defence said that, while he recognised that pay increases could not come into effect for some months to come, he still hoped that the announcement of changes in the system of National Service might include some promise of future improvements in the pay and conditions of the Regular Forces.

The Cabinet—

(1) Approved the proposal in C.P. (55) 125 that the strength of the Armed Forces should be reduced to 700,000 by 31st March, 1958.

(2) Agreed that, in order to secure this reduction in the size of the Forces, the intake of National Servicemen should be reduced by allowing the age of call-up to rise, the period of National Service being maintained at twenty-four months.

(3) Agreed that this decision should be announced before Parliament reassembled; and invited the Minister of Defence to prepare a draft announcement for the Prime Minister's consideration.

The Cabinet then discussed the proposals in paragraphs 17-20 of C.P. (55) 125 for adjusting the existing arrangements for part-time service by National Servicemen.

The Minister of Defence said that, as it was no longer the function of National Service to create a large pool of trained reserves for use in war, it would be logical that the obligations of part-time service should now be substantially reduced. Account must, however, be taken of the future role of the reserve Army, the structure and morale of the Territorial Army and the existing obligation to contribute two divisions from the reserve Army to the forces of the North Atlantic Alliance in the event of war in Europe. With these
considerations in mind he suggested that the obligation to part-time service should be reduced to the following: (i) for men in the Territorial Army, about 24 drills within 12 months of discharge and one period of 15 days' camp; (ii) for men in the Army Emergency Reserve, as much training as was administratively practicable within the limits proposed in (i); and (iii) for men in Mobile Defence Battalions, two periods of 15 days' camp. If these proposals were adopted, the obligations of reservists in the Royal Navy and the Royal Air Force could be similarly reduced.

In discussion it was pointed out that part-time service was now required mainly for the Mobile Defence Corps, which was essential to the development of an efficient system of Civil Defence. In equity, however, other reservists would have to be required to give part-time service roughly comparable to that required of reservists in the Mobile Defence Corps.

The Cabinet—

(4) Agreed in principle that the obligations to part-time service under the National Service Act should be reduced to the fullest extent consistent with the efficiency of the Mobile Defence Corps.

(5) Invited the Defence Committee to work out the detailed application of the principle set out in Conclusion (4) above.

The Cabinet then discussed the application of the National Service Act to agricultural workers.

The Minister of Labour explained that applications for deferment of call-up of agricultural workers were at present entertained only from stockmen or men employed on small farms, and the applications were only granted if the holding was making a significant contribution to food production and it was impracticable to make alternative arrangements and there was no prospect of obtaining a replacement within a reasonable period. The National Farmers' Unions had strongly urged that special steps should be taken to prevent further loss of manpower from the industry, and the Agriculture Ministers were convinced that some further concession was necessary. He therefore proposed that any full-time worker in agriculture should be eligible for consideration for deferment on the same tests as at present applied to men employed on small farms. This would include those men who were due to be called up at the end of the current harvest and up to now had been ineligible for consideration. The effect of this concession would be that only 3,500 agricultural workers, instead of 6,000 as at present, would be called up each year out of each age class of approximately 15,000.

Many agricultural workers whose call-up had been deferred since 1952 were uncertain about their position and thought they were likely to be called up because they were approaching the upper age-limit of liability. The Minister therefore proposed to announce that, if the conditions justifying their deferment still existed when they reached their twenty-sixth birthday, agricultural workers who had been deferred would continue to be deferred even though this meant that they would pass out of liability.

The Minister of Agriculture said that, although he would have preferred that all agricultural workers should be deferred, he appreciated the importance of maintaining as far as possible the principle of universality of National Service and welcomed the concessions proposed by the Minister of Labour. There had been a substantial continuing decline in the manpower engaged in agriculture, mainly because about half of the workers failed to return to the industry after completing their National Service.
The Lord President said that, while he appreciated the difficulties of agriculture and would not oppose the concessions now proposed, deferral of the call-up of some scientific workers was even more important to the national economy. At present only a small number of qualified scientists and technicians, such as graduates for the Government Scientific Service and technicians in certain defence industries, were eligible for deferment. This position might have to be reconsidered.

Discussion showed that the Cabinet agreed in principle with the proposals in paragraph 11 of C.P. (55) 130. It was, however, thought that these concessions should not be announced until after the statement of the Government’s general policy on National Service had been made.

The Cabinet—

(6) Approved the proposals put forward in paragraph 11 of C.P. (55) 130.

(7) Agreed that this extension of the system of deferment for agricultural workers should not be announced until after the statement of the Government’s general policy on National Service had been made.

2. The Cabinet resumed their discussion of the arguments for and against recalling Parliament in the following week in order that immediate effect could be given to the measures which it was desired to take to remedy the current economic situation.

The Chancellor of the Exchequer said that the choice before the Cabinet was clear. On the one hand, if Parliament were recalled, the Government would be able to retain the initiative. The situation was made even more difficult by the conjunction of the date of publication of the September gold and dollar losses, the announcement of our inability to go to 90 per cent. liberalisation in Europe, the forthcoming Conservative Party Conference and the speech which he was committed to make at the Mansion House. The recall of Parliament would be interpreted by foreign opinion as a logical sequel to the declaration which he had made at Istanbul and had the merits of leaving the position at risk for the shortest possible time, of drawing the sting out of the September gold and dollar figures and of providing a realistic basis for the speeches which would have to be made at the Mansion House and at the Party Conference.

On the other hand, there was the risk that the recall of Parliament would precipitate an atmosphere of crisis that would not be helpful. Moreover, it now appeared that the loss to the reserves for September would be less than had been expected. But by delaying recall the initiative would be lost and the Government might be forced into the position of appearing to act under force majeure. Moreover, the period of risk would be prolonged: at best the situation might be expected to get worse in October; at worst there might be such a marked deterioration that the programme of measures he proposed might, when the time came, be found to be insufficient. If the Cabinet decided against the immediate recall of Parliament, he felt that, in order to prepare the way for the Party Conference and his Mansion House speech, there should be a public statement to the effect that the measures which were in preparation for strengthening the internal economy would be announced in Parliament and that, because of the pressure of other business, Parliament would be recalled for this purpose a week earlier than had hitherto been planned. This statement should be made before the publication of the September figures.
The Prime Minister said that in considering these alternatives the Cabinet should give full weight to the effect which the recall of Parliament was likely to have on public opinion at home and abroad. Nothing had happened to prepare the public at home for such a step. Foreign opinion might find in it grounds for inferring that we were on the point of collapse.

In discussion it was argued that, in spite of these dangers, it might be unwise to run the risk to our reserves of allowing speculators the opportunity which would be provided by three weeks’ delay in recalling Parliament. Moreover, it would be sound policy to create a situation in which the discussion of economic issues at both Party Conferences could take place on a realistic basis.

The balance of opinion in the Cabinet was, however, against the immediate recall of Parliament. If it were found in the early part of October that immediate action was needed to protect the reserves it would still be possible to advance still further the date of meeting of Parliament. In spite of the current drain, the reserves were still some way from reaching dangerously low levels. There was no likelihood of immediate catastrophe. Indeed, the sudden recall of Parliament, if misinterpreted abroad, might be more likely to increase the risk of a serious withdrawal of funds. It was true that early action would enable the Government to take advantage of the current favourable movement of the exchanges. But the creation of an atmosphere of crisis by the precipitate recall of Parliament would shake public confidence in the Government to an extent which would hamper them over the longer term in applying a programme of measures which would require time to take full effect.

The Cabinet—

(1) Agreed that, in order to deal with the economic situation, Parliament should re-assemble on 17th or 18th October.

(2) Invited the Chancellor of the Exchequer to consider the form and timing of the announcement of the earlier meeting of Parliament, and to submit his recommendations on this matter to the Prime Minister.

3. The Cabinet had before them a memorandum by the Home Secretary and the Secretary of State for Scotland (C.P. (55) 83) proposing that legislation should be introduced to amend in certain respects the House of Commons (Redistribution of Seats) Act, 1949, and a memorandum by the Attorney-General (C.P. (55) 119) commenting on these proposals.

The Home Secretary said that no major amendment of the existing legislation was required. Experience had, however, shown that under the existing provisions of the Act general reviews of constituencies had to be held at too frequent intervals and the Boundary Commissions were obliged to apply too rigidly the principle of achieving numerical equality between constituencies. It was proposed to amend the Act in these respects. He thought that the changes proposed would command general support, and he felt that the doubts expressed by the Attorney-General on certain points could be resolved in consultation between them. After the Cabinet’s previous discussion, the Secretary of State for Scotland and he had come to the conclusion that there would be advantage in legislating now upon these matters in an atmosphere undisturbed by the prospect of an early General Election. If the Cabinet approved the proposals in C.P. (55) 83, he would inform the Speaker and would open discussions with Leaders of the Opposition Parties.
The Cabinet—

(1) Agreed that, subject to further consultation between the Home Secretary and the Attorney-General, legislation should be introduced in the current session to amend the House of Commons ( Redistribution of Seats) Act, 1949, as proposed in C.P. (55) 83.

(2) Authorised the Home Secretary to inform the Speaker of the Government's intentions and to consult the Leaders of the Opposition Parties on the substance of the proposals.

4. The Cabinet resumed their discussion of the extent to which imports of American fruit should be authorised during the current season.

After the Cabinet's discussion on the previous day Ministers of the Departments concerned had made a further examination of the issues set out in the report by officials (C.P. (55) 129) but they had been unable to agree on arrangements which the Colonial Secretary could accept as providing a sufficient safeguard for the interests of West Indian producers of grapefruit. They reported that, as regards canned grapefruit, the choice lay between buying $1 million worth of American imports out of Aid funds before 30th November, or continuing to exclude such imports completely until the autumn of 1956. They also invited the Cabinet to decide whether $1 million of Aid funds should be spent on fresh grapefruit.

The Colonial Secretary said that he was ready to agree that we should take $1 million worth of fresh grapefruit from the United States, if it could be arranged that this would be imported during a limited period in order to avoid competition with the West Indies. He also wished to have the opportunity of explaining this decision to West Indian Ministers before it was put into effect. He would, however, prefer that we should take no canned grapefruit from the United States this season. Our aim should be to provide time for acceptable arrangements for future seasons to be worked out between the West Indian and American industries. It was possible that West Indian Ministers, realising the importance of reaching a satisfactory agreement with the American industry, would be prepared to agree that some small quantity of American canned grapefruit should be imported into the United Kingdom this season. But if they did not take this attitude he considered that we should exclude American canned grapefruit in order to avoid prejudicing our position in the forthcoming negotiations with the West Indies over price assistance for their citrus fruit industry.

The President of the Board of Trade said that $1 million worth of American canned grapefruit, which we would obtain as a gift, was a small quantity compared with the total amount of 14,000 tons which we had imported annually before the war, mainly from the United States. To exclude this token quantity would be giving the West Indies complete protection against American competition; and, while some degree of protection for Colonial industries was justified, complete protection was not. The quantity proposed and the limited period for shipment were the same as in the arrangements which West Indian Ministers had themselves agreed with the Florida producers.

In discussion the following points were raised:

(a) We were now under a stronger obligation to safeguard the interests of West Indian citrus producers than before the war since we had persuaded these Colonies to grow citrus in order to diversify their economy.

(b) The limitation on the period for shipment would be a valuable safeguard for West Indian producers, and it was likely that...
the American product would have been disposed of before the West Indian season began.

(c) A complete ban on American canned grapefruit would alienate United States opinion; and it was important that the goodwill of the United States Secretary of Agriculture should be maintained in order to secure the orderly disposal of the substantial American surpluses of other commodities.

Further discussion showed that it was the general view of the Cabinet that the Colonial Secretary should be given an opportunity of explaining to West Indian Ministers, when they arrived in London for the negotiations on price assistance for their citrus industry, why it was desirable not to exclude American canned grapefruit completely from the United Kingdom market. They could be told that their views would be taken into account before a final decision was reached.

The Cabinet—

Invited the Colonial Secretary to inform West Indian Ministers that it was proposed to spend $1 million of Aid funds on American fresh grapefruit, and, subject to their views, $1½ million on American canned grapefruit, provided that shipment of the latter could be completed by 30th November.

5. The Cabinet had before them a memorandum by the Minister of Defence (C.P. (55) 122) suggesting that the security controls on trade with the Soviet bloc should be revised in the light of the new strategic concept.

The Minister of Defence said that recent military developments had revolutionised the basis of our strategic planning, and it no longer seemed necessary to seek to deny to countries in the Soviet bloc the means of expanding their industrial manufacturing capacity and accumulating raw materials. In view of the political difficulties and the hindrance to world trade which resulted from security controls, it would now be justifiable to exclude from the list of controlled items anything which had hitherto been included solely because it would assist the general industrial development of the countries in the Soviet bloc. The list should now be confined to equipment and material which would assist those countries in a military sense in preparation for, and during the initial phase of, a major war. The types of equipment and material which should still be controlled were indicated in paragraph 7 of C.P. (55) 122.

The Cabinet—

Invited the Minister of Defence to arrange for the Ministers concerned to work out a detailed revision of the security controls on East/West trade, with a view to proposing to the United States and French Governments a change of policy on the lines indicated in C.P. (55) 122.

6. The Foreign Secretary said that it had proved impossible to prevent the delivery of French Mystère aircraft to Israel by inducing the United States and French Governments to join with us in imposing a complete ban on the delivery of arms to Israel and Egypt during the present period of frontier tension. Ministers must therefore consider again whether we should accord staging facilities in Cyprus for the delivery of these aircraft. There was no way of preventing their delivery because in the last resort they could be shipped. He was therefore inclined to the view that we should accord the facilities requested in Cyprus because of our paramount interest.

East/West Trade.
(Previous Reference: C.C. (55) 5th Conclusions, Minute 9.)
as an air power in maintaining the principle that transit facilities for aircraft were given without prejudice. It might, however, be possible to delay for a time making any reply to the French request.

The Minister of Defence supported the view that transit facilities should be accorded. It would follow that similar facilities, if requested, would then be accorded to Western countries for the delivery of arms to the Arab States. There was, however, a possibility that Egypt might secure arms from Russia and it might be embarrassing if similar transit facilities were requested by a member of the Soviet bloc.

The Cabinet—

Agreed in principle that transit facilities in Cyprus should be accorded for the delivery of French Mystère aircraft to Israel, subject to further consultation between the Foreign Secretary and the Minister of Defence on the wider implications of this action.

_Cabinet Office, S.W. 1,
22nd September, 1955._
SECRET
C.M. (55)
34th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 4th October, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs (Items 4–9).
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. ANTONY HEAD, M.P., Secretary of State for War (Item 1).
The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Items 3–6).

Commander ALLAN NOBLE, M.P., Parliamentary and Financial Secretary, Admiralty (Item 1).

Secretariat:

The Right Hon. LADY DE L'ISLE AND DUDLEY, Secretary of State for Air (Item 1).
The Right Hon. NIGEL BIRCH, M.P., Minister of Works (Item 4).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

Printed for the Cabinet. October 1955
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Service</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Education</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Teachers' Superannuation.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Aerial Advertising</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>London Traffic Congestion</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Park Lane Scheme</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Japan</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Trade and Payments Negotiations</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Economic Situation</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Foreign Affairs</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Middle East</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Supply of Arms</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Industrial Hostels</td>
<td>10</td>
</tr>
</tbody>
</table>
1. The Cabinet had before them a draft of the proposed announcement on the future of National Service. This draft had been prepared after discussion in the Defence Committee, and incorporated the Committee's recommendations for modification of the obligations to part-time service under the National Service Act.

The Prime Minister recalled that, when the Cabinet had discussed this question on 22nd September, it had been contemplated that the decision would be announced in a statement issued from 10, Downing Street. On reflection it seemed to him that the decision needed more explanation and justification than could suitably be included in a formal statement of that kind; and, subject to the Cabinet's views, he now proposed that it should be announced in the speech which he was making after the Conservative Party Conference at Bournemouth on 8th October.

In discussion there was general agreement that the decision could best be announced in a speech, but the question was raised whether it was proper that a decision on a matter of such national importance should be announced in the atmosphere of a Party Conference. It was the general view of the Cabinet that the Government were under no obligation to postpone the announcement of this decision until Parliament had re-assembled and that, as Parliament was not sitting, there was no reason why the Prime Minister should not take the first convenient opportunity of announcing it in a public speech. His speech at Bournemouth would not be made until after the proceedings of the Party Conference had been formally concluded.

The Cabinet then considered the terms of the proposed announcement. Various amendments and additions were suggested and approved.

In the course of the Cabinet's discussion the following points were also made:

(a) The future role and constitution of the Home Guard were at present under review. Some adjustment of the existing organisation would need to be made, in the interests of economy. Decisions on this question could not, however, be reached in time for them to be announced in the forthcoming statement on the future of National Service.

(b) The Minister of Labour said that he had now received the report of a limited enquiry which he had instituted into the effect of National Service on the youth of the country. The results of this enquiry were reassuring and, subject to the Cabinet's views, he proposed to publish the report when Parliament re-assembled. He would arrange for a summary of it to be circulated to the Cabinet.

The Cabinet—

(1) Approved, subject to the suggestions made in their discussion, the terms of the proposed announcement on the future of National Service, and took note that the Prime Minister would make this announcement in his speech at Bournemouth on 8th October.

(2) Authorised the Lord Privy Seal to arrange for the Governments of the older Commonwealth countries to be informed, shortly before the announcement on 8th October, of the modifications to be made in the system of National Service.

(3) Invited the Minister of Labour to circulate to the Cabinet a summary of the report of his enquiry into the effect of National Service on the youth of the country.
2. The Cabinet had before them a memorandum by the Secretary of State for Scotland and the Minister of Education (C.P. (55) 138) seeking approval of a new scheme for teachers' superannuation and authority to discuss it with representatives of the teachers and the local authorities.

The Minister of Education said that, since this question had last been considered by the Cabinet, further discussions had been held with representatives of the teachers and of the local authorities in order to place before them the calculations on which a solvent scheme of superannuation must be based. In the revised scheme it was still proposed that the contribution of the teachers should be raised from 5 per cent. to 6 per cent. of salary. This had aroused great opposition when it was first proposed and would not be welcomed now. But it was essential that the contribution should be increased if the superannuation scheme were to be solvent; and the present proposals provided that, in return, the Exchequer and the local authorities, as employers, would meet all past and future deficits in the pension account. It was to be hoped this feature, which would make the new scheme more palatable to them, would make the new scheme more palatable to them. On the other hand, the local authorities might now object to assuming the burden that would fall upon them, even after taking into account a 60 per cent. contribution from the Exchequer, in meeting any future deficits in the pension account. It was desirable that the new scheme should be discussed with the teachers and the local authorities in advance of the triennial review of salaries which was due to take place shortly. He could not tell whether it would be possible to reach agreement with either side on the basis of the new proposals but legislation could not be prepared until the discussions had taken place.

The Chancellor of the Exchequer said that he was in full agreement with these proposals.

The Cabinet—

Endorsed the proposals put forward in C.P. (55) 138 and authorised the Secretary of State for Scotland and the Minister of Education to discuss them with representatives of the teachers and of the local authorities.

3. The Cabinet considered a memorandum by the Minister of Transport and Civil Aviation (C.P. (55) 139) proposing that powers should be taken to control aerial advertising.

The Minister of Transport said that he had discussed with the Secretary of State for Scotland, the Minister of Housing and representatives of the local authorities the threat to amenities created by the growing practice of advertising from the air. His colleagues and he had agreed that there was a strong case for imposing a complete ban on commercial advertising from aircraft through loudspeakers. Other forms of aerial advertising, though somewhat less objectionable, should be brought under an effective system of regulation which he would propose to exercise in collaboration with the local authorities concerned. The Attorney-General was doubtful whether powers of control could properly be taken by amendment of the Air Navigation Order, 1954. If, however, the Cabinet agreed in principle that aerial advertising should be brought under control, the method of assuming control over it could be considered separately. If legislation was necessary, it might be possible to proceed by way of a Private Member's Bill.

Discussion showed that the Cabinet were generally in favour of the proposal to bring aerial advertising under control. There was
support for the view that the proposed prohibition should extend, not only to advertising through loudspeakers, but to all forms of aerial advertising. A Private Member's Bill would be a convenient means of ascertaining whether there would be sufficient Parliamentary support for total prohibition of all aerial advertising.

The Cabinet—

1. Agreed in principle that powers should be sought to prohibit or control aerial advertising.
2. Invited the Minister of Transport and Civil Aviation to consider, in consultation with the Attorney-General and the Minister of Housing and Local Government, whether the necessary powers should be sought through a Bill introduced by a Private Member.

4. The Cabinet had before them memoranda by the Minister of Transport (C.P. (55) 140) and the Minister of Works (C.P. (55) 141) about the scheme for major road improvements to relieve traffic congestion at Hyde Park Corner, Park Lane and Marble Arch.

The Minister of Transport said that, in accordance with the Cabinet's decision of 26th July, an examination had been made of the possibility of modifying the London County Council (L.C.C.) scheme so as to reduce its interference with the amenities of the Royal Parks. The conclusion reached was that, even with the addition of a tunnel, the L.C.C. scheme could not be modified in such a way as to solve the traffic problem adequately at reasonable cost with less interference with existing amenities. It had, however, been assumed hitherto that the Decimus Burton screen at the south-east corner of Hyde Park should not be moved. If the possibility of moving the screen were taken into account, it might be possible to work out an alternative scheme; but the Minister believed that this would interfere even more with existing amenities and would involve a further sacrifice of land in the Park.

In view of the urgent need to deal with traffic congestion in London it was desirable that the L.C.C. scheme, with the tunnel, should be approved without delay. As the L.C.C. had already been asked to agree to the addition of the tunnel to their original proposals, he would find it difficult to inform them at this stage that a decision on the scheme must again be postponed until consideration had been given to alternatives involving the removal of the Decimus Burton screen.

The Minister of Works said that the Royal Fine Art Commission had taken the view that the L.C.C. scheme would involve great damage to the amenities of the Parks and had stated that it was not one which they could in any circumstances support. If, however, the removal of the Decimus Burton screen could be entertained, this might make it practicable to evolve an alternative which would be less objectionable from an aesthetic point of view. The Chairman of the Technical Sub-Committee of the L.C.C. had agreed that the removal of the screen would open up new possibilities, and the Road Research Laboratory had estimated that an alternative scheme could then be worked out which would increase the flow of traffic by 50 per cent. Such an alternative scheme might obviate the need for a tunnel, thus making it unnecessary to fell the line of trees on the north side of the Green Park. In view of the importance of the project these alternatives should be fully considered.

In discussion it was argued that the removal of the screen would mean that the area to the north of its present site would be formally taken out of the Park. This might lead in the end to pressure for the north and south carriage drives to be made one-way roads and taken out of the Park area. On the other hand, it was argued that
the effective area of the Park was already limited by the roadways, and that the area to the north of the screen was of no great amenity value.

It was suggested that it was desirable to obtain a considered opinion from the Royal Fine Art Commission on the aesthetic merits of alternative schemes. Hitherto, the Commission had only been asked to give their view on the original L.C.C. proposals, and had not been asked to suggest improvements. Moreover, while it was not intended that the existing road programme should be curtailed, the economic situation was such that it was undesirable that a spectacular and expensive scheme should be launched if an alternative solution could be devised which would cost less.

The Prime Minister said that it would be wrong to give final approval to the L.C.C. scheme, with the addition of a tunnel, until further thought had been given to the alternative schemes which the removal of the Decimus Burton screen would make possible. The Ministers concerned should therefore arrange for an outline scheme, involving the removal of the screen, to be worked out as quickly as possible. It might be helpful if the L.C.C. could join in this work in its later stages. The Cabinet might find it easier to decide which scheme to adopt if simple models of alternative plans could be made available for inspection. Meanwhile, there was no reason why the Minister of Transport should not inform the L.C.C. that the Government recognised the urgent need for major road improvements to relieve traffic congestion in that area, but that they were still considering whether alternatives to, or modifications of, the proposals put forward by the L.C.C. were desirable.

The Cabinet—

1. Invited the Minister of Housing, the Minister of Transport and the Minister of Works to arrange for an alternative scheme involving the removal of the Decimus Burton screen to be worked out, and for models of the alternative proposals to be made available, for consideration by the Cabinet at a later date.

2. Invited the Minister of Transport to inform the London County Council that the Government recognised the urgent need for major road improvements to relieve traffic congestion at Hyde Park Corner, Park Lane and Marble Arch.

5. The Cabinet had before them a note by the Chancellor of the Exchequer (C.P. (55) 142) covering a report by officials on the position reached in the negotiations with Japan for a new trade and payments agreement.

The Chancellor of the Exchequer said that, since the negotiations were resumed, the Japanese had come a considerable way to meet the requirements which the Cabinet had endorsed on 5th September as our objectives in the negotiations. Subject to their agreeing that their purchases of sugar from non-sterling sources should be excluded from the calculations, their undertakings in regard to their sterling expenditure and their assurances on non-discrimination were satisfactory. But the Japanese offers were subject to our agreeing not to urge the Colonies to restrict their imports from Japan, and also to our notifying independent sterling area countries that the balance of payments situation of the sterling area gave no ground for discriminatory restrictions on imports from Japan, and it was therefore essential that we should secure, in return, at least £2 millions worth of new quotas for Japanese imports which would be of real value to United Kingdom exporters. To obtain this we should agree to give Japan an additional quota for an equivalent value of their
canned salmon; and, if necessary in the last resort, we should even agree to buy an additional £3 millions of their canned salmon. We should also make it a condition of a satisfactory agreement that the Japanese system of determining and allocating the quotas of their importers should be improved to ensure that oil companies controlled by the United Kingdom had fair treatment.

The President of the Board of Trade said that, while he supported the proposals in C.P. (55) 142, the Cabinet should understand that it would be difficult to justify an agreement on these lines. Such an agreement would mean that Japan would be able at least to maintain her sterling balance of £80 millions. We should be informing independent sterling area countries that the balance of payments situation did not warrant discriminatory action against imports from Japan, at a time when we were announcing our inability to fulfil our obligation to increase the liberalisation of our trade with Europe. Japan would also have unrestricted access to Colonial markets. Moreover, Japan had refused to give us an assurance that she would not seek exclusive quotas for her exports to independent sterling area countries; and it would be open to her to make a bilateral agreement with Pakistan under which Pakistan would give Japan an exclusive quota for textiles. He therefore proposed that our negotiators should warn the Japanese that, if they subsequently entered into exclusive quota deals, the United Kingdom Government would have to take this into account when the agreement came to be reviewed in six months' time. Moreover, if pressed in Parliament, the Government could say that the Japanese had been told that in our view the agreement made it unnecessary for Japan to enter into exclusive quota deals.

As regards trade quotas, the President of the Board of Trade proposed that, if the Japanese refused to improve on their present offer, we should in reply reduce by £1 million the quota they at present enjoyed for exports of grey cloth to the United Kingdom.

In discussion there was general agreement that, as regards trade quotas, our negotiators should seek to obtain additional quotas of value to United Kingdom exporters on a £-for-£ basis in return for an additional quota for Japanese canned salmon. In the last resort, however, in order to secure £2 millions worth of additional quotas of value to our exporters, they should be authorised to agree that we should buy up to £3 millions more canned salmon. If, however, the Japanese refused to concede more than about £1 million of additional quotas of value to our exporters, an equivalent reduction should be made in the quota for United Kingdom imports of Japanese grey cloth.

It was also agreed that, although it would not provide any substantial safeguard, a unilateral statement designed to prevent Japan from obtaining an exclusive quota for textile exports to Pakistan should be made on the lines suggested.

The Cabinet were reminded that, at their meeting on 26th August, they had accepted the recommendation made by the Foreign Secretary (in C.P. (55) 109) that the question of shipping discrimination should not be again raised in the course of the current negotiations for a trade and payments agreement, but that it should be pursued separately through the diplomatic channel and on other suitable occasions. In discussion it was urged that no opportunity should be lost of obtaining satisfactory assurances from the Japanese on this question, and the Chancellor of the Exchequer undertook to arrange for officials to consider how this objective could best be pursued.

The Cabinet—

(1) Agreed that our negotiators should seek at least £2 millions of new quotas of value to United Kingdom exporters in return for an equivalent value of additional quotas for
Japanese canned salmon, on a £-for-£ basis; and that, if they did not succeed in obtaining more than £1 million of new quotas, the quota for United Kingdom imports of Japanese grey cloth should be reduced by £1 million.

(2) Subject to Conclusion (1) above, approved the recommendations made in paragraph 24 of C.P. (55) 142.

(3) Took note that the Chancellor of the Exchequer would arrange for officials to consider further how best to obtain assurances from the Japanese in connection with shipping.

6. The Prime Minister said that since their meeting on 22nd September he had reviewed, in consultation with some of his colleagues, the earlier decision that Parliament should re-assemble on 17th or 18th October in order to deal with the economic situation. If the date of re-assembly of Parliament were to be advanced, there would have to be a formal announcement giving a reason for this change of plan and he was apprehensive about the effect which this might have on public opinion and public confidence. The Cabinet had wished to avoid creating an atmosphere of crisis by recalling Parliament specially for this purpose in September; and, if dramatic action was to be avoided, there was much to be said for leaving unchanged the existing arrangements for the re-assembly of Parliament. He had therefore come to the conclusion that Parliament should re-assemble on 25th October, as planned, but that the House of Commons should proceed at once, on 26th October, to the consideration of the Government's proposals for remedying the economic situation.

The Chancellor of the Exchequer said that he was in full agreement with the view expressed by the Prime Minister. He would himself prefer that the arrangements for the re-assembly of Parliament should not at this date be changed.

In further discussion the Cabinet were informed that the loss to the reserves of gold and dollars in September had totalled $112 millions. They were also informed that the preliminary estimates of the trade returns for September were favourable: exports had been fairly well maintained during the month, but there had been a drop in the volume of imports.

The Cabinet—
Agreed that no change should be made in the existing arrangements for the re-assembly of Parliament, but took note that the House of Commons would be invited to begin, on 26th October, their examination of the Government's measures for remedying the economic situation.

7. The Foreign Secretary made a brief report to the Cabinet on his visit to the current meeting of the General Assembly of the United Nations. The handling of many of our current international problems had, he thought, been made more difficult by the accommodating attitude adopted by the Soviet Government at the Geneva Conference. As a result, other Governments were less disposed to maintain an unquestioning opposition to Soviet suggestions; and the solidarity of the anti-Soviet front was in jeopardy. In military metaphor, we had passed from a war of position to a war of movement; though the prizes might be higher, the tasks of foreign policy were more difficult. These difficulties had been enhanced by President Eisenhower's illness, which for the moment had paralysed the conduct of United States foreign policy. The current meeting of the General Assembly had also been marred by the action of the French Government in withdrawing their representatives in protest against the Assembly's
decision to discuss the situation in Algeria. It was, however, likely that the French Government would continue to be represented at meetings of the Security Council.

The Cabinet—
Took note of the Foreign Secretary's statement.

8. *The Foreign Secretary* said it was now known that the Egyptian Government had entered into a contract for the purchase of arms from the Soviet bloc. There were also indications that the Russians were making overtures for the supply of arms to Saudi Arabia, Syria and possibly other Arab countries. The implications of these developments were serious. It seemed likely that, with the situation in the Far East stabilised and a situation of stalemate in Europe, the Russians were turning their attention to the Middle East. Little information was available about the Egyptian contracts; but there was no doubt that, given the scale of their military preparedness, the Russians would be able to exceed even the United States in the quantity of obsolescent material which they could offer without damage to their defensive strength or to their economy. The Middle East offered a fruitful field for exploitation of this kind. As between Egypt and Israel, we and the United States had been pursuing a policy through the Middle East Arms Co-ordinating Committee but with increasing difficulty because of the defections of the French) aimed at ensuring that the supplies obtained by each country would be both strictly limited and fairly shared. It would now be necessary to consider how this new Soviet move could effectively be countered.

Both he and Mr. Dulles had spoken to M. Molotov on this subject in New York, without much effect. But he agreed with the Prime Minister's view that there would be advantage in making a direct appeal to the Soviet authorities if this could be done without giving them an opening to press for a discussion of the policy of the West towards the Middle East countries. Although the Russians had started to stir up trouble in the area it was not certain that they had done so on the basis of settled objectives and it might be possible to convince them that a fresh outbreak of hostilities between Egypt and Israel would represent a real threat to world peace. As regards action directed against Egypt, he had come to the conclusion that the right policy now was to accept the existence of the arms contract and to concentrate our efforts on keeping its effect within bounds, e.g., by ensuring that no Soviet technicians were admitted. Nasser's Government had no legitimate basis but was maintained by the Egyptian army and depended on its success in providing the army with weapons. It was perhaps unfortunate that our own deliveries of arms to Egypt had been disappointing and behind promise.

On the wider Middle East front, we should also take steps to make it apparent to the other Arab States, e.g., Iraq, that their advantage lay not in responding to Soviet overtures. It would lend weight to this if the United States were associated with the Northern Tier countries and accepted responsibility for helping them. But the fact that the Iraqi forces were armed with British heavy equipment created a difficulty, for the United States (although they could supply their own obsolescent equipment in substantial quantities) could only facilitate the supply of British types through aid funds which were limited.

*The Prime Minister* said that these developments might seriously affect our interests in the Middle East as a whole. Indeed, the importance of the developments in Egypt lay in their potential effect upon the other Arab States. Our interests in the Middle East were greater than those of the United States because of our dependence on Middle East oil, and our experience in the area was greater than theirs. We should not therefore allow ourselves to be restricted.
overmuch by reluctance to act without full American concurrence and
support. We should frame our own policy in the light of our interests
in the area and get the Americans to support it to the extent we could
induce them to do so. Our policy should be based on the need to
help our acknowledged friends and allies, such as Iraq, and the Trucial
States on whom our oil depended. The United States could well help
by the supply of arms, and President Eisenhower had not seen
difficulty in the use of aid funds for this purpose when the subject had
been discussed with him at Geneva.

The Prime Minister said that he did not know whether the
Russians realised how explosive the situation between Egypt and
Israel was, but he doubted whether they would consider it in their
interests that the dispute should escape control. He was therefore in
favour of a direct approach to Marshal Bulganin and invited the
Cabinet to consider the text of a communication which he had
prepared. He saw the risk of giving the Russians an opening to
suggest a conference on Middle East affairs as a whole, but he believed
that this risk must be taken. The alternative was to risk the enticement
of all the Arab States away from the West. He saw no advantage,
now that things had gone so far, in attempting to bring pressure upon
the Nasser régime, e.g., by withholding the release of sterling balances
or obstructing Egyptian policies in regard to the High Dam.

The Cabinet were in agreement that a message should be sent by
the Prime Minister to Marshal Bulganin in the terms of the text which
had been prepared, subject to certain drafting amendments which
were suggested.

In further discussion the following points were also made: —

(a) It would be inadvisable to attempt to subject the Nasser
régime to overwhelming pressure. It was doubtful whether such
pressure could be made effective and a rebuff would be bad for our
prestige in the Middle East.

(b) Our policy should be aimed as far as possible at isolating
Egypt among the Arab States. But it was essential that the supply of
Western arms to the Arab States allied to us should be expedited for,
if this were not done, not all of them could be expected to remain
stable in face of offers of Russian arms.

(c) Public opinion at home would expect the Government to have
made some representations regarding these Russian moves in the
Middle East. It could be made known that a communication had
been sent to the Soviet Government. The text of the message need
not, however, be published at this stage.

The Cabinet—

Took note that the Prime Minister would send to Marshal
Bulganin a message, in the terms proposed, regarding the
supply of arms to Egypt.

9. The Minister of Labour said that he had for some time been
following a policy of diminishing progressively the number of
industrial hostels supported by his Department. He now proposed to
announce that the remaining hostels would all be closed within the
next twelve months. This decision might provoke some protests from
industry, but he was satisfied that it was fully justified, not only as a
measure of economy but on merits.

The Cabinet—

Took note of this statement by the Minister of Labour.

Cabinet Office, S.W.1,
4th October, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 18th October, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.


The Right Hon. James Stuart, M.P., Secretary of State for Scotland.

The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.

The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. Geoffrey Lloyd, M.P., Minister of Fuel and Power (Items 6 and 7).

Dr. the Right Hon. Charles Hill, M.P., Postmaster-General (Item 8).

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1-5).

Secretariat:

Mr. H. O. Hooper.
Mr. F. A. Bishop.
CABINET

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Present:

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The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.

The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.

The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:

The Right Hon. Geoffrey Lloyd, M.P., Minister of Fuel and Power (Items 6 and 7).

Dr. the Right Hon. Charles Hill, M.P., Postmaster-General (Item 8).

The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 9 and 10).


The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1–5).

Secretariat:

Mr. H. O. Hooper.

Mr. F. A. Bishop.
PUBLIIC RECORD OFFICE

Reference

[Handwritten: CAB 128] 29

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<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Economic Situation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disappearance of two Foreign Service Officers</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>House of Commons Disqualification</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Legislation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Case of Mr. C. A. Howell, M.P.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Housing Subsidies</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Capital Punishment</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Soviet Union</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Visit of Soviet Leaders to United Kingdom</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Middle East Oil</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Buraími</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Post Office Finance</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Road Haulage Disposals Bill</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>Canals</td>
<td>11</td>
</tr>
</tbody>
</table>
1. The Cabinet approved the terms of a Press announcement to be issued from 10 Downing Street the following day about the Parliamentary arrangements for debate on the economic situation. The Cabinet were informed that steps were being taken to notify the Opposition about these arrangements in advance.

The Cabinet were informed that there would be pressure for a debate on National Service as soon as Parliament reassembled, and it was suggested that it would be preferable for the Government's policy to be explained in a White Paper before such a debate took place.

The Minister of Defence said that a White Paper could be made ready for publication by 29th October but it would not be possible, in the time available, to include in it detailed proposals on certain aspects of National Service which needed further consideration. The White Paper would therefore cover substantially the same ground as had been surveyed in the Prime Minister's speech at Bournemouth on 8th October. It would, however, be an advantage to be able to reply to the Questions which would be asked as soon as Parliament reassembled by promising that a White Paper, even if it could not be made comprehensive, would be published by 29th October, and that a debate would be arranged in the following week.

The Cabinet—
(1) Invited the Minister of Defence, in consultation with the Minister of Labour, to prepare a White Paper on National Service with a view to publication by 29th October.

The Foreign Secretary proposed that, in view of the Questions which would be asked as soon as Parliament reassembled suggesting that the Government should institute an inquiry into the issues raised by the disappearance of the two Foreign Office officials, the Government should without delay promise that an opportunity would be given to debate this matter. This might be done in the course of the business statement by the Leader of the House on 25th October. He proposed to seek the guidance of the Cabinet on the line which should be taken in such a debate.

The Cabinet were in agreement with this proposal. The Prime Minister said that he would consider whether to inform the Opposition in advance of the Government's willingness to afford opportunity for a debate on this subject.

The Cabinet—
(2) Invited the Foreign Secretary to circulate a memorandum for discussion at their next meeting on the line to be taken by Government spokesmen in a debate on the disappearance of the two Foreign Office officials.

2. The Home Secretary recalled that the House of Commons Disqualification Bill, as at present drafted, would not come into operation until the next Dissolution of Parliament. After consulting the Prime Minister, he now proposed to move an amendment in the Committee Stage to provide that the legislation should come into force on the date of the Royal Assent, but that Members of Parliament adversely affected should be able to retain their seats without penalty until the next Dissolution. This would enable the rationalisation of the law on this subject, including that governing Ministerial offices and Ministers of State, to come into effect without...
delay, but would at the same time protect sitting Members who would otherwise be affected.

The Cabinet—

(1) Took note with approval of the Home Secretary's statement.

The Lord Privy Seal said that his attention had been drawn to a further case in which a Member of the House of Commons might have become disqualified by acceptance of an office of profit under the Crown. It was thought that Mr. C. A. Howell, M.P., had become disqualified since he was a member of two panels constituted by the Minister of Pensions and National Insurance. It would be necessary for the Government to move for the appointment of a Select Committee to investigate this case, when Parliament met.

The Cabinet—

(2) Took note of this statement.

Housing Subsidies.

(Previous Reference: C.M. (55) 20th Minute 2.)

3. The Cabinet had before them a memorandum by the Minister of Housing and Local Government (C.P. (55) 155) reporting the results of his discussions with local authority associations about reductions in housing subsidies, and setting out (in the Annex to his memorandum) the detailed changes he now proposed in the rates of subsidy.

The Minister of Housing said that the rates he now proposed were in certain respects even lower than those he had previously mentioned to the Cabinet. In particular, he had not found it necessary in his discussions with local authority associations to go above a level of £20 per house for houses provided in connection with slum clearance, although the rate previously envisaged for these houses was £24. Although the local authority associations had protested vigorously against the proposals, they had not produced any convincing evidence that they would be unable to maintain a satisfactory rate of council house building with the reduced subsidies.

In discussion, the view was expressed that a reduction in expenditure on housing subsidies would be more acceptable to the public if the rate of subsidy for houses provided in connection with slum clearance was not reduced below the present level of £22 1s. per house. To continue that level of subsidy would not, of course, meet the claim of local authorities for an increase on account of higher building costs and interest rates.

The Chancellor of the Exchequer said that from the point of view of securing the largest possible saving in Government expenditure he would prefer that the rate for houses built in connection with slum clearance should be kept to the lower figure of £20 which had already been announced to the local authority associations. A really substantial saving on housing subsidies could only be obtained when some reduction could be made in the commitments for houses that had already been built. It would be helpful if some reference to the need to review subsidies on existing houses could be made when the Minister announced his proposals. It was similarly very desirable that there should also be some indication of the Government's intention to tackle the problem of rent restriction.

In discussion, it was pointed out that it had already been announced that the Government did not intend at present to alter the rates of subsidy payable in respect of houses already built. As regards rent restriction, it was suggested that it would be unwise to indicate that the Government had it in mind to deal with this problem unless their intentions could be carried into effect promptly thereafter,
and the Cabinet had not yet considered in detail what course of action it would be practicable to take in this extremely difficult matter.

It was the general opinion of the Cabinet that, in view of the close connection between the two subjects, it would not be possible in announcing a reduction in housing subsidies to avoid making some reference to rent restriction. It might be enough for the Minister of Housing to say that the Government recognised the relationship between the level of housing subsidies and the problem of rent control and were at present reviewing the whole structure of the Rent Acts. It was felt, however, that in the course of the Parliamentary proceedings on the Bill dealing with housing subsidies, it might become necessary for the Government to go somewhat further than this. It was agreed that the Cabinet should consider the draft of a statement on this subject at their next meeting.

In further discussion the following points were also raised: —

(a) The higher rate of subsidy of £24 per house for houses provided by New Town Development Corporations or by "expanded" towns for the accommodation of "overspill" population from big towns was justified by the fact that these authorities had no pool of pre-war council houses over which an increase in rents could be spread. New Town authorities would also be unable to make up for a reduction in housing subsidies by an increase in rates in the same way as other authorities could.

(b) The proposed higher subsidies for flats in buildings above four storeys in height were necessary because the taller buildings required strengthened construction and cost proportionately more.

(c) The Secretary of State for Scotland said that the proposal (in paragraph 2(c) of the Annex to C.P. (55) 155) to take powers to recover from the Councils of "exporting areas" 50 per cent. of any contribution which was paid for the accommodation of their "overspill" population by way of subsidy to other Councils, would raise particular difficulties in Scotland, in view of the acute overcrowding in such places as Glasgow. He would like to consider the implication of this proposal for local authorities in Scotland.

The Cabinet—

(1) Approved the proposals for amending the rates of housing subsidies, as put forward in C.P. (55) 155, subject to the rate for houses provided in connection with slum clearance being £22 1s. per house.

(2) Invited the Minister of Housing to circulate to the Cabinet, for consideration at their next meeting, a draft of the reference to the problem of rent control which he would propose to include in his announcement.

(3) Invited the Minister of Housing to consult the Secretary of State for Scotland about the implication for Scottish local authorities of the proposal, in paragraph 2(c) of the Annex to C.P. (55) 155, to recover a part of the Government's expenditure on subsidies from the Councils of "exporting areas."

4. The Cabinet had before them a memorandum by the Home Secretary and the Secretary of State for Scotland (C.P. (55) 148) seeking authority to announce that the Government could not accept the main recommendations of the Royal Commission on Capital Punishment and did not at present propose to introduce legislation to deal with the other recommendations.

The Home Secretary recalled that, after considering the report of the Royal Commission at their meeting on 29th July, 1954, the
Cabinet had agreed not to accept the three major recommendations of the Commission but had decided that no final decision should be announced until Members of Parliament had had an opportunity of expressing their views. The Cabinet had also agreed that legislation should not be introduced to give effect to certain minor recommendations of the Royal Commission. The debate on the Report of the Royal Commission which took place in the House of Commons on 10th February, 1955, turned mainly on a proposal, contained in an amendment to the Government Motion, that the death penalty should be suspended for a number of years. In so far as the recommendations of the Royal Commission were discussed in debate, there was substantial support for rejecting the proposals to raise from 18 to 21 the statutory age limit below which the sentence of death might not be imposed, and to confer discretion on the jury to decide whether extenuating circumstances would justify substituting a sentence of life imprisonment. The Royal Commission’s third main proposal, that the McNaghten rules in regard to insanity should be abrogated, had excited rather greater difference of opinion, but no satisfactory alternative had been suggested.

Nothing had been said in the debate or subsequently which would give the Cabinet cause to reconsider the conclusions they had reached, but no suitable opportunity had occurred for making any further statement on the matter. The Howard League had, however, recently submitted a memorial urging that capital punishment should be abolished or that at any rate the recommendations of the Royal Commission should be adopted, and it was to be expected that as soon as Parliament reassembled there would be pressure for some further indication of the Government’s intentions.

The Prime Minister said that, although any announcement would doubtless give fresh impetus to the demand that the death penalty should be abolished, nothing in his view had occurred to warrant any modification of the view which the Cabinet had previously taken. An announcement of the Government’s decisions on the matter should therefore be made at the first suitable opportunity.

The Cabinet—

Endorsed the proposal in paragraph 5 of C.P. (55) 148 and authorised the Home Secretary to announce, when a suitable opportunity arose, the Government’s decisions on the recommendations of the Royal Commission on Capital Punishment.

5. The Cabinet briefly discussed the question of the accommodation of the Soviet leaders during their forthcoming visit to the United Kingdom in April.

It was agreed that it would be appropriate for the Soviet leaders to be accommodated at a suitable hotel in London, but that arrangements should if possible be made for them to stay at private homes during their visits to Scotland and the provinces.

It was also agreed that an Association football match would be a suitable sporting event for the Soviet leaders to attend.

The Cabinet—

Invited the Foreign Secretary to be guided by the views expressed in their discussion in making the necessary arrangements for the visit of the Soviet leaders.
6. The Cabinet had before them a note by the Foreign Secretary (C.P. (55) 152) endorsing a report by officials which drew attention to the need for expenditure on a scale more closely related to the importance of our interests in the Middle East, particularly in the oil-bearing States. The report recommended that a working party should be set up to consider urgently what further action might be taken to safeguard these interests.

The Foreign Secretary said that British oil companies owned investments in the Middle East valued at £600 millions. The United Kingdom economy was now dependent on the oil produced in the Middle East area and, as the report showed, would become increasingly dependent on this oil. An asset of vital importance to us had grown up in that region within a period of fifty years and adequate steps should be taken to protect it. Both the Egyptians and the Saudi Arabians had been attempting to undermine our position in the area and it was evident that the Russians were now working to spread their influence there. Although the defence of our position depended primarily on the solution of major political problems, the prospects of success for our policies would be considerably enhanced by an increase in Government expenditure. Apart from sums spent in fulfilment of our treaty and similar obligations, the total expenditure of the United Kingdom Government in the area was at present less than £2½ millions a year. He hoped, therefore, that the Cabinet would endorse in principle the recommendation in the official report that our expenditure in the area should be on a scale more closely related to our essential interests there and would approve the setting up of a working party to go into the matter urgently.

Discussion showed that the Cabinet were generally in favour of these proposals.

The Chancellor of the Exchequer said that in his view our policy in the Middle East had long needed some reinforcement of this kind. He therefore supported the proposal that a working party should consider urgently, but without prejudice as to method or commitment as to the scale of any additional expenditure, what action might be taken.

The Minister of Education said, with reference to paragraph 11 (d) of the official report, that he was disturbed by the difficulties which were being encountered in providing British teachers and teachers of English for countries in which we had important interests. Other countries, notably Germany, were apparently able to subsidise the provision of teachers of their languages in foreign countries and he had even heard of subsidised European teachers being sent abroad to teach English. It was a disadvantage that the British Council were not in a position to subsidise teachers of English sent abroad. He hoped it would be possible for his Department to be brought into the proposed discussions.

The Prime Minister said that the proposals were both timely and important and that a preliminary report should, if possible, be submitted within two weeks.

The Cabinet—

(1) Endorsed in principle the recommendation in paragraph 13 of the report attached to C.P. (55) 152 that the expenditure of the United Kingdom Government in the Middle East, and particularly in the oil-bearing States, should be on a scale more closely related to our essential interests there.

(2) Agreed that a working party should be set up, with composition and terms of reference as set out in paragraph 13 of that report, with the addition of a representative of the Ministry of Education, to examine what further action should be taken to safeguard the free flow of oil supplies.
(3) Invited the Foreign Secretary to arrange that a preliminary report by this working party should be submitted to the Cabinet as soon as possible.
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7. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 153) about the dispute with Saudi Arabia over Buraimi.

The Foreign Secretary said that wholesale bribery in the area by the Saudi Arabian Government had rendered the Arbitration Agreement of July 1954 unworkable. It would now be unsafe to rely on any form of international decision to settle the dispute satisfactorily, and we therefore had no alternative but to base our future action and policy on a position of strength. This would involve reoccupying those parts of the disputed area to which we considered our claim fully justified and which were vital to our interests and those of our client Rulers. That method had been adopted earlier in the year in dealing with the Aden Protectorate and the Muscat frontiers against Saudi Arabia. We should again make a unilateral assertion of a reasonable line, defend it, and refuse to negotiate about it. This would in fact mean that we should not occupy some territory to which the Ruler of Abu Dhabi had a good claim; we should emphasise our forbearance in this respect, and in any case should avoid prejudicing our full claim in case we had eventually to submit to judicial settlement.

The retention of the Buraimi Oasis was essential to our position in South-East Arabia and to our interests in the oil deposits which were believed to exist in the Trucial States and the Sultanate of Muscat and Oman. But, under the Arbitration Agreement, the Saudis had been allowed to station fifteen policemen in Buraimi. It would be necessary to overpower this group without warning. This, together with the other action necessary, including the resumption of control by the Muscat authorities of Hamasa, would be regarded as highly provocative by Saudi Arabia and many other Arab interests. If such action were challenged before the United Nations, the influence of the United States might be decisive, and we should therefore seek to convince the United States Government that the action we had taken was justified and necessary on economic grounds.

The Foreign Secretary therefore recommended that we should inform the United States Government, and immediately afterwards the Saudi Arabian Government, that the Saudi action had made a judicial settlement of the dispute impossible; that we should then unilaterally declare the frontier we regarded as reasonable, making it clear that we would be prepared to make minor rectifications by agreement; that we should support the Ruler of Abu Dhabi in reoccupying the disputed area and removing the Saudi police from Buraimi, and should give the Sultan of Muscat any help necessary to resume control of Hamasa; and that we should be prepared to defend the action we had taken by force, if necessary.

The Prime Minister said that he agreed that unilateral action on the lines proposed should now be taken. To announce beforehand our intention to break off arbitration and to take unilateral action would, however, involve the risk that such action might be forestalled or that an avoidable clash of arms might take place. He therefore preferred that the disputed area should be reoccupied first, and an explanation given afterwards.

Discussion showed that there was general agreement with the Prime Minister's view, and the Cabinet were informed that the military arrangements which the proposed action called for would be considered by the Defence Committee on the following day.

The Cabinet also had a preliminary discussion of the possible legal consequences of the action proposed in C.P. (55) 153.
The Attorney-General said that the question of termination of the Arbitration might be the subject of litigation, if the President of the International Court was asked by the Saudis to appoint two new members to the Arbitration, and possibly the Saudis would succeed in getting the issue before the International Court. In view of this, it was important that our reasons for regarding the Agreement as repudiated by the Saudis should be expressed as fully and precisely as possible. We should have more chance of succeeding in establishing repudiation if we alleged and proved that the Pakistani member of the Tribunal had been bribed. If we relied only on the conduct of the Saudi member and bribery in the disputed area, he was not so hopeful of establishing before the Tribunal that the Saudis had repudiated the Agreement. It would be unfortunate if, after acting on the lines proposed, a Court or Tribunal later declared that the agreement to arbitrate was binding upon us.

It was the general view of the Cabinet that the legal consequences of the action which it was now proposed to take should be examined further by the Attorney-General, in consultation with the Foreign Office and Commonwealth Relations Office.

The Cabinet—

(1) Approved the recommendations in C.P. (55) 153, provided that the disputed area should be reoccupied before any announcement of our proposals was made to the United States or Saudi Arabian Governments.

(2) Invited the Attorney-General, in consultation with the Foreign Office and Commonwealth Relations Office to examine further the legal consequences to the action proposed in C.P. (55) 153.

8. The Cabinet considered a memorandum by the Postmaster-General (C.P. (55) 146) seeking authority to publish in a White Paper proposals which involved a major recasting of Post Office finance and charges.

The Cabinet were informed that these proposals had been examined by the Home Affairs Committee who felt that the Cabinet should have an opportunity of considering them, particularly in view of the increases recommended in telephone rentals and certain postal charges.

The Postmaster-General said that the proposals resulted from a comprehensive review of Post Office finance and development. It had become necessary to raise the annual income of the Post Office by the sum of £254½ millions in order to meet increased wage and other costs, to provide for depreciation of the equipment of the telephone service on the scale appropriate to replacement cost and to enable the Post Office to return to "self-contained finance" by resuming the practice of making an annual fixed contribution to the Exchequer as before the war. Of the additional revenue needed £19 millions would be raised by imposing increased charges for the telephone service. The telephone service to private subscribers and to some business subscribers in the provinces was now subsidised, to the extent of over £6 a year in the case of a private provincial subscriber. The rental charges would now be increased very substantially from about £6 to £9 for an exclusive provincial private line and from about £4 10s. to £7 10s. for a provincial shared private line. Business subscribers would pay about £1 each more. These increases might well prove a deterrent to some of the 380,000 people now waiting for the telephone. In raising nearly £7 millions of additional revenue from the postal services the burden was to the maximum extent possible being placed where the greatest losses were being incurred, particularly the express and re-direction services.
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The 2d. letter rate would, however, remain, as would the 3d. call-box fee for telephones, but letters weighing over 2 ounces would cost more and the parcel rates would have to go up. All the new rates would be announced in the White Paper and would come into force on 1st January, 1956.

The Chancellor of the Exchequer said that he supported the proposals. The increased charges were anti-inflationary in character and would be helpful in the present situation. It was not possible to say the same of the £300 millions investment programme which was envisaged in the proposals, but the amount was less than the Postmaster-General had thought necessary and he recognised that the figure must be accepted.

In further discussion the following points were made:—

(a) Although telephone rentals were paid by private subscribers, unlike business subscribers, out of taxed income, this was not an adequate reason for subsidising the private subscriber. Private lines established in the provinces were more expensive to install and maintain and the private subscriber would continue to be subsidised under the present proposals, although less so than before.

(b) There might be criticism of the proposal to provide for the depreciation of the telephone service on the basis of replacement cost. None of the nationalised industries had adopted this practice. The Exchequer might lose more than it gained from this proposal if industry at large pressed to be allowed to provide for depreciation on this basis against their tax liability.

The Cabinet—

Approved the proposals contained in C.P. (55) 146 and authorised the Postmaster-General to publish the White Paper setting them out.

Road Haulage Disposals Bill. (Previous Reference: C.M. (55) 28th Conclusions, Minute 6.)

9. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 154) setting out three new issues which had arisen in relation to the forthcoming Road Haulage Disposals Bill.

The Minister of Transport said that these issues related to matters on which the Home Affairs Committee had felt doubt in considering more closely the scope of the forthcoming Bill. The issues were concerned with the future of the Parcels Company, the abolition at the end of 1956 of the transport levy and the proposed arrangements for dealing with the contract service vehicles.

The Cabinet had decided at their meeting on 14th July that the Parcels Company should be put on offer for sale in October and the arrangements for doing this were now far advanced. It had been felt, however, that there was some risk that this company, which was performing a valuable public service, might pass into the hands of a speculator who would have no interest but to break it up and sell the assets. If, on the other hand, sale could be postponed it might prove possible to devise an alternative method of disposal which would ensure the preservation of the Company as a public service by making use of the more flexible powers with regard to company disposal which would be provided in the forthcoming Bill. He himself, however, did not rate highly the risk that any speculator would put forward a satisfactory offer for this Company. The cancellation at this late date of the arrangements for sale would not merely require a reversal of the Cabinet's previous decision but would evoke question and criticism among Government supporters, and would not be well received by the Disposals Board itself. If an offer were received from an unsuitable purchaser, he could not intervene to adjudicate upon it unless he were invited to do so by the British Transport Commission or the Disposals Board after disagreement among themselves, but he could draw their attention to the undesirability of allowing the Company to fall into unsuitable hands.
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As regards the transport levy, he had come to the conclusion, for the reasons set out in his paper, that the Commission would have been very favourably treated, in accordance with the principles laid down in the 1953 Act, if the levy were terminated at the end of 1956. But the Commission had put forward an additional claim based on hardship which would entail a revision of the provisions of the 1953 Act. This claim was so substantial that his colleagues had felt that further consideration must be given to it. He hoped, however, that in any event the Cabinet would endorse his proposal to maintain the levy at the same rate for the year 1956.

In the case of the contract vehicles it had been felt to be anomalous to compel the Commission to sell and replace vehicles needed to carry out contracts which the Commission were legitimately entitled to undertake. He was arranging to discuss this matter further with the Road Haulage Association but he was averse to amending the 1953 Act to increase yet further the number of vehicles to be retained by the Commission.

It was pointed out in discussion that it could not be made a condition of sale of the Parcels Company that it should be preserved as a public service. A buyer would put the assets to the most economic use he saw for them and it would not be practicable to attempt to control his actions. On the other hand, it would be unfortunate if the Company, which was performing a useful public service, were to fall into the hands of a speculator who had no other intention but to break it up. The risk of such a buyer coming forward for a company valued at £7 millions was, however, considered to be remote. It was felt that this risk would have to be taken and that the Minister of Transport should use such influence as he could bring to bear on the Commission and the Disposals Board to minimise it.

It was the general feeling of the Cabinet that the question of the transport levy raised complex issues which should be explored further by the Minister of Transport in consultation with the Ministers most closely concerned. It would be appropriate if the problem of the contract vehicles were to be considered further at the same time.

The Cabinet—

(1) Agreed that the arrangements for putting the Parcels Company on offer for sale should proceed as planned, but invited the Minister of Transport to attempt in consultation with the British Transport Commission and the Disposals Board to minimise the danger of the Company falling into undesirable hands.

(2) Invited the Minister of Transport to consult further with the Lord President, the Chancellor of the Duchy of Lancaster and the Financial Secretary, Treasury, on the issues which had arisen in connection with the transport levy and the contract vehicles respectively, and to report back to the Cabinet.

(3) Approved the proposal that, in any event, the transport levy should continue at its present rate for the year 1956.

The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 151) recommending that an independent committee of enquiry should be set up, on a widely representative basis, to examine the system of inland waterways.

The Minister of Transport said that the recommendations of an expert enquiry, the Rusholme Board of Survey, were already available. The purpose of the further and more representative enquiry which he favoured would be to create a climate of opinion in which some progress could be made towards abandoning canals which were surplus to transport needs, without undue obstruction by interests whose main concern was in the amenities of the canals.
In a preliminary discussion, the Cabinet recognised that there was considerable public sentiment on this question. If any further enquiry was entrusted to a small and expert body, the amenity and other groups interested in the matter might continue irresponsibly to resist the Government in their search for a practicable solution for the problem of the surplus canals. On the other hand, a more representative enquiry might simply lead to the submission of numerous minority recommendations, so that the enquiry would not result in the guidance which the Government wished to obtain.

The Cabinet—
Agreed to resume their discussion of this subject at their next meeting.

Cabinet Office, S.W. 1,
18th October, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 20th October, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. PETER THORNEycROFT, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:
The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Item 7).
The Right Hon. NIGEL BIRCH, M.P., Minister of Works (Item 7).
The Right Hon. LORD STRATHCLYDE, Minister of State, Scottish Office (Item 7).

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 7).
The Right Hon. PATRICK BUCHAN-HEBURN, M.P., Parliamentary Secretary, Treasury (Items 6 and 7).

Secretariat:

Mr. H. O. HOOPER.
Mr. J. M. WILSON.
Mr. F. A. BISHOP.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Foreign Affairs</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Far East</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Middle East</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Spain</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>United Nations</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Admission of New Members</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The Saar</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Four-Power Talks</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Disappearance of two Foreign Service Officers.</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Economic Situation</td>
<td>9</td>
</tr>
</tbody>
</table>
Foreign Affairs.
Far East.
(Previous Reference: C.M. (55) 26th Conclusions, Minute 4.)

1. The Foreign Secretary reviewed the situation in the Far East. There had been a relaxation of tension in the area of the Formosa Straits, and it was encouraging that the Russians had not availed themselves of the opportunity of creating difficulties over the failure of Viet Nam to implement the Geneva Agreements. Admittedly there had also been breaches of these Agreements in Laos. Though Diem had again repudiated any obligation under these Agreements, he had now taken certain steps which could be represented as constituting a reply to Viet Minh on the question of elections to determine the future of the two countries. In the meantime, Diem had arranged for elections within Viet Nam, mainly in order to strengthen his own position and for this he had been denounced by the Emperor, Bao Dai.

It had been felt that celebrations which were being organised in Macao in honour of the fourth centenary of Portuguese occupation might provoke hostile reactions from China with consequent repercussions for Hong Kong. It had therefore been suggested to the Portuguese Government that the scope of these celebrations might be limited.

No progress had been made in persuading the Chinese Nationalists to hand over Chou Chu, who was wanted in connection with the bomb explosion in the Indian aircraft carrying passengers to the Bandung Conference. The Chinese Nationalists had replied that there was no legal ground for our request since no treaty of extradition existed. Our Consul was being instructed to make a further request to the Chinese Nationalists for the release of Chou Chu pointing out the adverse effect on world opinion of their continued refusal to hand him over. The American State Department was also being asked to exert pressure on the Chinese Nationalists.

In discussion the Cabinet agreed that it was important to continue to press for the handing over of Chou Chu. Quite apart from our interest in establishing responsibility for this incident, which might have had far more serious consequences, the continued detention of certain witnesses who were being held in Hong Kong to testify in the trial of Chou Chu was causing difficulty. In the approach to the Americans the point should be made that a failure on their part to bring pressure on the Chinese Nationalists for the release of Chou Chu would adversely affect world opinion. This might react against them when the question of Chinese representation in the United Nations next came up for consideration.

The Cabinet—

Took note of these statements by the Foreign Secretary.

Middle East.
(Previous Reference: C.M. (55) 34th Conclusions, Minute 8.)

The Foreign Secretary said that in the Middle East the Russians had clearly embarked on a deliberate policy of opening up another front in the cold war. It would be wrong, however, to be too despondent about the position. The Suez Treaties had created a vacuum in the Middle East and it was a common reaction for a nation which had been controlled by another for a period to turn against it on first obtaining freedom. This initial reaction might be expected to give place eventually to a more balanced view. In the meantime we should adopt a policy of moderation in our dealings with Egypt and we should endeavour to persuade the Americans to do the same. We should concentrate on helping other Arab States who behaved loyally, while at the same time demonstrating that there were limits to the extent to which we could be provoked.

The Prime Minister said that the main objective of our policy should be to protect our vital oil interests in the Middle East. From
this point of view the strengthening of the Northern Tier defence arrangements was more important than the attitude of Egypt. Turkey was the pivot to the Northern Tier defence. This factor should be kept in mind in all considerations of the Cyprus question. It must be admitted that Egypt had not received any large supplies of arms from the United Kingdom and some of the supplies which had been approved for release had been held up through lack of agreement in the Near East Arms Co-ordinating Committee. In view of Nasser's dependence on the support of the Army in Egypt, his decision to accept the Soviet offer was understandable if regrettable. But Persia's adherence to the Baghdad Pact, although not of military significance, could be held to offset this decision in completing the chain of protection across the route to the oil. The allocation of the Egyptian High Aswan Dam project to the European consortium, if it could be secured, would be of immense value in restoring the prestige of the West and particularly of the older European Powers in the Arab world generally. In our dealings with Egypt it could be a trump card.

In discussion the following points were made: —

(a) A policy of attempting to reduce tension in the Middle East by limiting the supply of arms could only succeed if the Middle East States could not obtain supplies from countries who were not signatories of the Tripartite Declaration of 1950.

(b) It was the normal practice of the International Bank to require international tenders for any project which they supported; and the risk that this procedure might result in the High Dam contract being let to a Russian or satellite firm could not be excluded. The Chancellor of the Exchequer said that he recognised the political advantages of this project being undertaken by the European consortium. He was concerned, however, about the size of the United Kingdom's commitment. In view of the interest of the International Bank in the matter it would be advisable, before any further steps were taken, to consult with the United States Government with a view to securing their support for a policy with regard to international tender which would be acceptable to the Bank. In its present context such an approach might also result in getting further direct American support for the Egyptian economy.

(c) It would be necessary at some point to consult with the French and German Governments about the proposed arrangements for the High Dam project, but this should be deferred until further progress had been made with the International Bank.

Summing up, The Prime Minister said that at the forthcoming Meeting of Foreign Ministers in Geneva the Foreign Secretary should take the opportunity of impressing on M. Molotov the dangers of the recent Russian moves in the Middle East, which would upset the delicate balance in military strength which the Western Powers had been endeavouring to maintain in this area of tension. There was a real danger that war might break out between Israel and Egypt in which the Americans would be likely to support Israel. Once such a war had started it might well spread into a world-wide conflict.

The Cabinet—

(1) Took note with approval of the statements on Middle East policy made by the Prime Minister and the Foreign Secretary.

(2) Agreed with the proposal of the Chancellor of the Exchequer recorded in paragraph (b) above for handling the financing of the High Aswan Dam project.

(3) Invited the Foreign Secretary to emphasise to M. Molotov at the forthcoming Meeting of Foreign Ministers the dangers inherent in an arms race in the Middle East.
2. The Cabinet considered a note by the Foreign Secretary (C.P. (55) 147) covering a memorandum on our relations with Spain.

It was recommended in the memorandum that we should seek to bring about a progressive improvement in our relations with Spain by supporting her applications for membership of the United Nations and (assuming that difficulties over qualification were overcome) of the Organisation for European Economic Co-operation (O.E.E.C.). We should explain to the Spanish Government that these decisions had been taken in the belief that closer association of Spain with the economic and political life of the free world was desirable and would lead to an improvement in Anglo-Spanish relations. But we should at the same time invite them to re-examine their regulations affecting Gibraltar and make it clear that, while we were not seeking to strike a bargain, no policy designed to improve Anglo-Spanish relations could in fact succeed while abnormal restrictions at the Gibraltar frontier continued. We should also consider sympathetically any eventual Spanish request for admission to the Council of Europe, but the balance of advantage lay against any move to bring Spain into the North Atlantic Treaty Organisation at present. We should inform the United States Government of this policy.

The Cabinet also had before them a note by the Parliamentary Under-Secretary of State for the Colonies (C.P. (55) 157) setting out opinions expressed on relations with Spain by political leaders in Gibraltar during the recent visit of the Colonial Secretary.

The Colonial Secretary said that he supported the proposals in C.P. (55) 147, notwithstanding the attitude still maintained by the Spanish Government over Gibraltar. If the Spanish authorities could not be induced to modify their frontier restrictions, Gibraltar would be deprived entirely of Spanish labour from the mainland within ten or fifteen years. He agreed, however, that it would be a mistake to attempt to bargain our support of Spanish candidature for membership of international organisations against the removal of the frontier restrictions. Political opinion in Gibraltar supported this view. But he felt strongly that there should be no room for doubt about our intention to retain sovereignty over Gibraltar and that we should create a suitable opportunity for making a public declaration to that effect.

In discussion the following points were made:

(a) It would be difficult for Spain to qualify for membership of the O.E.E.C. unless she could increase significantly the very small proportion of her import trade which was at present liberalised.

(b) While it should be made clear to the Spanish authorities in discussion that we had no intention of relinquishing Gibraltar, the prospects of success for our policies would not be enhanced if the proposed approach to the Spanish Government were preceded by a public declaration to that effect.

(c) It was understood that all the labour needed to maintain Gibraltar could be housed on the Rock if a further 2,000 homes could be provided. If this could be done and the permanent labour force in Gibraltar appropriately strengthened it would not be necessary to rely upon daily labour from the mainland. The Colonial Secretary undertook to enquire further into this question.

The Cabinet—

(1) Approved the recommendations contained in the memorandum attached to C.P. (55) 147.

(2) Agreed that no public statement of our intentions with regard to the sovereignty of Gibraltar should be made in advance of the proposed approach to the Spanish Government.

(3) Invited the Colonial Secretary to circulate a memorandum on the point recorded in paragraph (c) above.
3. The Cabinet considered a memorandum by the Foreign Secretary (C.P. (55) 158) recommending that, subject to the addition of Spain to the list, we should now support the Canadian proposal that an understanding should be reached with the Soviet Government for the admission of seventeen new members to the United Nations.

   The Foreign Secretary recalled the previous discussion of this matter in the Cabinet on 15th September. The Canadian proposal, which provided for the admission to the United Nations of virtually all possible applicants, except divided States, would create as well as solve problems, and he had hoped that the proposal might have been abandoned, if only because of the objection of the United States to the admission of certain Eastern European countries and Outer Mongolia. Nevertheless, it appeared that the Canadians were likely to insist on putting their proposal forward and the Russians had now given an indication that they would be prepared to agree to the admission of both Spain and Japan. In these circumstances, for the reasons given in his memorandum, it became desirable that we should now support the Canadian proposal. Apart from our direct interest in securing the admission of such well-qualified States as Italy, Finland and Portugal, it was certainly not in our interests that Ceylon, together with other Asian and African candidates, should be given grounds for holding that we had obstructed their admission.

The Colonial Secretary said that, while he did not dissent from these conclusions, he must warn his colleagues that the admission of all the countries in the list would almost certainly lead to a complete change in the balance of voting in the United Nations on colonial issues. In his view, we should not thereafter be able to mobilise sufficient support to prevent, on grounds of non-competence, the inscription on the United Nations agenda of questions relating to our own overseas territories. We should then be left with no alternative but to withdraw from the discussion of colonial issues inscribed on the agenda against our will. This would not be a satisfactory situation.

It was the general view of the Cabinet that, notwithstanding the probable consequences which the Colonial Secretary had outlined, the balance of advantage must now lie in supporting the Canadian proposal.

The Cabinet—

Approved the recommendation in paragraph 5 of C.P. (55) 158 on the admission of new members to the United Nations.

4. The Cabinet considered a memorandum by the Foreign Secretary (C.P. (55) 159) on the possible consequences of the forthcoming referendum in the Saar.

   The Foreign Secretary said that the referendum was due to be held on 23rd October. If its outcome were favourable the Saar would achieve a European status, linked with Western European Union under a Commissioner responsible for foreign affairs, defence and certain internal functions. (In this event there might well be a request for the nomination of a British Commissioner.) If, however, there were an adverse vote the Franco-German Agreement of October 1954 would fall to the ground; legally the Saar would then revert to the position of French occupied territory with France responsible for its defence and for the representation of its interests abroad. In reality the situation would be one in which the majority of the Saar population would be opposed to their Government and would be without any means of constitutional self-expression until 1957, since Herr Hoffman, the present Prime Minister, had declared that if the Statute were rejected his Government would not hold further elections until the end of the present Landtag's normal term.
Though the French were confident of a positive vote, other observers considered that a negative majority was more likely. The attitude of the French had prevented the sending of an international police force into the Saar so that, if any disturbances now broke out, French troops would probably be used to restore order. This would certainly have an inflammatory effect on Franco-German relations, and it would be particularly unfortunate for such events to occur at the start of the Meeting of Foreign Ministers at Geneva. He suggested therefore that in the event of an adverse vote the United Kingdom should take the initiative in trying to find some legal means of providing for the Saar the benefits which would have resulted had the Statute been adopted, and of ensuring adequate safeguards for democratic principles in the Saar, such as preventing the suppression of pro-German parties and newspapers and providing for free elections to a new Landtag at the earliest possible date.

In discussion the Cabinet agreed on the importance of urging restraint on the French in the event of an adverse vote on the Saar referendum. The result would be known while the Western Foreign Ministers were meeting in Paris before the Geneva Conference and if necessary a personal message might be sent to M. Faure by the Prime Minister.

The Cabinet—
Endorsed the proposals put forward by the Foreign Secretary in C.P. (55) 159.

5. The Prime Minister informed the Cabinet that he had discussed with the other Ministers concerned the policy to be pursued by the Foreign Secretary at the Meeting of Foreign Ministers which was due to open at Geneva on 27th October.

On the main issue of the relationship between European Security and German unity, it would be right that the offer of a Security Pact should contain guarantees for the Russians; but any concessions we offered should only be made in return for, and at the same time as progress was made towards, German reunification. There would be full agreement between the Western Powers on this policy.

The Cabinet—
Took note of this statement.

6. The Cabinet were informed that the Labour Opposition had been told that the Government were prepared to have a debate as soon as possible on the questions arising out of the disappearance of the two Foreign Service officers, Burgess and Maclean. In discussing the line to be taken by Government spokesmen in the debate, the Cabinet considered the Foreign Secretary's proposal that the Government should offer to hold a public enquiry on the conditions set out in his memorandum C.P. (55) 161.

The Foreign Secretary said that there was strong pressure from several quarters for some form of enquiry. He was convinced that there was nothing to be said for holding an inquest into the past. This would give currency to a stream of false and misleading statements which could never be overtaken and corrected in the public mind. But he saw certain positive advantages in an enquiry directed to examine what further safeguards were needed to ensure the security of national interests in the future.

This problem went further than the security of documents and the loyalty of officials. Even now it was possible for Communist labour leaders to penetrate, in the course of trade union business, into establishments where secret work of the highest importance was being carried on. There was therefore a security question in relation
to certain secret establishments. Moreover, in regard to the employment of Government officials generally, there might be need for further powers or a clearer definition of the powers available and the circumstances in which they could be exercised.

Secondly, much of the criticism of the failure to prevent breaches of security in the past implied a criticism of the law as it stood. Additional safeguards could only be furnished if the law were first amended, and an enquiry would bring out into the open the essential conflict which lay between security and individual freedom.

In discussion the following points were made:

(a) If an enquiry were held, it would be difficult to limit it to the question of ensuring security in the future. An attempt would be made to hold an inquest, not merely into the breaches of security which had occurred, but into circumstantial matters of the conduct of individuals and the reasons for their continued employment.

(b) The Home Secretary said that any tribunal of enquiry would wish to carry out some examination into the working of the Security Service. He therefore saw considerable objection to a tribunal constituted on the lines proposed by the Foreign Secretary and containing, e.g., representatives of industry and the trade unions. He would prefer that, if there was to be an enquiry, it should be conducted by a small body of Government and Opposition leaders.

(c) The question of publicity would also present a dilemma. For only a public enquiry would satisfy public opinion, but this would throw a spotlight on a number of matters which might prejudice future security. For example, it was not desirable to give publicity to the limited degree of security which could at present be exercised at industrial establishments.

(d) It might be possible to consider requiring people engaged on secret work to give an undertaking not to leave the country without permission. Such an undertaking could not, however, be enforced without the power of arrest. A previous enquiry had shown that new powers would have to be taken to prevent a suspect, whether he had given such an undertaking or not, from leaving the country.

(e) Public opinion was notoriously uncertain on this kind of issue. The House of Commons, as experience had recently shown in the debates on the Atomic Energy Bill, were extremely reluctant to provide the Government with powers which departed in any way from the traditional principles of English law.

(f) It was suggested that the broader purposes of an enquiry would be achieved if the Government were to state in debate the dilemma which the security problem presented and invite the Opposition and the House to consider what solution would be generally acceptable to public opinion.

The Prime Minister said that at the heart of this matter lay the question of the suitability of the machinery of a public enquiry for an investigation which would be concerned with the fundamental principles of our national life. If, in our concern for security, it was now necessary to probe deeply into these issues, it was for Parliament itself to conduct the enquiry and to reflect public opinion on the dilemma which the issues presented. It would be wrong therefore to offer to set up a public tribunal of enquiry. If, in the course of debate, it became clear that the House felt need for the kind of assurance, especially on the working of the Security Service, which a private enquiry might yield, the Government could consider proposing a confidential enquiry by Government and Opposition leaders.

The Cabinet—

(1) Decided that pressure for a public enquiry of any kind should be resisted in the forthcoming debate in the House of Commons, and that the Government should make no offer of an independent enquiry of the kind proposed in C.P. (55) 161.
Agreed that further consideration should be given to the desirability of a confidential enquiry, to be conducted by Government and Opposition leaders, should the course of the debate indicate that such an enquiry would serve a useful purpose in reassuring public opinion.

Economic Situation.

(Previous References: C.M. (55) 35th Conclusions, Minute 1, and C.M. (55) 34th Conclusions, Minute 6.)

7. The Chancellor of the Exchequer informed the Cabinet of the measures which he proposed to announce to the House of Commons on 26th October.

As regards expenditure by local authorities, he said that the terms of the circular (set out in C.P. (55) 156) which would be sent to reach local authorities on the day following his statement had been agreed with the Ministers concerned. He would also announce the new arrangements for capital finance for local authorities, as proposed in his memorandum C.P. (55) 131. He would indicate in his speech, the relevant parts of which would be shown to the Ministers concerned, the extent to which particular sectors of expenditure would not, in the Government’s view, fall to be included in the review which local authorities would make.

He would also describe what reduction in expenditure would be achieved by restricting the investment plans of certain nationalised industries, such as gas and electricity, and, to a small degree, coal. Although it could be claimed that since 1951 there had been a significant reduction in the proportion of the national product devoted to Government expenditure, it would be difficult to show that the Government would be making any further substantial reduction in their direct expenditure. The immediate saving through the reductions in the rates of housing subsidy would not be large. He proposed to announce that work would be held up on certain Government buildings (i.e., the new Colonial Office, the offices in Horseferry Road, and the Embassy building in Washington), and he would also mention the saving which would result from the reorganisation of Post Office finances. But, failing some such step as a reduction in the number of teachers or the imposition of further charges under the National Health Service, a substantial reduction in Government expenditure could only be obtained if the bread subsidy were to be abolished.

To encourage savings, he would mention the new Defence Bond issue, and would announce an increase in the maximum permissible holding of Savings Certificates.

He was doubtful whether, on balance, the foreign travel allowance should be reduced to £75. In many ways this would be a retrograde step, but there would be some direct saving of foreign currency, and it might be psychologically valuable as a balance to other measures.

The adjustments he proposed to make in the purchase tax, which included alterations in the rates of tax on textiles, with an increase of one-fifth in the general rates of tax and inclusion of domestic utensils, would yield £75 millions. These adjustments would be of constructive value, since by abolishing the "D" scheme, and bringing silverware and cut glass into a different category, they would help exports.

He also proposed to announce an increase in the rate of tax on distributed profits. It was for consideration whether the rate should be increased from 22½ per cent. to 27½ per cent. (which would yield £38 millions) or to 30 per cent. (which would yield £57 millions).

The Chancellor of the Exchequer said that all these measures, in addition to the credit restrictions already introduced, would show that the Government were determined to maintain the strength of sterling by restraining excessive demand, due to both investment and consumption.

In discussion it was argued that the inflationary pressure was due to too much investment, and not only to too much consumption. There was excessive demand particularly on the machine-tool and

49605-2
heavy engineering industries, with the result that manufacturers in these industries were discouraged from exporting, even though there were valuable overseas markets available, such as Canada. On these grounds, a case could be made out for abolishing the investment allowance which was instituted in 1954. On the other hand, private industry was already subject to the credit restrictions; and it would be unwise to withdraw the investment allowance which had been introduced so recently or to take further measures to cut investment by private industry, since this would have the effect of hindering our export industries from renewing their factories and equipment.

As regards the foreign travel allowance, the view was expressed that a reduction to £75 would not prevent many people from continuing to travel. This measure, although of no great financial consequence, would show that the Government disapproved of unnecessary spending abroad.

The Cabinet again reviewed the arguments for and against the abolition of the bread subsidy.

The Chancellor of the Exchequer said that the subsidy was economically indefensible, and that its removal would be taken as a sign that the Government were determined to check inflation. This would materially assist in maintaining foreign confidence in sterling. Moreover, only by checking inflation could the Government hope to halt the continuing increase in wages. The effects on the poorer sections of the community of removing the subsidy could be offset by some increase in National Assistance.

The Minister of Labour said that, if the bread subsidy were not abolished, it could be hoped that, despite the effect of the other measures on the cost of living, responsible trade union leaders would help to restrain the pressure for higher wages. But an increase in the price of bread would make the Government's proposals, taken as a whole, unacceptable to organised labour, who would be united in pressing not only the wage claims that were at present under consideration, but further claims as well. There would be a grave danger of a serious deterioration in industrial relations during the coming winter.

The Minister of Pensions said that if the subsidy were abolished some increase in National Assistance, which might otherwise be avoidable, would become necessary. If this increase were one of 2s. 6d. a week it would cost £13 millions a year, but the increase might have to be as much as 5s. a week. The abolition of the subsidy would not only mean that expenditure on National Assistance would be substantially increased, but that the number of people receiving assistance, which had been falling this year, would again rise. This would not be helpful from the point of view of confidence. In his opinion it would be wrong for measures to reduce consumption to be directed against essentials such as bread.

In discussion, it was suggested that, as the bread subsidy was generally recognised to be undesirable, the present would be the best time to abolish it. The other measures contemplated would in any case provide plenty of arguments for claims for higher wages, and the addition of an increase in the price of bread would not be material in this respect. On the other hand, it was argued that it would be easier to remove the bread subsidy at a time when concessions which would compensate most of the people affected could be made; an increase in National Assistance would only provide for the poorest sections of the community. It would be wrong, at a time when there had been recent price increases, as on coal, and when other measures which would increase the cost of living were to be introduced, to increase the price of bread also.

The Prime Minister said that the measures which the Government proposed to deal with the economic situation would be acceptable to
the country if they were thought to be equitable. An increase in the price of bread would undoubtedly be represented as unfair, and might indeed be regarded as unjustified. He was concerned with the effect which such a step would have on wage negotiations and industrial relations. He would therefore like to discuss this measure further with the Chancellor of the Exchequer, taking into account the views expressed by the Cabinet.

In connection with the announcement of the measures to deal with the economic situation, the Cabinet had before them a memorandum by the Minister of Housing (C.P. (55) 160) suggesting the terms in which, in stating the Government's policy on housing subsidies, he proposed to refer to the problem of rent control.

The Prime Minister said that he felt that any reference to rent control should not imply that the Government had decided that changes in the existing system should be made. There was general agreement with this view, and it was decided that this reference should be as follows—

"The Government recognise that the level of rents of council houses and that of comparable privately-owned houses are inter-related. It is therefore necessary to review the whole structure of the Rent Acts. We shall announce our conclusions in due course."

The Cabinet—

(1) Took note that the Prime Minister and the Chancellor of the Exchequer would consider further the question of the abolition of the bread subsidy, in the light of the views expressed in the Cabinet's discussion.

(2) Invited the Chancellor of the Exchequer to inform them at their next meeting of his final proposals concerning the bread subsidy, the foreign travel allowance, and the rate of tax on distributed profits.

(3) Invited the Minister of Housing to include in his announcement about the housing subsidies the reference to rent control approved in the Cabinet's discussion.

Cabinet Office, S.W. 1,
21st October, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 25th October, 1955, at 10.30 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.

The Right Hon. Viscount Kilmuir, Lord Chancellor.


The Right Hon. James Stuart, M.P., Secretary of State for Scotland.

The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:

The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 7).

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1-3).

Secretariat:

Mr. H. O. Hooper.

Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Economic Situation</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Cyprus</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Egypt</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>High Dam at Aswan.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Malaya</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>National Service</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Canals</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Summer Time</td>
<td>7</td>
</tr>
</tbody>
</table>
1. The Chancellor of the Exchequer said that he had discussed further with the Prime Minister whether the abolition of the bread subsidy should form part of the measures which he proposed to announce. He remained of the opinion that the subsidy should be abolished, in order to show that the Government were determined to restrict current as well as capital expenditure. But, in deference to the considerations advanced by the Prime Minister and other members of the Cabinet, he would not press his view further. If this chance were not taken, it was not likely that any other early opportunity of abolishing the bread subsidy would arise; it might, however, be abolished in the spring, when budgetary concessions could perhaps be made to offset the effects of an increase in the price of bread on those most affected by it. He thought it likely that, even if the bread subsidy were not now abolished, some early increase in National Assistance would be necessary.

If the bread subsidy were not now to be abolished, he proposed that the increase in the rate of tax on distributed profits should be limited to 5 per cent. He had also decided that it would not be worth while to reduce the foreign travel allowance.

The inevitable delay in announcing the Government's measures to deal with the economic situation had不幸地 meant that an atmosphere had been created in which the Government's proposals might not be well received. To make up for the absence of measures to effect a substantial reduction in the Government's current expenditure, he would have to make the most of the savings which would result from the postponement of work on Government buildings, and from the reorganisation of Post Office finances. He would also have to show that it was not possible, at the present time, to reduce expenditure on defence or on the agricultural subsidies.

He trusted that the measures, taken as a whole and having regard to the fact that the price of bread would not be increased, would make it possible for responsible trade union leaders to exercise a restraining influence on wage demands.

The following points were raised in discussion:

(a) It would be known early in December whether an application would be made for increases in National Assistance rates. The Minister of Pensions said that he could arrange that, if such an application were made, it would not specify the precise amount of the increases until there had been an opportunity for him to consult the Chancellor of the Exchequer.

(b) The Minister of Agriculture, Fisheries and Food said that it had been intended that the £2 millions which it would cost to reach a settlement with the small bakers (which would have slightly increased their profit margins in order to meet part of the extra cost of making a greater proportion of their bread in small loaves) should be offset to the extent of £1 million by increasing the price of the small (14 oz.) loaf from 4¼d. to 4½d. If, to his disappointment, the bread subsidy could not now be abolished, it seemed to him that it might be preferable to avoid making this small increase in the price of the small loaf at the present juncture. This would mean that the Exchequer would have to bear the cost of whatever settlement could be made with the small bakers, until circumstances made it possible, perhaps in about two months time, to increase the price of the small loaf.

The Chancellor of the Exchequer concurred with this view, with which the Cabinet were in general agreement.

(c) If the question of reducing the agricultural subsidies were raised in the economic debate, it could be pointed out that the current estimate was that the annual expenditure on direct subsidies under the price guarantees would be about £35 millions less than in the last published estimate.
The Prime Minister said that, on balance, the delay in introducing the Government's measures to deal with the economic situation had been justified, since it had enabled the Government to avoid an atmosphere of crisis, and had also given time for sterling to be strengthened, through the assurances which the Chancellor of the Exchequer had given at the meeting of the International Monetary Fund in Istanbul. He thought that the measures upon which the Cabinet had agreed would, as a whole, be regarded as equitable and justified.

The Cabinet—

(1) Agreed that the measures to meet the current economic situation should not include the abolition of the bread subsidy.

(2) Agreed that the price of the small loaf should not be increased for the time being.

(3) Took note, with approval, of the remaining measures which the Chancellor of the Exchequer proposed to announce to Parliament on the following day.

Cyprus.

(Previous Reference: C.M. (55) 32nd
Conclusions, Minute 5.)

2. The Colonial Secretary said that the Governor of Cyprus had expressed the opinion that the proposed expulsion law, which would give the Government of Cyprus power of summary deportation, should be enacted well in advance of any action to be taken under it. The Governor had also sought an assurance that, if the expulsion law were enacted, authority for him to take action under it as soon as an offence was committed would not be withheld.

The Colonial Secretary said that in his view the expulsion law should not be enacted immediately, since that would prejudice the discussions which the Foreign Secretary was at present having in Paris with the Greek Foreign Minister. Those discussions, if successful, might lead to the resumption of the Governor’s conversations with Archbishop Makarios. Moreover, in view of the speed with which the proposed expulsion law could be put into force, he was inclined to think that the law should not be enacted until some offence occurred for which its application would be appropriate.

The Prime Minister said that he agreed that it would be unwise to enact the expulsion law until the outcome of the Foreign Secretary’s present discussions was known. There was, however, something to be said for enacting the law well in advance of any action to be taken under it, as the Governor proposed, so that fair warning was given to people against whom deportation action might have to be taken.

Discussion showed that it was the general view of the Cabinet that a decision to enact the proposed expulsion law should not be taken while the discussions between the Foreign Secretary and the Greek Foreign Minister were in progress. The Governor of Cyprus should be informed that the Cabinet would consider what guidance could be given to him on this question as soon as the outcome of the Foreign Secretary’s present discussions was known.

The Cabinet—

(1) Agreed to consider the question of an expulsion law further when the outcome of the Foreign Secretary’s discussions with the Greek Foreign Minister was known.

(2) Invited the Colonial Secretary to inform the Governor of Cyprus accordingly.
3. The Cabinet resumed consideration, in the light of telegrams which had been received from Washington, of the question of ensuring that the European consortium secured the contract to build the proposed High Dam over the Nile at Aswan.

The Prime Minister said that this contract, if it could be secured for the consortium, would provide the most effective counterpoise possible to Russian penetration in Egypt for it would give us a controlling influence over the Nile waters. The contract would also place us in a strategic position to safeguard our interests in the future of the Sudan. But it would be essential to act quickly if we were to avoid the risk of the contract slipping through our hands. This risk might well be serious if we were to become involved in long and difficult negotiations with the International Bank over the question of international tender. He wondered, therefore, whether the right course might not be to broaden the basis of the consortium by a direct invitation to American construction interests to undertake a proportion of the work. Such an approach, with the details left to be worked out, had proved very successful in the case of Persian oil. Alternatively, we should consider whether we and our European partners could shoulder the financial risks involved without assistance either from the United States or from the International Bank. It would certainly be dangerous to allow matters to take their course pending the outcome of a visit which Egyptian negotiators proposed to pay to Washington in mid-November to discuss Egypt’s financial needs with the International Bank, for the contract might in the meantime have been awarded to the Russians.

The President of the Board of Trade said that he thought it would be possible eventually to negotiate the participation of American interests in the consortium but it would take time to do so. The Germans, and not ourselves, had initiated the enterprise. As regards the financial burden, the cash payments to be made by Egypt up to the year 1962 would be covered in large part by her sterling balances which were due to be released. If, however, Egypt proved unable to find after 1962 the cash resources sufficient to meet the instalments due in the remaining years, there would be a further contingent liability of about £45 millions of which our share would be one-third. The Egyptians themselves were concerned at the margin between their resources and potential liabilities and were seeking financial assistance from the International Bank. But it would take time to negotiate an untied credit of about £50 millions from the International Bank to cover this contingency. If, however, we were prepared to shoulder the risk ourselves he thought there would be a good chance of negotiating with the Egyptians a definite arrangement under which the sterling releases were tied to the payments due to the consortium.

The Chancellor of the Exchequer said that he would not recommend embarking upon an independent course of action without first informing Mr. Black, the President of the International Bank, of the direction in which our minds were now moving. But Mr. Black had not hitherto felt it possible to deviate from the principle of international tender for a project of this kind. He should now be informed that we were prepared to consider shouldering the financial risks ourselves. We should of course continue our conversations with the United States Government on Egypt’s financial needs generally.

The Cabinet—

(1) Agreed that it was a matter of prime importance to secure for the European consortium the early award of the contract for the Egyptian High Dam and that, in order to ensure this, it might become necessary for the European Governments concerned to underwrite the financial risks themselves.

(2) Invited the Chancellor of the Exchequer to be guided by the sense of the Cabinet’s discussion in further urgent negotiations with the International Bank.
4. The Colonial Secretary said that the Chief Minister in Malaya, Mr. Tunku Abdul Rahman, had embarked upon a course of action which must give grounds for alarm. As the amnesty announcement of 8th September had failed to achieve any result, the Chief Minister felt it necessary that he should go into the forest himself to hold discussions with Communist leaders. Refusing to be dissuaded from this course, he had at first agreed to refrain from such a meeting from opening negotiations and from according recognition to the Communist Party, but to confine himself to further explanation of the terms of the amnesty. Later he had taken the view that the amnesty offer had not gone far enough and that he must be allowed, for the purpose of a meeting with the Communist leaders, a mandate to settle the situation as best he could. The High Commissioner, who had been instructed to remind Mr. Rahman of the undertaking he had given earlier, had replied that he felt that it would be impossible to dissuade the Chief Minister from entering into discussion with the Communist leaders, and that, if unacceptable conditions were imposed, the Chief Minister might well resign and so place himself in a position to cast the blame upon the Government at home for obstructing a course of action which could be represented as opening up a prospect of bringing the emergency to an end. The Commissioner-General, South-East Asia, had endorsed this view. The Government of Malaya was not, of course, the responsibility of the Chief Minister but of the High Commissioner in Executive Council, and the Chief Minister would have to report to the Council on his return. While it would be open to the Executive Council to reject any agreement or understanding with the Communists into which the Chief Minister had entered, it could be expected that any such act would precipitate a crisis of first importance. We should have no alternative but to stand firm in such an event and it would be right for us to do so.

The Prime Minister supported this view.

The Cabinet were informed that Mr. Marshall, the Chief Minister of Singapore, whose attitude towards Communism was more resolute and who would therefore have been a strengthening influence at the proposed meeting with Communist leaders, was now reconsidering his decision to be present.

The Cabinet—

Took note of the Colonial Secretary’s statement.

5. The Cabinet had before them a note by the Minister of Labour (C.P. (55) 149) giving a summary of the results of an enquiry into the effects of National Service on the education and employment of young men. The general conclusion of the enquiry, which had been undertaken by the Ministry of Labour at the request of the Advisory Council on Relationship between Employment in the Services and Civilian Life, was that, although National Service inevitably caused some disturbance in civilian careers, it did not create any major problems of employment or resettlement.

The Minister of Labour said that publication of the results of the enquiry had been promised in Parliament, and he proposed that the report of the enquiry should now be published.

There was general agreement with this view. The Prime Minister said that it would be convenient if, in the course of the statement which he was to make to Parliament that afternoon promising a White Paper on National Service, he were to announce that this report also would be published.
The Cabinet—

Authorised the Minister of Labour to arrange for the early publication of the report of the enquiry into the effects of National Service on the education and employment of young men; and took note that the Prime Minister would announce the forthcoming publication of this report in the course of his statement to Parliament that afternoon promising a White Paper on National Service.

Canals.

(Previous Reference: C.M. (55) 35th Conclusions, Minute 10.)

6. The Cabinet resumed their consideration of the principles which should be followed in selecting the members of the proposed independent Committee of Enquiry to examine the system of inland waterways.

It was the general view of the Cabinet that, as the primary function of the enquiry would be to create a climate of opinion which would enable the Government to make progress towards a solution of the problem of the canals, a Committee constituted on a widely representative basis would be more effective for this purpose than a small and independent body. There was a great deal of public anxiety and even some agitation on the subject of canals. Although the amenity and other groups who were interested in preserving the canals might dissent from the conclusions of a Committee of Enquiry on which they were represented, it might reasonably be expected that the Committee would arrive at majority conclusions which could, in fact, form the basis of action by the Government. It was considered that, as an alternative, debates in each House of Parliament would not be an effective means of ventilating all points of view. On the other hand, it was felt that the proposed Committee, as outlined in the Appendix to C.P. (55) 151, might be too large to be effective and that consideration should be given to appointing members in more than one capacity.

The Cabinet—

(1) Approved in principle the basis of composition set out in C.P. (55) 151 for the independent Committee of Enquiry into the system of inland waterways, subject to some reduction in the total numbers of the Committee.

(2) Invited the Minister of Transport to circulate to the Cabinet his proposals regarding the members to serve on this Committee.

Summer Time.

7. The Cabinet had before them a memorandum by the Home Secretary (C.P. (55) 150) about an extension of the period of summer time in 1956.

The Home Secretary said that in 1954 it had been agreed that the circumstances did not warrant invoking the special provisions in the Summer Time Act, 1947, to allow the normal period of summer time, which was fixed under the Summer Time Acts, 1922 and 1925, to be extended. The special provisions, which varied the dates fixed in the Acts of 1922 and 1925, gave rise to a number of practical difficulties, e.g., in connection with railway time-tables. When he had announced to the House of Commons that summer time would not be extended in 1955, he had stated that the special provisions in the 1947 Act would not in future be used to effect annual changes in the statutory period of summer time unless there were most exceptional reasons for doing so. Any general public demand for extended summer time was, in practice, directly related to the fineness of the summer: when the weather was indifferent, there was little public interest in an extension of summer time.
In discussion it was pointed out that farmers, particularly Scottish farmers, raised vigorous objections to an extension of summer time, since they could not take full advantage of the earlier hour and consequently might have to pay their workers more overtime.

Discussion showed that it was the general view of the Cabinet that the period of summer time should not be extended in 1956.

The Cabinet—
Agreed that the period of summer time should not be extended in 1956.

*Cabinet Office, S.W. 1.*
*25th October, 1955.*
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 27th October, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade (Items 1-4).
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:
The Right Hon. Lord De L'Isle and Dudley, Secretary of State for Air (Item 2).
The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Antony Head, M.P., Secretary of State for War (Item 2).
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 3-6).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Item 1).

Secretariat:
Mr. H. O. Hooper.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Economic Situation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disappearance of two Foreign Office Officials.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Armed Forces</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Education Grants</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Road Passenger Transport</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Monopolies and Restrictive Practices</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Calico Printing</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>New Hebrides</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Canals</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Education</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Teachers' Superannuation</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Technological Education</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Assistance by Industry to Independent Schools.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Pensions</td>
<td>8</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

After the report stage of the Budget resolutions on 31st October, there would be a debate on the economic situation on a motion to be tabled by the Opposition. Whether the Prime Minister would speak in this debate would depend on the choice of Opposition speakers. If the Prime Minister decided not to speak, the Minister of Supply might take part, with the Chancellor of the Exchequer in that debate. This would leave the Financial Secretary, Treasury and the Economic Secretary, Treasury, to deal with the Budget debate in the present week.

It was agreed that the Minister of Defence and the Minister of Labour would settle the terms of the Government motion on which a debate on National Service would take place on 2nd November. This motion should, if possible, be so drafted as to allow Government supporters some room for discussing general defence policy.

It was agreed that a debate on the disappearance of two Foreign Office officials should be arranged, if possible, for 7th November, when the Foreign Secretary would be able to be present.

2. The Cabinet considered a memorandum by the Minister of Defence (C.P. (55) 145) seeking approval of a scheme for the payment of special education grants in respect of children of members of the Armed Services.

The Minister of Defence said that the proposed grants would amount to a maximum of £75 a year in respect of each child of school age who was attending a boarding school, and £26 a year in respect of children who, on a change of station, were left with guardians in order to ensure continuity in a day-school education. The grants would be subject to income tax, while the recipient remained stationed in this country but would be tax-free during periods when he was stationed overseas. The grants would be restricted to Service parents who were normally subject to frequent postings; parents who stayed in the same place or moved only occasionally would not qualify for them. In arriving at these proposals a number of alternative possibilities had been examined and the present scheme, although less generous than had been hoped, was the most acceptable that could be devised. Subject to the Cabinet’s approval, he proposed to announce the scheme during the debate on National Service in the following week.

The Secretary of State for War said that the value of the present scheme would be dependent upon a reasonably liberal interpretation of the condition that in order to qualify for a grant the Service parent must be subjected to frequent postings. The scheme would be stultified if this condition were interpreted too narrowly. It had been suggested that the basis of qualification might be a certificate that a Service parent, on reposting, was not likely to remain at the new station for more than four years.

The Chancellor of the Exchequer said that the proposed scheme, with which he agreed, was the best that could be done in the circumstances. Any improvement upon it would involve consideration of the claims of other elements in the community who were faced with the same or comparable problems. He recognised that the condition which related the grants to frequency of postings must be interpreted fairly.

The Minister of Education said that local authorities were in a position to be helpful in providing school places for Service children. It would help to assure their co-operation if they could be informed
of the new scheme slightly in advance of its announcement. The Minister of Defence said that he would consult the Minister of Education on this point.

The Cabinet—

Approved the proposals for education grants to Service parents set out in C.P. (55) 145.

3. The Cabinet had before them a memorandum by the Lord Chancellor (C.P. (55) 135) reporting that a Committee of Ministers under his Chairmanship recommended that the British Transport Commission should not at the present time be directed to give up its control over certain bus companies.

The Lord Chancellor said that the Transport Act, 1953, prevented the Commission from acquiring any more bus companies. It also gave the Minister of Transport power to compel the Commission to relinquish the control it then held over certain bus companies by selling to the extent necessary its holdings in these companies. Some Government supporters, as well as private interests, particularly British Electric Traction, Ltd., had pressed for these powers to be exercised. The Ministers who had examined this question had come to the conclusion that on the merits of the case the Commission should be allowed to retain, at any rate for the present, the controlling interest it at present possessed in a number of road passenger transport companies. Statements had, however, been made on behalf of the Conservative Party, including those set out in the Annex to C.P. (55) 135, which might be thought to commit the Government to the use of the powers to compel the Commission to give up its control of bus companies. If these statements were taken in their true context, it was clear that the Government had not undertaken to reverse the process of nationalisation, but only to bring it to a halt. Moreover, the proposals of the British Electric Traction Company and other private interests for acquiring control of the Commission's holdings in these companies were not such as could be accepted by the Government; for, if the Commission were required to give up control, there was a danger that a virtual private monopoly might be created.

The Committee accordingly recommended that the Commission should not be required to give up its control of bus companies, and suggested that the Minister of Transport should, at suitable opportunities, explain the Government's policy on this issue to their supporters.

Discussion showed that the Cabinet were in general agreement with these recommendations.

The Minister of Transport said that he would like to be given discretion to choose a suitable moment to explain the Government's policy on this issue to Government supporters in order to avoid any risk of creating an atmosphere prejudicial to the remaining stages of road haulage disposals.

The Cabinet—

(1) Agreed that the British Transport Commission should not at present be required to give up its control of road passenger transport companies.

(2) Invited the Minister of Transport, when he considered it opportune, to explain the Government's policy on this issue to Government supporters.
4. The Government had before them a memorandum by the President of the Board of Trade (C.P. (55) 163) on the enforcement of the recommendations of the Monopolies Commission regarding the restrictive practices in the calico printing industry.

The President of the Board of Trade said that the industry had been referred to the Monopolies Commission as long ago as April, 1951, and the Commission’s report, which was published in April, 1954, recommended the discontinuance of the industry’s “percentage quantum” and price-fixing arrangements, and of the redundancy scheme which provided for restrictive covenants when plant or premises were disposed of. The “percentage quantum” and price-fixing arrangements provided, in effect, for a certain proportion of profits to be paid over to the less successful firms, in return for the maintenance of minimum prices. He had announced in February, 1955, that the Government were in general agreement with the Commission’s recommendations. He had since tried to get the industry to take voluntary action to end the profit-sharing and price-fixing arrangements, though the redundancy scheme would have been allowed to continue, provided that no further restrictive covenants were imposed under it. It was now clear that, while some individual firms would have agreed to do so, the industry as a whole were not prepared to take this voluntary action. They alleged that redundancy was again becoming a serious problem and wanted all the restrictive arrangements to be continued.

In these circumstances, if the Government were to carry out their policy on restrictive practices, there seemed no alternative but to take action under the Monopolies Act, 1948, to make the profit-sharing and price-fixing arrangements in the industry illegal. For this purpose he proposed as soon as possible to lay an Order before Parliament, which would require an Affirmative Resolution. He did not for the present propose to make any provision for carrying out the recommendation of the Commission relating to the redundancy scheme. He would, of course, inform the industry before the Order was published. At the same time he would not commit the Government on the question whether any action might be justified to eliminate redundancy in the industry.

Discussion showed that the Cabinet accepted the need for taking this compulsory action under the Monopolies Act, 1948. The profit-sharing and price-fixing arrangements prevented competition and the development of efficiency and should be brought to an end, even though such action would be highly unwelcome to the interests concerned. It was unlikely that the Opposition would challenge the Government’s policy.

The Cabinet—

Approved the recommendations in C.P. (55) 163.

5. The Cabinet had before them a memorandum by the Foreign Secretary and the Colonial Secretary (C.P. (55) 143) on the administration of the New Hebrides.

The Minister of State for Foreign Affairs said that, the question of future constitutional arrangements for the New Hebrides had been under consideration for some years. At one point it appeared that Australia might be prepared to take over our responsibilities in the Islands, but in recent years the Australian Government had not shown any further active interest in the matter. The Islands were administered by an Anglo/French Condominium under a Protocol of 1914. Following the Cabinet’s decision of August, 1953, that an attempt should be made, in consultation with the French, to bring this Protocol up to date, agreement had been reached in discussions.
between the British and French Resident Commissioners on the draft of a revised instrument of administration. This draft provided for an Advisory Council (to include representatives of the native population) and a Joint Secretariat, and there were proposals for economic development and for raising the revenue yield. On the basis of the progress which had been made locally, it was now proposed that the improvement of the administration of the New Hebrides should be discussed further with the French Government and that negotiations should be opened for the revision of the Protocol. In view of their geographical interest in the matter, the Governments of Australia and New Zealand would be kept informed and consulted as necessary.

The Cabinet were in general agreement with these proposals.

The Prime Minister said that the proposals raised a point of more general importance, in that we might now have a changing interest in retaining direct control over some of the more isolated and unpopulated islands which might be required for purposes of scientific or military experiment. This should be taken into account in the future in considering whether remote dependencies of this kind should be transferred to Commonwealth Governments willing to assume responsibility for them. Commonwealth Governments were inclined to be apprehensive about the use of territory under their jurisdiction, even if unpopulated, for the conduct of experiments of the kind which might be necessary, and it would therefore be unwise to divest ourselves of direct control of all these remote and potentially useful places.

The Cabinet—

Approved the proposals in C.P. (55) 143 for entering into negotiations with the French Government for the revision of the 1914 Protocol which governed the administration of the New Hebrides.

6. The Cabinet resumed their consideration of the composition of the proposed Committee of Enquiry into the system of inland waterways, and had before them a memorandum by the Minister of Transport (C.P. (55) 165) containing proposals for the membership of this Committee.

It was the general opinion of the Cabinet that, in view of the nature of the enquiry to be undertaken by the proposed Committee, Mr. Leslie Bowes would probably be the more suitable of the alternative nominations as Chairman of the Committee. It was felt, however, that the Committee was still too large to be effective and that its members should be reduced to about six. One of these should, if possible, be a Welshman able to represent Welsh affairs.

The Cabinet were informed that the British Transport Commission would prefer not to be represented on the Committee but to give evidence before it. This would make it easier to avoid providing for any representation of such groups as the Inland Waterways Association.

It was agreed that the Minister of Transport should ascertain whether Mr. Bowes would be prepared to act as Chairman of the Committee and that, if so, it would be appropriate to seek his views as Chairman Designate on the composition of the Committee.

The Cabinet—

Invited the Minister of Transport to ascertain whether Mr. Leslie Bowes would be prepared to accept appointment as Chairman of the proposed Committee and, in that event, to discuss further with him the composition of the Committee in the light of the views expressed by the Cabinet.
The Cabinet had before them a memorandum by the Secretary of State for Scotland and the Minister of Education (C.P. (55) 164) seeking authority for legislation to be prepared for a new teachers' superannuation scheme.

The Minister of Education recalled that the Cabinet had previously approved the general lines of a new teachers' superannuation scheme (set out in C.P. (55) 138). These proposals had now been discussed with representatives of the teachers and local authorities. The local authorities had in general accepted the proposals, although in some cases this was on the understanding that the new scheme would represent an agreed settlement with the teachers. The teachers' representatives would not commit themselves without further consultation, for which purpose a delegate conference of teachers was to be held in London on 19th November. The teachers' leaders had recognised that the proposals as a whole were a considerable improvement, in that the Exchequer would meet the liability under the revised scheme to 31st March, 1956, and any future deficiency would be borne by the local authorities. Although there would be continued opposition from teachers generally to the increase in their rate of contribution to 6 per cent, he was reasonably confident that this opposition would not now be carried to a length which would jeopardise further progress with the legislation proposed.

It would help to secure acceptance of the proposals if, before 19th November, the Government could indicate that they were prepared to make some increase in the pensions of retired teachers. One of the difficulties in satisfying the teachers' claim was that negotiations on salaries had to be dealt with separately from negotiations on pensions.

The Chancellor of the Exchequer said that he was in full agreement with the proposals for a new superannuation scheme which, at considerable cost to the Exchequer, were a substantial advance on the earlier proposals. As regards an increase in the pensions of retired teachers, it was likely that the proposal to introduce a Pensions Increase Bill to improve the pensions of retired members of the public services, including teachers, would be announced before the forthcoming teachers' conference.

The Cabinet—
Agreed that legislation for a new teachers' superannuation scheme should now be prepared.

The Minister of Education said that negotiations had been in progress for several months for a scheme under which industry would provide capital grants for science laboratories for public schools. Industry had shown itself most encouragingly responsive to this scheme, which would be of great value in furthering science education in the independent schools. A total sum of £1,400,000 for this purpose had already been promised and further contributions could be expected. The fund would be administered by a suitably constituted Committee and public statements would probably be made about the scheme in the course of the coming week.

The Cabinet—
Took note, with approval, of this statement by the Minister of Education.
The Chancellor of the Exchequer said that it might be wise if the Government were to make an early announcement that they were considering the question of a Pensions Increase Bill to improve the pensions of retired members of the public services, both civil and military. He had previously given the Cabinet (in C.P. (55) 80) a general outline of such a measure, which would provide the majority of such pensioners with an increase of 10 per cent, in their basic pension, subject to a maximum of £100, and would also abolish the requirement for a means test. Such a measure would, at present, involve additional expenditure of about £10 millions in the first year, of which 75 per cent. would have to be found by the Exchequer. The longer any such measure was postponed, the greater would be the increase in pensions which would eventually have to be conceded.

It was the general view of the Cabinet that the Government ought to take an early opportunity of promising a Pensions Increase Bill on these lines. It would, however, be injudicious to do so within the next few days when measures of retrenchment to deal with the economic situation were under discussion. The reply to a Question which had to be answered in Parliament that day should therefore be confined to the statement that the Government were undertaking a review of pensions. It would then be possible for the Government to announce shortly afterwards that they had decided to introduce a Pensions Increase Bill. It should be borne in mind that such an announcement would need to be made before 19th November if it were to be of help in securing acceptance by the teachers of the proposed new superannuation scheme.

It was recognised that, although the scheme outlined by the Chancellor of the Exchequer would give some increase to Service officers retired under the 1919 Code, it would not fully satisfy their claim, and they might again assert that the Government had broken faith with them. The Minister of Defence asked whether Service officers retired under the present (1950) Code would benefit if their pension exceeded £1,200. The Chancellor of the Exchequer said that most officers retired under the present Code would benefit, but he would examine this point further.

The Cabinet—
Invited the Chancellor of the Exchequer to be guided by their discussion in any statement of the Government's policy on this subject.

Cabinet Office, S.W.1,
27th October, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 3rd November, 1955, at 11 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Item 4).
The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1–3).

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. H. O. Hooper.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Disappearance of two Foreign Office Officials</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>House of Commons Disqualification Bill</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Road Haulage Disposals Bill</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Egypt High Dam at Aswan</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Implications of Full Employment</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Colonial Immigrants</td>
<td>6</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed that, in the forthcoming debate in the House of Commons on the disappearance of two Foreign Service officers, the spokesman for the Labour Opposition would propose the appointment of two committees of enquiry—(i) a small committee of Privy Counsellors, which would consider and report on the staffing and organisation of the Foreign Office, and (ii) a committee of three lawyers, which would report privately to the Foreign Secretary on security questions.

In discussion it was pointed out that a comprehensive reorganisation of the Foreign Service had been carried out since the end of the war, and there seemed to be no need for any further enquiry on that aspect of the matter. On the outstanding problems of security it was unlikely that useful advice would be obtained from a committee consisting wholly of lawyers. On the other hand, it might be helpful if the security procedures applicable to persons in the public service and certain related questions could be reviewed by a small body of Privy Counsellors who held, or had held, Ministerial office. The Prime Minister undertook to ascertain, before the debate, whether the Leader of the Opposition would be disposed to support a suggestion on those lines.

2. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

The second reading of the Finance Bill would be taken on 8th November. It was agreed that it would be unnecessary for the Chancellor of the Exchequer to speak in that debate.

3. The Home Secretary said that Clause 6 of the House of Commons Disqualification Bill would have the effect of disqualifying for membership of the House of Commons any person who had a controlling shareholding in a company which accepted Government contracts. It had been brought to his notice that certain supporters of the Government in the House of Commons were now in this position and that, if the Bill passed in its present form, they would be obliged at the next General Election to relinquish their seats or to dispose of their shareholding. He himself considered that this provision should stand unaltered. It was justified on the merits. Moreover, the text of the Bill had already been shown to the Opposition, since its preparation had been commenced by the Labour Party when in office. He had, however, thought it right that the Cabinet should be aware of this point.

The Cabinet—

Took note of the Home Secretary's statement, but agreed that no change should be made on this account in the provisions of Clause 6 of the House of Commons Disqualification Bill.

4. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 169) setting out the conclusions reached by the Committee of Ministers which had been invited to consider further his proposals in regard to the transport levy and the retention of contract hire vehicles.

The Minister of Transport said that his colleagues had agreed that there were no sufficient grounds for continuing the transport levy beyond the end of 1956 in order to meet the claim of the British Transport Commission for additional compensation, and that the Bill should contain provision for bringing the levy to an end. As regards
the contract hire vehicles, it was now proposed to include a provision in the Bill allowing the Commission to retain the vehicles they would need for continuing contract work, subject to the limitation that, as now, these vehicles would only qualify for a contract “A” licence and not for an open “A” licence. This proposal was acceptable to the Road Haulage Association, whom he had felt it necessary to consult as they had been parties to the earlier agreement governing the contract vehicles. In view of the attitude of the Association he now had less fear that Government supporters would challenge the proposal.

It was the general view of the Cabinet that the Transport Commission should not be obliged to sell existing vehicles and buy new ones for contract work which was to continue. As the various hire contracts expired the private firms making use of this service would be free to negotiate new contracts with private transport operators, and the latter would be free to compete with the Commission for this business.

The Cabinet—
Approved the proposals outlined in C.P. (55) 169.

5. The Cabinet considered a note by the Chancellor of the Exchequer (C.P. (55) 168) covering a memorandum by officials on the financing of the Aswan High Dam.

The Chancellor of the Exchequer said that from calculations made in discussions in Washington with representatives of the United States Government and the International Bank it now seemed clear that the financial risks involved in underwriting the High Dam project had been substantially underestimated. The estimate set out in the memorandum attached to C.P. (55) 168 that Egypt would face at minimum a foreign exchange deficit of £50-£70 million over the period of the scheme was in itself based on an assumption, on which little reliance could be placed, that the Egyptian authorities would, during the long period of the Dam's construction, follow a policy of rigorous austerity combined with careful control of other investment expenditure. Moreover, the eventual cost of projects of this kind almost invariably exceeded the original estimates, sometimes by a substantial margin. It would therefore be contrary to sound financial judgment to undertake the entire financial risk, even in association with our European partners, without other outside assistance. Although he had no doubt that it would eventually be necessary for us to accept some financial liability, it would not be within our resources to guarantee the entire operation, and the sterling balances which Egypt possessed would not provide sufficient security. He therefore proposed, modifying somewhat the recommendations in C.P. (55) 168, that we should continue to pursue urgently in Washington the possibility of securing American financial support, either through the International Bank or directly from the United States Government or both. The International Bank were committed, because of pressure we ourselves had exerted, to a policy of international tender for construction contracts. But the High Dam project was so unusual that the Bank might be prepared to modify their tendering requirements and the United States Administration might support us in our efforts to persuade them to do so. Direct American assistance would involve the participation of United States concerns in some form and this would probably entail giving American participants a 25 per cent. interest in the consortium. He realised, however, that Mr. Kaisouni, the Egyptian Minister of Finance, who was due here in a few days, might react adversely to the prospect of American concerns participating because their prices were understood to be high.
Against all these considerations must be balanced the risk that, while negotiations continued, the Russians might obtain control over the project. The prospect of several hundred Soviet engineers established on the Upper Nile would certainly give grounds for alarm, but he thought it unlikely that the Egyptians would be precipitate in concluding a deal with the Russians.

In discussion the following points were made:

(a) It would be necessary to be cautious in discussing with Mr. Kaisouni the possibility of American firms participating in the project and, in particular, to avoid giving the impression that we had broached this possibility in Washington. It would, however, be possible to suggest to Mr. Kaisouni that the International Bank might make such a suggestion to him when he was in Washington, and to ask what, in that event, his reactions would be.

(b) It would be preferable that our immediate efforts should be restricted to an attempt to obtain financial support for the project from the International Bank alone. We should inform the United States Government of our intentions in this respect (and try to secure their support); but we should refrain, pending the outcome of Mr. Kaisouni’s visit here, from making any further suggestion that the United States Government might provide direct financial assistance for the project.

(c) It was the general feeling of the Cabinet that the contract must somehow be obtained for the European consortium in spite of the financial difficulties. It was argued that £70 million as a measure of risk was not an excessive commitment for a contract of such vital importance. We had been able to afford sums of that order for less important objectives. We should be well repaid if such a commitment led to reduced tension in the Middle East.

(d) On the other hand, we had not been able to provide all the guarantees that were asked of us for important schemes of this nature in other Commonwealth countries. While Commonwealth countries would doubtless understand the need for exceptional guarantees to Egypt at the present time, it would be easier to justify our action to them if a substantial part of the burden was to be carried by the International Bank.

(e) The time had now come to discuss the question of financial risks and the problems to which they gave rise with the French and German Governments, particularly the latter, which was known to be specially interested in this scheme.

The Prime Minister said that, in spite of the various complications which had arisen, it must remain a matter of the greatest national importance that this project should be undertaken by the European consortium. Nevertheless, the scale of the financial risk now seen to be involved was disturbing and he agreed that a further attempt must be made to obtain financial support from the American continent.

The Cabinet—

(1) Endorsed the conclusion in C.P. (55) 168 that, in view of the magnitude of the financial risks involved, every effort should be made to secure additional guarantors for the Aswan High Dam project.

(2) Agreed that, pending the outcome of the forthcoming visit of the Egyptian Minister of Finance, we should restrict our efforts to an attempt to induce the International Bank to provide financial support for the project, but authorised the Chancellor of the Exchequer to inform the United States Administration of the action we were taking.

(3) Invited the Chancellor of the Exchequer to be guided by the points made in their discussion at his forthcoming meeting with the Egyptian Minister of Finance.
(4) Invited the Chancellor of the Exchequer, in consultation with the Minister of State for Foreign Affairs, to arrange for early consultations with the French and German Governments on the problems involved in the financing of the Aswan project.

6. The Chancellor of the Exchequer said that the draft White Paper on Industrial Relations (C.P. (55) 123) had now been revised to take account of the views expressed by the Cabinet in their previous discussion and to meet detailed comments which individual Ministers had made. It would not be advisable to publish this White Paper at once, but he thought it might be useful to issue it in about a month's time, as a means of showing that economic stability could not be achieved in conditions of full employment without some degree of restraint in industrial relations and wage claims.

The statement which the leaders of the Trades Union Congress (T.U.C.) had issued immediately after their meeting on 1st November with the Prime Minister showed that this need was not fully realised. On the other hand, it could at least be claimed that the statement did not positively encourage wage claims. He proposed to consider whether contact between the Government and the T.U.C. could be improved, perhaps by changes in the composition and procedure of the Economic Planning Board.

The Home Secretary said that the draft legislation which he had circulated the main criteria for admission were employment and housing; immigrants could be refused entry unless they could satisfy the Immigration Officer that authorised employment was awaiting them and that satisfactory housing accommodation was available for them and their dependants.
The Colonial Secretary said that legislation limited to Colonial immigrants would certainly be criticised as racial discrimination. It would have a particularly unfortunate effect on our relations with the West Indies, and might well prejudice the future association of the proposed West Indian Federation with the Commonwealth. In any case it was very doubtful whether legislation in the form proposed would be effective. Though the immigrant would be required to prove on entry that employment and accommodation were awaiting him, there would be no means of ensuring thereafter that he remained in the same area or in the same job. His own view was that it would be inexpedient to impose this sort of control at the present time, and that the preferable course was for the Government to try by other means to disperse the Colonial immigrants more evenly over the United Kingdom.

In discussion the following points were made:—

(a) The problem of Colonial immigration had not yet aroused general public anxiety, although there was some concern, mainly due to housing difficulties, in a few localities where most of the recent immigrants were concentrated. On the other hand, if immigration from the Colonies, and, for that matter, from India and Pakistan, were allowed to continue unchecked, there was a real danger that over the years there would be a significant change in the racial character of the English people.

(b) All the Colonies had power to control the immigration of British subjects into their territories. They should not regard it as unreasonable if the United Kingdom took power to apply similar restrictions.

As against this it was argued that such a step would be inconsistent with the traditional policy that British subjects should have the right of free entry into the Mother country of the Commonwealth, and would be widely regarded as an illiberal development.

(c) On economic grounds immigration, including Colonial immigration, was a welcome means of augmenting our labour resources. It was the condition of full employment here that was attracting these immigrants. The Trades Union Congress were, in general, averse to the imposition of restrictions on Colonial immigration, although individual Unions might well take a different line.

(d) If powers were to be taken to control the entry of British subjects from overseas, it seemed desirable that similar restrictions should be applied to citizens of the Irish Republic. But, apart from the fact that we needed Irish labour, it would be impracticable to control immigration from the Irish Republic without applying restrictions to travel between Great Britain and Northern Ireland.

(e) Consideration might be given to the possibility of admitting Colonial immigrants for temporary employment for a period not exceeding five years. This might meet the present need for labour with less prejudice to long-term social conditions.

The Prime Minister, summing up the discussion, said that it was evident that further thought must be given to this problem before the Cabinet could decide whether legislation should be introduced on the lines indicated in C.P. (55) 166.

The Cabinet—

Took note that the Prime Minister would consider how the problem of Colonial immigration should be further examined.

Cabinet Office, S.W. 1,

3rd November, 1955
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1.,
on Thursday, 10th November, 1955, at 11 a.m.

Present:
The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.
The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. FERGERSON, M.P., President of the Board of Trade.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.
The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. DAVID ECCLES, M.P., Minister of Education.
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1-4).
The Most Hon. the MARQUESS OF READING, Q.C., Minister of State for Foreign Affairs.

The following were also present:

Dr. the Right Hon. CHARLES HILL, M.P., Postmaster-General (Items 1-4).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1-4).

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. H. O. HOOPER.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Monopolies and Restrictive Practices Tyre Manufacture</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Broadcasting The Fortnight Rule Party Broadcasts on Welsh Affairs</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Parliament Joint Select Committees</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Egypt High Dam at Aswan</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Togoland</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Capital City of Wales</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Pensions</td>
<td>8</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

Discussion followed on the question whether the Committee Stage of the Housing Subsidies Bill should be taken in Standing Committee or in Committee of the whole House. There was strong support for the view that it would be politically disadvantageous to allow the Parliamentary proceedings on this Bill to be unduly protracted. For this reason it would be preferable, if the Parliamentary time-table allowed, to take the Committee Stage on the floor of the House.

2. The Cabinet were informed of objections which had been raised by the tyre manufacturing industry to the publication of certain passages in a report of the Monopolies Commission on the supply of pneumatic tyres.

The Chancellor of the Exchequer said that the industry had now communicated to the Treasury three grounds for their objection to the publication of the passages in dispute. First, the arrangements in regard to world prices which a leading British company had made with American tyre manufacturers would almost certainly give rise to an anti-trust suit. Secondly, foreign competitors would derive benefit from the publication of information on special allowances which were made to certain vehicle manufacturers. Thirdly, the leading British company concerned would be penalised in comparison with its foreign competitors if the share ownership of certain tyre distribution companies were disclosed. The industry had therefore represented that it would be in the public interest for the relevant passages of the report to be suppressed on publication. He had not been able, in the time available, to determine whether these arguments were valid, but he felt that a prima facie case had been established to warrant further examination of the matter. He therefore hoped that, in answering a Parliamentary Question that afternoon, the President of the Board of Trade would avoid committing himself to publishing the report in full.

The President of the Board of Trade said that under the Monopolies Act he had a statutory responsibility to exclude from the published versions of reports of this kind passages which, in his judgment, it would not be in the public interest to disclose. He had received this report in June and, in spite of exhaustive discussions in the intervening period, the tyre manufacturing industry had failed to satisfy him that there were good grounds for withholding any part of the report from the public. He had also taken into account the advice of H.M. Embassy in Washington on possible repercussions in the United States. Although the Question which he was due to answer that afternoon sought information only on the question whether he had yet received the report, he expected to be pressed in supplementary Questions to disclose whether or not it was his intention to publish the report in full.

Discussion showed that it was the general view of the Cabinet that, until the Chancellor of the Exchequer had had an opportunity to consider the matter more fully, the President of the Board of Trade should not announce his intention to publish the report in full. In replying to the Question which was to be addressed to him that afternoon, the President should confine himself to a statement that the report had been received and would be laid before Parliament in the following month. If he were pressed to say whether the report would be published in full, he should undertake to announce his decision on this point before the date of publication.
The Cabinet—
Invited the Chancellor of the Exchequer and the President of the Board of Trade to consider, in consultation, the further representations made by the tyre manufacturing industry regarding the publication of the report of the Monopolies Commission on the supply of pneumatic tyres.

3. The Lord Privy Seal said that the Labour Opposition were evidently proposing to withdraw their support for the rule which prohibited broadcast discussion of any issue for fourteen days before it was debated in either House of Parliament. They had let it be known that they now intended to propose that this question should be debated by the House of Commons, with a free vote, and that it should thereafter be made the subject of enquiry by a Select Committee.

In discussion it was agreed that in the new circumstances an early debate would be desirable. The Prime Minister had, however, expressed the view, in reply to a Parliamentary Question, that this would not be a suitable subject for enquiry by a Select Committee. It would therefore be convenient if the debate could be so arranged that the House approved the principle of restricting broadcast discussion on issues which were about to be debated in Parliament but left the detailed application of the principle for negotiation between the Parties. The debate might perhaps be held on a motion approving the principle.

The Cabinet—
(1) Invited the Lord Privy Seal, in his forthcoming statement on business and in further discussions on this question through the usual channels, to be guided by the views expressed in the Cabinet’s discussion.

The Lord Privy Seal said that the Labour Opposition were also likely to suggest some modification of the earlier decision about regional political broadcasts. They would probably propose that there should be two additional Party political broadcasts each year, one for Wales and one for Scotland; but that this should be arranged centrally and not through the Regional Advisory Councils.

Discussion showed that there was little support in the Cabinet for this extension of Party political broadcasting. It was, however, agreed that, if the suggestion were pressed by the Opposition, it should be considered.

The Cabinet—
(2) Invited the Lord Privy Seal to report to them in due course the upshot of his discussions with the Labour Opposition on the subject of Party political broadcasts for Wales and Scotland.

4. The Lord President recalled that, when it had been proposed that the Bills to amend the Army and Air Force Acts should be examined, before introduction, by a Select Committee, the Labour Opposition in the House of Commons had been unwilling to agree that this examination should be carried out by a Joint Select Committee of both Houses. The same procedure was now to be applied to a Naval Discipline Bill, and he understood that the Opposition were again unwilling to agree to the appointment of a Joint Select Committee. This was a subject on which valuable assistance could be obtained from the House of Lords, which included
Peers with long experience of both its legal and its Service aspects. He was, however, reluctant to suggest that the House of Lords should appoint a separate Select Committee to examine the Bill; for it might prove embarrassing for the Government to have two separate reports, possibly expressing divergent views on some points. Could a further attempt be made to persuade the Labour Opposition to agree to the appointment of a Joint Select Committee?

In discussion the Cabinet were informed that the Labour Party had two reasons for disliking Joint Select Committees—first, because of the tradition that a Peer should act as Chairman; and secondly because, if the composition reflected the proportion of the Parties in each House, the Committee would have a large Conservative majority.

The Lord President said that on this occasion, as on the two earlier occasions, he had been quite prepared to meet the views of the Labour Party on both these points. He feared that they objected in principle to this practical co-operation between the two Houses. He therefore hoped that a further attempt might be made to overcome their opposition.

The Cabinet—

Invited the Lord Privy Seal to make a further attempt to persuade the Labour Opposition in the House of Commons to agree to the appointment of a Joint Select Committee on the Naval Discipline Bill.

5. The Cabinet resumed their discussion of the financing of the Aswan High Dam.

The Chancellor of the Exchequer said that the President of the Board of Trade and he had now discussed the financing of this project with Mr. Kaissouni, the Egyptian Minister of Finance. Mr. Kaissouni had already discussed it at Istanbul with Mr. Black, the President of the International Bank. The Egyptian authorities, after further examination of their balance of payments outlook, had concluded that it would not be possible for them to embark on the High Dam project unless substantial external funds could be assured. Mr. Kaissouni accepted the need for direct aid from the United States Government, and it was understood that the British firms in the consortium were reconciled to the participation of an American firm in their enterprise as a condition of that aid. Indeed, it would be necessary to look to an American firm to provide the heavy earth-moving equipment that would be needed. There were, however, other problems yet to be overcome. Mr. Black had taken the view at Istanbul that it would be difficult to fit into the scheme of long-term finance, which would be essential for this project, the relatively moderate amounts of medium-term credit which could be offered by the consortium. He himself did not think that Mr. Black would press this point of view to extreme lengths or that it would prove a significant obstacle. The negotiation of an agreement between Egypt and the Sudan for the division of the Nile Waters presented a much more fundamental difficulty. The Egyptians had proposed to the Sudanese a division which would give each country 10 milliards of cubic metres of water after allowing for evaporation. The Sudanese had countered with a proposal under which the entire loss by evaporation would fall upon the Egyptian share of water, which would then amount only to an additional 4 milliards of cubic metres. It was understood that the Sudanese would prefer to see storage works constructed much further up the Nile than Aswan, since this would diminish the considerable losses by evaporation. Finally, there remained the need to reach an understanding with the International Bank on the question of international tender.
to be hoped that, in this special case, the Bank would consider their requirements in this matter to be satisfied by the admission of an American firm into the consortium.

The Chancellor of the Exchequer said that, in the light of these developments, he now recommended that we should (i) pursue urgently the question of obtaining a loan for this project from the International Bank on the best terms possible; (ii) continue our efforts to induce the United States Government to give financial support to the project on terms which would be acceptable to the Egyptians; and (iii) use our good offices to promote an equitable agreement between Egypt and the Sudan on the division of the Nile Waters. He sought the authority of his colleagues to follow these three courses.

It was agreed in discussion that the views of the Governor of the Sudan should be sought on the question of an equitable division of the Nile Waters. It was also pointed out that the interests of our own East African dependencies in the head waters of the Nile must not be overlooked.

The Cabinet—

(1) Authorised the Chancellor of the Exchequer to pursue further, on the lines which he had recommended in the discussion, the question of obtaining financial assistance from the International Bank and the United States Government for the High Dam project.

(2) Invited the Chancellor of the Exchequer and the Minister of State for Foreign Affairs to consider further what steps might be taken by Her Majesty’s Government to promote the conclusion of an agreement between Egypt and the Sudan for the equitable division of the Nile Waters, taking into account the interests of our own East African dependencies.

6. The Colonial Secretary said that British Togoland, which we administered under trusteeship, was a narrow strip of territory with 400,000 inhabitants on the eastern border of the Gold Coast. The Cabinet had agreed in May last year that, with independence for the Gold Coast approaching, we should invite the United Nations to consider future arrangements for British Togoland, giving it as our view that its interests would best be served by integration with the Gold Coast. The administration of such a small strip of territory would be difficult once we ceased to have responsibility for the Gold Coast. In the meantime the Trusteeship Council had sent a very competent mission to the territory to examine the problem on the spot. This mission would recommend that the inhabitants of British Togoland, when the time came to seek their views, should be offered the choice between integration with the Gold Coast and the specific alternative of continued administration under trusteeship pending the determination of their ultimate future. In view of this, it became necessary to consider whether, if the result of a plebiscite were unfavourable to union with the Gold Coast and the territory elected to remain under trusteeship administration, we would be prepared to accept a continuing responsibility for administering the area. In his view we had no alternative, in such an event, but to be prepared to do so, for among the likely alternatives there were some which would have dangerous repercussions for us. The United Nations might, if we refused, elect to administer the territory directly, and this would at once give the Russians a voice in Colonial affairs and a vantage point for interference in Africa. Alternatively, the territory might be handed over to a trustee in whom we could have no confidence. The northern part of the territory would probably vote for integration with the Gold Coast, but the leanings of the southern inhabitants were more doubtful.
In discussion the following points were made:—

(a) It was unthinkable that we should appear to eject from our midst people for whom we had been responsible by refusing to continue to administer them in the circumstances which had been outlined.

(b) The possibility that the Togoland tribes might vote against union with the Gold Coast opened up the prospect of yet another small territory which could not be self-supporting. It was pointed out, however, that separate administration would continue only for an interim period, for eventually permanent arrangements would have to be made for British Togoland whose future could not be considered in isolation from the future of the neighbouring French Togoland.

(c) It was also pointed out that the termination of the trusteeship over British Togoland was in any event dependent upon the continued advance of the Gold Coast to self-government. It was not yet clear that the Ashanti and northern districts of the Gold Coast were fully in support of the independence proposals.

The Colonial Secretary said that, unless the investigation which was now being carried out showed a much stronger feeling in these districts of the Gold Coast in favour of independent government and the constitution which would provide for it, it might yet be necessary to reconsider our position in the matter. Meanwhile, he was concerned in regard to Togoland to take up in the United Nations a position which would exclude any risk of the territory falling into undesirable hands.

It was the general view of the Cabinet that, while the course proposed by the Colonial Secretary should be followed in the forthcoming discussion of Togoland at the United Nations, the future of this territory and its relations with the Gold Coast raised more general issues which it would be desirable to consider separately.

The Colonial Secretary undertook to circulate a memorandum on this subject.

The Cabinet—

(1) Agreed that, in the forthcoming discussion of British Togoland at the United Nations, Her Majesty's Government should state their willingness to accept responsibility for the continued administration of the territory in the circumstances outlined by the Colonial Secretary.

(2) Invited the Colonial Secretary to circulate to the Cabinet a memorandum on the more general issues which had been raised in their discussion.

7. The Home Secretary said that for some time past there had been a widespread feeling among Welshmen that there should be a capital of Wales, but views had hitherto been divided on the question which of the Welsh towns should be the capital. Recently, however, a ballot of all the local authorities in Wales had shown a considerable majority in favour of Cardiff. Most of the Welsh regional offices of Government Departments were already located there; and it would be in accord, both with administrative convenience and with local sentiment, if Cardiff were now declared to be the capital of Wales. No formal instrument would be required for this purpose: it would suffice if a statement were made in Parliament that the Government were prepared, in deference to opinion throughout the Principality, to recognise Cardiff as the capital of Wales. Subject to the Cabinet's views and to The Queen's pleasure, he proposed to make a statement in those terms in the course of
the next debate on Welsh affairs, which was likely to be held in the House of Commons before the end of the year.

The Home Affairs Committee had considered this proposal and commended it for the Cabinet's approval.

The Cabinet—

1. Invited the Home Secretary to take The Queen's pleasure on the proposal that Cardiff should be recognised as the capital of Wales.
2. Subject to Her Majesty's approval, authorised the Home Secretary to make an announcement to this effect in the course of the next debate on Welsh affairs.

Pensions.
(Previous Reference: C.M. (55) 38th Conclusions, Minute 9.)

8. *The Chancellor of the Exchequer* said that he thought the time was now opportune to proceed with the introduction of the Pensions Increase Bill. If the Cabinet agreed with his view, he would like to announce the Government's intention in reply to a Parliamentary Question on 17th November.

The Cabinet—

Took note that the Chancellor of the Exchequer would invite the Cabinet to consider, at their first meeting in the following week, the expediency of introducing the Pensions Increase Bill at an early date.

Cabinet Office, S.W. 1,
10th November, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 17th November, 1955, at 11 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister


The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.

The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.

The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.

The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:

The Right Hon. J. P. L. Thomas, M.P., First Lord of the Admiralty (Item 3).


The Right Hon. A. R. W. Low, M.P., Minister of State, Board of Trade (Items 4–11).

Dr. the Right Hon. Charles Hill, M.P., Postmaster-General (Items 1–2).

Marshal of the Royal Air Force Sir William Dickson, Chief of the Air Staff (Item 3).

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1–2).

General Sir Gerald Templer, Chief of the Imperial General Staff (Item 3).

Admiral the Right Hon. the Earl Mountbatten of Burma, First Sea Lord and Chief of Naval Staff (Item 3).

Secretariat:

Mr. H. O. Hooper.

Mr. F. A. Bishop.
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<th>Subject</th>
<th>Page</th>
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<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
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<td>2</td>
<td>Broadcasting</td>
<td>3</td>
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<td>The Fortnight Rule</td>
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1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

It was agreed that the Government should not find time for consideration of the Private Member's Bill on capital punishment, which would have to take its place among other Private Members' Bills.

The Cabinet were informed that, in view of the way in which discussion of the Committee Stage of the Finance Bill had been brought to an end that morning, a procedural motion would be necessary before discussion of the Bill could be resumed. The Cabinet agreed that it would be best to defer the introduction of the necessary procedural motion until the beginning of the following week, even though this might delay further consideration of the Housing Subsidies Bill.

It was the general view of the Cabinet that, in order to avoid protracted debate, especially at the Report Stage, the Committee Stage of the Housing Subsidies Bill in the House of Commons should be considered in Committee of the whole House. It was realised that, if it was not possible to complete the Committee Stage of the Finance Bill after two further days' discussion, this might mean that the Committee Stage of the Housing Subsidies Bill might not be completed before the Christmas recess.

2. The Lord Privy Seal said that he now expected the Labour Opposition to press for a full day to be set aside for a debate on the rule restricting broadcast discussion of issues about to be debated in Parliament. They were also likely to persist in their proposal that a Select Committee should be set up to enquire into this question.

It was suggested in discussion that the debate might take place on a motion which simply invited the House to approve the principle of restricting broadcast discussion on issues about to be debated in Parliament. It would then be possible for Government spokesmen to explain in the course of the debate the difficulty of reducing a general rule of this kind to detailed regulations covering every contingency, but to express the Government's willingness to consider, in consultation with the Opposition leaders, certain modifications of the existing practice, e.g., that restrictions on broadcast discussion need be limited only to the Parliamentary business announced for the forthcoming week.

In further discussion it was agreed that the Government would be better able to influence the course of the debate if it took place on a motion which they themselves had put down. It was felt, however, that if the terms of the motion were confined to expressing approval for the principle of limiting broadcast discussion, it would need to include some more formal arrangement for operating the rule and to pursue, in an amendment to the motion, their proposal for a Select Committee. Further consideration should be given to the desirability of making it clear in the proposed motion that the Government were prepared to discuss modifications in the existing rule in accordance with the usual procedure. Or, alternatively, it might be possible to set out proposals for a modified practice in this matter clearly in the terms of the motion.

The Cabinet—

Invited the Lord Privy Seal, if questioned on the matter during his forthcoming statement on business, to reply that the Government hoped to arrange an early debate on the question of the fortnight rule and would put down a motion.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 17th November, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.


The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.

The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.

The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.

The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.

The Right Hon. James Stuart, M.P., Secretary of State for Scotland.


The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.

The following were also present:


Dr. the Right Hon. CHARLES HILL, M.P., Postmaster-General (Items 1–2).

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1–2).

Admiral the Right Hon. the EARL MOUNTBATTEN OF BURMA, First Sea Lord and Chief of Naval Staff (Item 3).

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Items 4–5).

The Right Hon. A. R. W. LOW, M.P., Minister of State, Board of Trade (Items 4–11).

Marshal of the Royal Air Force Sir WILLIAM DICKSON, Chief of the Air Staff (Item 3).

General Sir GERALD TEMPLE, Chief of the Imperial General Staff (Item 3).

Secretariat:

Mr. H. O. HOOPER.

Mr. F. A. BISHOP.
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<tr>
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<td>3</td>
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<td>Hong Kong</td>
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<td>Reduction of Garrison</td>
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<td>Middle East Oil</td>
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<td>Industrial Disputes</td>
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The Fortnight Rule.

Reduction of Garrison.

United Kingdom forces.
The Cabinet were informed of the business to be taken in the House of Commons during the following week.

It was agreed that the Government should not find time for consideration of the Private Member's Bill on capital punishment, which would have to take its place among other Private Members' Bills.

The Cabinet were informed that, in view of the way in which discussion of the Committee Stage of the Finance Bill had been brought to an end that morning, a procedural motion would be necessary before discussion of the Bill could be resumed. The Cabinet agreed that it would be best to defer the introduction of the necessary procedural motion until the beginning of the following week, even though this might delay further consideration of the Housing Subsidies Bill.

It was the general view of the Cabinet that, in order to avoid protracted debate, especially at the Report Stage, the Committee Stage of the Housing Subsidies Bill in the House of Commons should be considered in Committee of the whole House. It was realised that, if it was not possible to complete the Committee Stage of the Finance Bill after two further days' discussion, this might mean that the Committee Stage of the Housing Subsidies Bill might not be completed before the Christmas recess.

In discussion it was suggested that the debate might take place on a motion which simply invited the House to approve the principle of restricting broadcast discussion on issues about to be debated in Parliament. They were also likely to persist in their proposal that a Select Committee should be set up to enquire into this question.

It was suggested in discussion that the debate might take place on a motion which simply invited the House to approve the principle of restricting broadcast discussion on issues about to be debated in Parliament. It would then be possible for Government spokesmen to explain in the course of the debate the difficulty of reducing a general rule of this kind to detailed regulations covering every contingency, but to express the Government's willingness to consider, in consultation with the Opposition leaders, certain modifications of the existing practice, e.g., that restrictions on broadcast discussion need be limited only to the Parliamentary business announced for the forthcoming week.

In further discussion it was agreed that the Government would be better able to influence the course of the debate if it took place on a motion which they themselves had put down. It was felt, however, that if the terms of the motion were confined to expressing approval for the principle of limiting broadcast discussion, it would be open to the Opposition to press for some more formal arrangement for operating the rule and to pursue, in an amendment to the motion, their proposal for a Select Committee. Further consideration should therefore be given to the desirability of making it clear in the proposed motion that the Government were prepared to discuss modifications in the existing rule in accordance with the usual procedure. Or, alternatively, it might be possible to set out proposals for a modified practice in this matter clearly in the terms of the motion.

The Cabinet—

Invited the Lord Privy Seal, if questioned on the matter during his forthcoming statement on business, to reply that the Government hoped to arrange an early debate on the question of the fortnight rule and would put down a motion.
3. The Cabinet considered a memorandum by the Minister of Defence (C.P. (55) 174) seeking authority for a gradual reduction in the garrison of Hong Kong to the level of the forces required for internal security.

The Minister of Defence said that, excluding an auxiliary squadron of the Royal Hong Kong Defence Force, the garrison of Hong Kong at present consisted of twelve Army units and one R.A.F. squadron. It was proposed gradually to reduce this garrison over the next two years to four units and the auxiliary squadron. The reason for this proposal was that we could not afford to be strong everywhere, and an examination of our long-term defence programme and commitments had shown that it was essential to reduce our overseas commitments wherever possible. The present situation in the Far East made it a justifiable risk to put this policy into practice by making a reduction at Hong Kong. It was proposed to withdraw a field artillery regiment in January and a British battalion in August 1956. This would still leave ten units and the R.A.F. squadron in the garrison at the end of 1956.

The Colonial Secretary said that, although he recognised the force and validity of the arguments set out in C.P. (55) 174, his misgivings about the wisdom of these proposals had not been set at rest. It was not possible to regard the internal and the external security of Hong Kong, and the garrison forces required for each, as separate questions. Internal security depended, not merely on the garrison and police forces needed to ensure it, but on the Chinese inhabitants of the Colony, numbering 1 million, retaining confidence that an attack on the Colony would be resisted. If this confidence were to diminish there would be a tendency for the Chinese inhabitants privily to make terms with Communist China and we should not be able to recover our position. The loyalty of the Hong Kong police, a Chinese body, was also based on their confidence that we had the forces and the resolution to maintain our position there. The present garrison, while not strong enough successfully to defend the Colony against determined attack, could clearly force an aggressor to put up a fight. Moreover, it had been agreed that even the present garrison was no more than strong enough to cover in favourable circumstances the evacuation of the dependants of European residents. He did not think that the need for the garrison was materially less now than it had been in March last, when a decision against reducing it had been taken.

If, however, the Cabinet decided that the proposed reduction should be carried out, he hoped that the programme of withdrawal would be subject to review at six-monthly intervals and that the Governor of the Colony would be informed that this was so. Also, the views of the Governor should be sought on the question whether the armoured regiment was needed for internal security, and he hoped that the modern aircraft now in the Colony would not be removed.

In discussion the following points were made:—

(a) The Cabinet were informed that provision had been made in the estimates for the following year for the equipment of the R.A.F. squadron in Hong Kong with Venom aircraft. Arrangements were also being made for two aircraft carriers to visit the Far East in 1956.

(b) The border between Hong Kong and China was an easy border to infiltrate and it would become increasingly difficult for a reduced garrison to maintain internal security in face of infiltration.

(c) It was pointed out that the garrison could be strengthened again if need were to arise and the purpose of creating a strategic reserve of forces was to be able to deal with such contingencies. This should be pointed out to the Governor.
(d) The First Lord of the Admiralty said that the current survey of the long-term defence programme made it clear that the naval base at Hong Kong would have to be closed down over a period of about three years. The Colonial Secretary said that he was exercised about proposed reductions in naval establishments in many Colonial territories and arrangements had been put in train for him to discuss this with the First Lord of the Admiralty.

The Prime Minister said that it would not have been right to contemplate reducing the garrison if there had been a prospect of tension in the Far East suddenly increasing. But any aggressive tendencies of Communist China towards Hong Kong would be inhibited not by the strength of the present garrison in Hong Kong but by the knowledge that an attack on the Colony would precipitate war. A further public statement of our determination to maintain our position in Hong Kong could, if necessary, be made. The proposed reductions in the garrison would be carried out gradually; they had been arranged in such a way as not to create anxiety; and they would be subject to review.

The Cabinet—

(1) Invited the Colonial Secretary and the Minister of Defence to consult together on the terms of the telegram which, in the light of the Cabinet's discussion, should be sent to the Governor of Hong Kong.

(2) Subject to Conclusion (1) above, approved the recommendations in paragraph 10 of C.P. (55) 174.

Korea.

(Previous Reference: C.C. (55) 9th Conclusions, Minute 5.)

United Kingdom Forces.

4. The Prime Minister said that he had been disappointed to learn that the withdrawal of United Kingdom forces from Korea was being impeded by the weather and that some 5,000 men, who would be useful elsewhere, would now have to remain until the spring. The Cabinet were informed that the withdrawal of these troops would involve a re-deployment of front-line forces in Korea which it would be impracticable to carry out in the winter. The Minister of Defence undertook to look further into this matter.

The Cabinet—

Invited the Minister of Defence to examine further, in consultation with the Chiefs of Staff, the possibility of withdrawing United Kingdom forces from Korea before next spring.

West Lothian.

Unemployment

5. The Cabinet had before them a memorandum by the Secretary of State for Scotland (C.P. (55) 177) about the prospects of unemployment in West Lothian if the shale oil industry had to close down.

The Secretary of State for Scotland said that this industry was said to be running at a loss of £200,000 a year, despite the existing duty preference of 1s. 3d. a gallon on home-produced oils. One section of the industry would have to close very soon in any case, but it would be possible to absorb elsewhere in the industry or in other employment nearby the 600 workers who would be affected. However, unless some further duty concession could be made, the whole of the shale oil industry in West Lothian would have to close down; this would affect about 4,000 workers, and it would not be possible to find other employment for most of them in the area. The prospect of acute unemployment in this district, which was in a Development Area, was disturbing. The indigenous oil industry would be of particular value in an emergency, and could be maintained at a reasonable level of activity if the duty on home-
produced oils was further reduced. He felt that the circumstances of the shale oil industry were unique, and that a further concession could be made without opening the door to other tax remissions.

The Cabinet were informed that the Chancellor of the Exchequer took the view that a further concession, by way of a reduction in the duty, to this industry, would not be justified on economic grounds, and might seriously prejudice the revenue. A reduction of 6d. a gallon in the duty on home-produced oils would cost the Exchequer about £675,000 a year in any case; if this relief had to be extended to all oils of the same type, it would cost £10 millions a year, and there might well be pressure for an equivalent reduction in the petrol tax. The Chancellor of the Exchequer had also pointed out that no concession could in any event be made before the next Finance Bill. It would not be possible to indicate to the industry that such a concession might be made without anticipating the next Budget.

In discussion it was pointed out that the only way of avoiding the risk that the industry might be closed down quickly was by giving an early indication that some further duty concession might be made. On the other hand, the loss which the industry was incurring was not a large one, in relation to the resources of the controlling concern, the British Petroleum Company.

The view was expressed by several Ministers that it was undesirable to give further protection to an industry that could never hope to be economic. For one thing, the raw material of the industry was coal, which was likely to go on increasing in price. If the industry was to close, it was best that this should happen at a time when the general condition of full employment would provide the best chance for the workers in the industry to obtain other jobs. The Government ought to do everything possible to help to provide alternative employment in the area, but it had to be recognised that there were other Development Areas in Scotland where there was an even greater need to encourage new industry.

The Cabinet—

Invited the Secretary of State for Scotland to discuss the problem of the shale oil industry in West Lothian further with the Chancellor of the Exchequer and the other Ministers concerned.

6. The Cabinet had before them a note by the Minister of State for Foreign Affairs (C.P. (55) 172) covering a report by officials on the recommendations of a working party for additional expenditure in the Middle East, with a view to safeguarding the free flow of oil supplies from that area. The total cost of the recommendations would be about £700,000 a year, of which about £200,000 a year would be capital expenditure.

The report pointed out that other proposals for an increase in overseas information expenditure covering the whole world were already under discussion; the working party's recommendations for an increase in overseas information activities in the Middle East would mean that the total increase would have to be even greater, unless some reduction were made elsewhere in the level of overseas information expenditure already proposed. The report also pointed out that the recommended increase in the activities of the British Council raised the whole question of the future of the Council, since the Council stated that an expansion of their work in the Middle East would mean that they would have to close down in other countries unless they were authorised to offer permanent employment to recruit new staff.

The Cabinet were informed that the Chancellor of the Exchequer was in agreement with the proposals for an increase in technical assistance and the gift of lorries to Muscat, and with the improvement
of Foreign Service conditions and facilities on the understanding that their detailed implementation would be discussed between the Departments concerned as the programme proceeded. The Chancellor of the Exchequer had, however, proposed that the substantial increase recommended in the information services and the activities of the British Council, and also the proposed establishment of a British school for boys in the Lebanon, should be considered in the context of a general review of overseas information expenditure for the coming year. He had also suggested that further time was desirable to consider the long-term future of the British Council, since proposals for improving the superannuation arrangements for Council staff were being examined by the Treasury.

The Prime Minister said that he was extremely anxious that the working party’s recommendations should be put into effect so far as possible without delay. There seemed no reason to hold up the establishment of a school in the Lebanon. The proposed increase in our information effort and in the activities of the British Council could also be approved, on the understanding that the requirements of the Overseas Departments for additional expenditure on the information services elsewhere would have to be reduced, at any rate to some extent, and on the understanding that the long-term future of the British Council would have to be considered separately. He understood that the Chancellor of the Exchequer would concur in this.

The Cabinet—
Approved the recommendations of the working party, as set out in C.P. (55) 172, on the understanding that the requirements of the Overseas Departments for additional expenditure on information services elsewhere than in the Middle East would have to be reduced, at any rate to some extent, and subject to further discussion about the long-term future of the British Council.

7. The Cabinet had before them a memorandum by the Minister of Education (C.P. (55) 175) recommending that further study should be given to ways and means of supporting the teaching of English overseas.

The Minister of Education said that it was in our interests to encourage and support the teaching of English in overseas countries generally. French, Dutch and German were ceasing to be employed as second languages and the tide was running in favour of English as the second language. Even in India a movement to establish Hindi as the common language of the country was failing because the language was of little use beyond the stage of secondary education, for all scientific, technical and commercial knowledge was obtainable only through acquaintance with a European language. The next generation would be a critical period in establishing English as the universal instrument of communication. It was in our interest to make some effort to take advantage of this tide but the problem was not a simple one. To teach English to foreigners required special training which could be given in this country, if facilities were available, to foreign students; it was also desirable to make service overseas more attractive to British teachers and to provide satisfactorily for their reinstatement here on their return. The activities of the various bodies who were or could be concerned with this problem needed co-ordination in order to achieve a unified policy.

The following points were made in discussion:

(a) It was doubtful whether it would be possible to provide from this country enough teachers to make an appreciable impact
upon the problem of teaching English in the world at large. Our interest in doing so was not in the same category of importance as our interest in giving people in the Middle East a British type of education.

(b) On the other hand, it was argued that these two interests were not in conflict. Much could be done with a relatively few teachers from this country established at strategic places and instrumental in establishing the teaching of English abroad on a sound basis. It was greatly to our commercial interest that the use of English in the world should be extended and that facilities should be available for foreign students to come here for training. British business interests in India and Pakistan were concerned to maintain the standing of the English language in that continent.

It was the general view of the Cabinet that the question what might be done to further our interests in this matter merited examination, in the first instance by a committee of officials of the Ministry of Education and the Departments concerned with our overseas interests. It would be desirable to bring into consultation at the appropriate stage the commercial interests, e.g., the publishing trade and the University presses, which had had experience in this general field.

The Cabinet—

Invited the Minister of Education to arrange for a committee of officials representing the Foreign Office, Scottish Office, Commonwealth Relations Office, Colonial Office, the Board of Trade and Ministry of Education to examine further the problem discussed in C.P. (55) 175, and to report to the Cabinet.

Four-Power Talks.

(Previous Reference: C.M. (55) 36th Conclusions, Minute 5.)

8. The Foreign Secretary reported to the Cabinet on the conference of Foreign Ministers which had concluded at Geneva on the previous day. He said that the Soviet attitude which, although obstructive, was not altogether inflexible at the beginning of the conference, became almost completely rigid following Mr. Molotov's visit to Moscow during the course of the conference. It was his impression, which was shared by the other Western Foreign Ministers, that there were two, underlying reasons for this remarkable change of attitude. First, the fact that the Soviet authorities had found that, particularly in the satellite countries, more liberal policies awakened expectations and movements of opinion which were proving difficult to control; second, the balance of forces in the Soviet Government was still precariously poised between those who supported the policies of Stalin and those who favoured a more liberal approach. It was his opinion that the Russians, having established a position of stalemate both in the Far East (which appeared to suit them) and in Europe, would concentrate their energies on the Middle East. Our main objective in Europe must now be to hold West German opinion firmly attached to the West and, to this end, it was in our interest to press ahead with the attachment of German forces to the North Atlantic Treaty Organisation. The mistaken tactic of the Russians in indicating that they would not agree to German unity except on a basis which would preserve Communist gains in East Germany would assist us in holding West German opinion firm.

The Cabinet—

Took note of this statement.
9. The Cabinet were informed that the Chancellor of the Exchequer proposed to announce, in reply to Questions in Parliament that day, that the Government had decided that further measures to assist retired members of the public services were justified, and that the Government were preparing detailed proposals which would be put before Parliament in the New Year.

There was general agreement that, following the Government's earlier statements that they were sympathetically reviewing this question, an announcement on the lines proposed should be made forthwith.

The Minister of Pensions said that on the previous day the Home Affairs Committee had considered his proposals for negotiating with the Trades Union Congress a scheme for increasing the disability pensions of certain totally disabled persons who at present had to rely on workmen's compensation payments. His proposals had not yet been accepted by the Treasury. An announcement that the Government were proposing to increase public service pensions would increase the pressure of the Trades Union Congress for an increase in these disability pensions.

It was agreed that, if this happened, it could be pointed out that an increase in public service pensions did not prejudice consideration of an increase in disability pensions.

The Cabinet—

Agreed that an announcement should be made forthwith of the Government's intention to increase public service pensions.

10. The Minister of Labour said that the Retail Prices Index for October due to be published on the following day would be 152 points as against 150 in September. This increase would add to the pressure for wage claims in the coming months.

The rise in the Index was mainly due to increases in food prices, partly seasonal, and also to increases in the price of furniture and newspapers, and in some areas in rent, rates and gas charges. There had been further price increases since the October figure was calculated, notably in the prices of cigarettes and coal, and the changes introduced by the recent Budget would also have some effect. It was therefore likely that there would be some further rise in the Index for November.

In discussion, it was pointed out that it was continuing pressure of demand which resulted from high earnings and full employment that kept prices up. There was a continuing demand for better quality goods, particularly in the case of food. The Minister of Agriculture said that he hoped to provide the Minister of Labour with background information which might be useful when the rise in the Index for October was announced.

The Minister of Pensions said that the rise in the Index was so substantial as to make it inevitable that the National Assistance Board would seek an increase in the assistance rates.

The Minister of Agriculture said that there was some risk of a shortage of potatoes developing and, to forestall this, he proposed that licences to import potatoes should be issued this year at the beginning of the winter. He understood that, subject to certain conditions, the Chancellor of the Exchequer had agreed to this. The Minister of State, Board of Trade, said that he agreed that licences
should be issued. The earliest date at which they could take effect would be 26th November.

The Cabinet—

(1) Took note of the statements by the Minister of Labour and the Minister of Pensions.

(2) Agreed that licences to import potatoes should now be issued, subject to the approval of the Chancellor of the Exchequer.

11. The Cabinet had before them a memorandum by the Home Secretary (C. (55) 75) seeking their views on the reply which should be given to an all-Party deputation which had been urging that a Royal Commission should be set up to enquire into alternative electoral systems.

The Home Secretary said that the deputation, which he had received on behalf of the former Prime Minister earlier in the year, was now pressing for a reply. No useful purpose would be served by agreeing to set up a Royal Commission to enquire into the electoral system. Any such enquiry would, in fact, be confined to an examination of the merits of proportional representation about which enough information was available already. Both the major political Parties were opposed to proportional representation and a Royal Commission would be embarrassed by the political nature of the subject.

The Cabinet agreed with these views.

It was pointed out in discussion that the materials existed for a complete justification to be given to the all-Party deputation for rejecting their proposal.

The Cabinet—

Invited the Home Secretary, in consultation with the Secretary of State for Scotland, to prepare for the Prime Minister's signature, a reply to the all-Party deputation rejecting their request for a Royal Commission on the electoral system.

12. The Minister of Labour said that the workers on strike at the Hawker aircraft factory at Blackpool had voted to return to work, and some of the engineering workers of Rolls Royce had provisionally decided to return also.

On the other hand, the London lightermen had given notice to terminate their present agreement with their employers as from 1st January next, and had put in a claim for a substantial increase in wages. The employers would find it hard to meet this demand, because of repercussions on other sections of port workers. He hoped that serious trouble could be avoided, but if the lightermen were to strike, the work of the whole port would virtually cease.

The Cabinet—

Took note of this statement by the Minister of Labour.

Cabinet Office, S.W. 1,
17th November, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 22nd November, 1955, at 11.30 a.m.

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Kilmain, Lord Chancellor.
The Right Hon. James Stuart, M.P., Secretary of State for Scotland.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:

Dr. the Right Hon. Charles Hill, M.P., Postmaster General (Items 1-4).
The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs.
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury (Items 1-4).

Secretariat:
Mr. H. O. Hooper.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Betting, Lotteries and Gaming</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Broadcasting</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>The Fortnight Rule</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Capital Punishment</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Implications of Full Employment</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Cyprus</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>National Assistance</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Egypt</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>High Dam at Aswan</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet had a preliminary discussion of the business which might be taken in the House of Commons during the following week, subject to satisfactory progress being made with the Finance Bill.

It was proposed provisionally to arrange for a debate on the *Fortnight Rule* and it was agreed that further consideration should be given to the request put forward by the Opposition for a debate on the *Middle East*. It was noted that any statement which the Government might feel obliged to make on the course of events in Cyprus could be expected to provoke a request for an immediate debate on the Government's policy.

It was agreed after discussion not to attempt to shorten the Committee Stage of the Finance Bill by introducing a guillotine motion on 28th November. It was felt that, in spite of the obstructionist tactics being pursued by the Opposition, this procedure, which was last invoked for a Finance Bill in 1931, was constitutionally inappropriate for a Bill of this nature, especially when the Government had a satisfactory majority. It was recognised that, if the Committee Stage of the Bill continued beyond the end of the following week, there was some risk that its remaining stages would not be completed before the Christmas recess.

2. The Cabinet were informed that a Private Member's Bill introduced by Mr. Ernest Davies, M.P., to authorise small lotteries and small card and gaming parties subject to the conditions recommended by the Royal Commission on Betting, Lotteries and Gaming, was due to receive its Second Reading in the House of Commons on Friday, 25th November.

The Home Secretary said that when an almost identical measure had been introduced in the last session by Sir Eric Errington, M.P., there had been some criticism of the Government for failing to bring in a Bill to give effect to the recommendations of the Royal Commission and for adopting an unnecessarily cautious attitude towards a Private Member's Bill which attempted to remedy some of the defects in the law.

In discussion there was support for the view that, as the present law on the subject of small lotteries and gaming was manifestly unsatisfactory, it would be right for the Government not to put impediments in the way of a Private Member's Bill which sought to improve it. It was therefore agreed that it should be made clear to Government supporters that the Government did not wish to oppose the Bill. This would leave individual members free to vote according to their consciences or to abstain, as they wished.

The Cabinet—

Agreed that it should be made clear to Government supporters that the Government did not wish to oppose the Small Lotteries and Gaming Bill introduced in the House of Commons by Mr. Ernest Davies, M.P.

3. The Cabinet resumed their discussion of the arrangements for a debate in the House of Commons on the question of restricting the broadcast discussion of issues about to be debated in Parliament, and considered the terms of a motion which the Government might put down.

It became clear in discussion that there were difficulties in drafting a motion which would be satisfactory from the Government's point of view and at the same time acceptable to the Labour Opposition. It would no doubt help to secure the agreement of the
Opposition if the terms of the motion included a proposal that a Select Committee should be appointed to consider whether any changes might be desirable in the present practice. There were no serious objections in principle to the appointment of a Select Committee and to include a reference to it in the terms of the motion would, to some extent, anticipate Opposition pressure on the matter. But the fact remained that the Prime Minister had, in answer to a Parliamentary Question, refused to agree to the appointment of a Select Committee, and to put forward a motion which provided for it would create an unjustified impression that the Government had felt compelled to give way on the point.

It was agreed in further discussion that the preferable course would be to treat the subject as one on which the Government were anxious to obtain the views of the House and to allow the debate to take place on the Motion for the Adjournment. This course would, however, require the agreement of the Opposition Leaders.

The Cabinet—

Invited the Lord Privy Seal to be guided by the sense of their discussion in attempting to make arrangements with the Leaders of the Opposition for a debate on the Fortnight Rule.

4. The Cabinet considered the line which should be taken in reply to a Parliamentary Question which had been put down by Mr. S. Silverman, M.P., for answer by the Prime Minister on 24th November. The Question sought information on the steps which the Government proposed to take to ascertain the present state of public opinion as to the death penalty, in view of the Government's refusal to grant time for the discussion of the Bill which Mr. Silverman had introduced, and the belief that there had been a swing of public opinion in favour of abolishing the death penalty.

The Home Secretary said that although there had been a renewal of propaganda on this subject there was no evidence of any change in public opinion in regard to it. On the other hand, the reception accorded to Mr. Silverman's Bill had shown the widespread concern felt in the House of Commons on the subject of the death penalty. An unremitting pressure for the further discussion of this matter could now be expected.

The following points were made in discussion:—

(a) The fact that a new House of Commons had been elected since the question of the death penalty had been last debated could be regarded as sufficient grounds for the further discussion of a matter of such importance.

(b) Although there had been in February a majority of 36 against the suspension of the death penalty for five years, it must be considered doubtful whether there would be a majority in the new House of Commons for the maintenance of the death penalty.

(c) It was unlikely that time could be found for a debate before the Christmas recess.

It was agreed that, in these circumstances, it would be right to say, in reply to Mr. Silverman, that the Government were not opposed in principle to a further debate on the question of capital punishment but that it would not be possible to find time for such a debate in the near future. It was also agreed that, in preparation for such a debate, it would be necessary for the Government again to consider their policy in the matter, and the Home Secretary undertook to circulate a memorandum which would serve as a basis for discussion.
The Cabinet—

(1) Agreed that, in reply to a Parliamentary Question on 24th November, the Prime Minister should state that the Government were not opposed in principle to the holding of a further debate in the House of Commons on the question of capital punishment, but that it would not be possible to find time for such a debate in the near future.

(2) Invited the Home Secretary to circulate a memorandum to serve as a basis for the further discussion of the Government's policy in this matter.
PUBLIC RECORD OFFICE

Group/Class CAB 128
Piece 29

CM(55)42nd Conclusions Item 5

CLOSED UNTIL 2006

under LCI No 75

(date) 1/1/85
(Signed) Smith
6. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (55) 173) covering a revised draft of the White Paper on the Implications of Full Employment and seeking approval for its publication.

The Chancellor of the Exchequer said that the White Paper was not an exhortation for restraint in wage claims and dividend distribution, but explained the problems of achieving and maintaining relative price stability as an essential factor in the maximum expansion of a balanced economy. The White Paper deliberately adopted a long-term approach to this question and, in presenting the facts, had been drafted as impartially as possible. It might nevertheless attract some political criticism, for example on the three points mentioned in paragraph 3(c) of C.P. (55) 173. The most important section of the White Paper (Section VI) recognised that it was inevitable that productivity should increase faster in some sectors of the economy than in others, and it explained the need for the benefits of the increase in productivity in those sectors where it was most substantial and rapid to be shared by way of lower prices with the other sectors of the economy.

It was not likely that the White Paper would attract much popular attention, but it could serve an important educative purpose. The best time to publish it would be after the Finance Bill had been passed, at about the middle of December.

Discussion showed that it was the general view of the Cabinet that publication of the White Paper would be useful as a contribution to the education of public opinion in the problems created by full employment. The Cabinet were informed that a popular version was in course of preparation. It was suggested that the lessons contained in the White Paper should also be expounded by Ministers in speeches in the near future.

The Minister of Education said that the most effective method of disseminating the lessons of the White Paper would be through discussion groups. He undertook to try to get the White Paper adopted as a basis for discussion by adult education organisations.

As regards the time of publication, it was pointed out that it was desirable that the White Paper should have been published before the forthcoming wage negotiations had reached a delicate stage. On this account, the White Paper, and also the popular version of it, should if possible be published on 8th December.

On the content of the White Paper the following suggestions were made:

(a) The President of the Board of Trade said that it might be emphasised that since 1938 the real value of dividends had decreased
by one-third, while the real value of wages and salaries had increased by one-third.

(b) The Lord Chancellor suggested that the White Paper should contain a final summary of the main points and lessons in it.

The Chancellor of the Exchequer said that he would consider these points, together with any others which Ministers might wish to send to him.

The Cabinet—
Agreed that the draft White Paper attached to C.P. (55) 173, subject to any amendments approved by the Chancellor of the Exchequer, should be published if possible on 8th December, and that a popular version of it should be published at the same time.

7. The Colonial Secretary said that on the previous day the Governor of Cyprus had presented to Archbishop Makarios a formula, in terms approved by the Committee on Colonial Policy, setting out the considered attitude of the United Kingdom Government towards the constitutional development of Cyprus. The Archbishop had rejected the formula, on the grounds that it did not recognise the right of self-determination for the people of Cyprus. The Archbishop had, however, agreed to leave to the Governor the question how and when an announcement should be made about their meeting, the publication of the formula, and the fact that the Archbishop had rejected it. The Governor had recommended that such an announcement, in terms which he had suggested, should be issued simultaneously in London and Cyprus on 23rd November. The Greek Prime Minister and Foreign Minister, to whom the formula had also now been disclosed, however, felt that it was a constructive advance, and had suggested that the discussions between the Governor of Cyprus and the Archbishop should be prolonged if possible, so that the views of the Greek Government could be made known to the Archbishop. The Greek Ministers had also suggested that the King of Greece, who was at present in Paris, might usefully intervene.

The Colonial Secretary recommended that the text of the formula, and the fact that the Archbishop had rejected it, should not be made public for the time being, pending consideration of means of enabling the influence of the Greek Government to be brought to bear on the Archbishop. It would, in any case, be necessary to consider how the draft announcement proposed by the Governor should be amended.

The Prime Minister said that, in view of the reaction of the Greek Government to the formula which had been presented to the Archbishop, it was clearly desirable not to make the Archbishop’s rejection of it public for the time being. It was also desirable to consider very carefully the terms of the announcement which would have to be made eventually, if it proved impossible to alter the Archbishop’s attitude.

Discussion showed that it was the general view of the Cabinet that the Governor of Cyprus should be informed that no announcement of the formula, or the Archbishop’s rejection of it, should be made for the time being. It was also agreed that H.M. Ambassador in Paris should explain the formula and the general policy of the United Kingdom Government to the King of Greece, with a view to his intervention at a suitable time.
The Cabinet—

(1) Invited the Colonial Secretary to instruct the Governor of Cyprus that no announcement about the formula should be made for the time being.

(2) Invited the Minister of State for Foreign Affairs to arrange for H.M. Ambassador in Paris to explain the formula to the King of Greece.

(3) Took note that the Colonial Policy Committee would consider the form of any announcement about the formula which might become necessary, and the question of policy in Cyprus generally, at their meeting on 24th November.

8. The Minister of Pensions said that the Chairman of the National Assistance Board had intimated that in his view there should be an increase of 4s. 6d. in the rate of assistance for a single person, with appropriate increases in the other rates of National Assistance, because of the rise in the cost of living. Before the Board made a formal recommendation, he wished to indicate to the Chairman what increases the Government would regard as reasonable, with a view to dissuading the Board from recommending increases which the Government could not accept.

The Minister of Pensions said that the minimum increase that could in practice be granted would be 2s. 6d. for a single person. Of this, however, 1s. 6d. would be needed, in view of the current increase in the cost of living, to restore the value of the scale established last February. An increase of 2s. 6d. was therefore hardly adequate to meet likely further increases in the cost of living. He therefore recommended that he should indicate to the Chairman of the Board that the Government would accept an increase of 3s. 6d. in the rate for a single person, with appropriate increases in the other rates. If this were done, there would be a good hope of avoiding applications for further increases for a considerable period.

The Chairman might well not be able to persuade the Board to recommend an increase as low as 3s. 6d. If the Board were to recommend an increase which the Government could not accept, their recommendations, together with the Government's reasons for refusing to accept them, would have to be published.

The Chancellor of the Exchequer said that it was disappointing that although the Government, in order to mitigate the increase in the cost of living, had decided not to abolish the bread subsidy, the National Assistance Board were now in any event pressing for increased rates of assistance. He hoped therefore that the increase in the scale for a single person would not be more than 2s. 6d. Increases on this basis would maintain the value of the scales established last February until the Retail Prices Index rose to 158 points, and would therefore provide a sufficient margin for the time being. Even this increase would cost the Exchequer £12 millions.

In discussion it was suggested that if the increase in the rate for a single person were now limited to 2s. 6d., this would leave open the possibility of a further increase if it were decided to take some action later to relieve the Exchequer, such as the abolition of the bread subsidy, which would have the effect of further increasing the cost of living. There was a likelihood that in any event the Retail Prices Index would show a further rise over the next few months, but this might not be so substantial as to absorb the whole value of an increase of 2s. 6d.

On the other hand, it was pointed out that, although the cost of an increase in National Assistance scales was substantial, a considerable saving had already been effected in the cost of National Assistance since the spring.
Further discussion showed that it was the general view of the Cabinet that the Minister of Pensions should indicate to the Chairman of the National Assistance Board that in the Government's view the increase in the scale of assistance for a single person should be no more than 2s. 6d., and to express the hope that the Board could be persuaded to limit their recommendations to increases on this basis.

The Cabinet—

Invited the Minister of Pensions to inform the Chairman of the National Assistance Board that in the Government's view the increases in the scales of National Assistance should be on the basis of not more than 2s. 6d. for a single person.

9. The Cabinet were informed of the progress of the negotiations for the financing of the Aswan High Dam.

The Chancellor of the Exchequer said that Mr. Black, the President of the International Bank, had now suggested that a working party should be set up under a Chairman appointed by the Bank, on which the United Kingdom, United States and Egyptian Governments would be represented. This might help to persuade the Egyptian Government to look to the West for the help necessary to carry out the project. It might still be desirable at a later stage to seek the co-operation of the United States Government in pressing Mr. Black to provide Bank support for the project without insisting on some of the conditions which he was at present inclined to think were necessary. There was a danger, as was clear from the views which Colonel Hilmi, the Egyptian co-ordinator in charge of the High Dam project, had expressed in Paris, that the Egyptian Government might still turn to the Russians if they found that they were unable to make satisfactory arrangements for credit if the contract were awarded to the consortium of European firms.

Discussion showed that it was the general view of the Cabinet that the Government should express their willingness to take part in a working party under the aegis of the International Bank, even if this meant that it would be more difficult to avoid some commitment towards the financing of the project, in addition to being prepared to release Egypt's sterling balances.

The Cabinet—

Invited the Chancellor of the Exchequer to arrange for the President of the International Bank to be informed that the United Kingdom Government would support the establishment of a working party on the Aswan High Dam project.

Cabinet Office, S.W. 1,
22nd November, 1955.
Further discussion showed that it was the general view of the Cabinet that the Minister of Pensions should indicate to the Chairman of the National Assistance Board that in the Government's view the increase in the scale of assistance for a single person should be no more than 2s. 6d. and to express the hope that the Board could be persuaded to limit their recommendations to increases on this basis.

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*Cabinet Office, S.W. 1.*

22nd November, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 24th November, 1955, at 12 Noon

Present:

The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.

The following were also present:

Dr. the Right Hon. Charles Hill, M.P., Postmaster-General (Item I).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Secretariat:

Mr. H. O. Hooper.
Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>United Nations</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Food and Agriculture Organisation</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Muscat and the Oman</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Industrial Disputes</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Rolls Royce Factories in Scotland</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Road and Rail Transport</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>London Fares</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Cabinet were informed that the terms of the Government motion on which it was proposed to debate the Fortnight Rule had been shown to the Opposition Leaders, who had said that, although they were not prepared to put their names to the motion, they would speak in favour of it.

It was agreed that the Prime Minister and the Postmaster-General would speak in this debate, and that the division on the motion should be left to a free vote of the House.

The Prime Minister said that he proposed to say that day, in reply to a Question by Mr. Silverman, M.P., that the Government would consider providing time for a debate on capital punishment, but that time could not be found in the immediate future.

The Cabinet recognised that a debate could not be long delayed and that it would be necessary for the Government to express their considered views on the subject when the debate took place. In this connection, the view was expressed that opinion in the new Parliament had moved in favour of the abolition of the death penalty. On the other hand, the weight of public opinion, which had not moved in the same direction, could be expected to make itself felt when a debate was imminent.

The Cabinet were also given a general outline of the business which was expected to be taken in the House of Commons before the Christmas recess. It was necessary to complete all stages of the Finance Bill and to start, and if possible finish, the Committee Stage of the Housing Subsidies Bill. There would also be debates on civil aviation and Welsh affairs, together with the Second Readings of the Valuation and Rating (Scotland) Bill and the Teachers (Superannuation) Bill, and it would be necessary to introduce the Road Haulage Bill. There would also be debates on anti-dumping legislation, and on the Middle East.

The Cabinet were informed that a Pensions (Increase) Bill would not be introduced until after the Christmas recess. The Chancellor of the Exchequer undertook to consider whether a definite announcement that such a Bill would then be introduced should be made in the near future.

The Cabinet were also informed that it was likely that time would have to be found for a debate on National Assistance. It was pointed out that it was desirable that this should take place before the Retail Prices Index figure for November was announced.

2. The Minister of Agriculture reported to the Cabinet that the United Kingdom had failed to obtain re-election to the seat on the Executive Council of the Food and Agriculture Organisation (F.A.O.) which, as a leading supporter and contributor, we might reasonably expect to occupy and had occupied since the Organisation was first set up. The Conference of the Organisation had preferred to elect Italy, Belgium, Spain and Turkey to the four European seats. The failure of the United Kingdom to be re-elected had been attributed to the resentment created among the smaller Powers by the part which our representative had played in pressing for economies in administrative expenditure. The result of the voting had occasioned surprise within the Organisation and had led to some questioning of the validity of the voting procedure. It was possible that fresh elections would be called for.

It was the view of the Cabinet that we should not again contest the seat if fresh elections were held. This irresponsible voting represented an unmerited rebuff to one of the Organisation’s main supporters and we should seek an opportunity before the present Conference came to an end of showing displeasure in a manner which...
would cause the smaller countries to reconsider the wisdom of their approach to these matters. A reduction in our subscription to the F.A.O. might even be considered, but it was to be noted that the representative bodies of the farming industry in this country were anxious that the United Kingdom should belong to this Organisation.

The Cabinet—
Invited the Minister of Agriculture to be guided by their discussion in taking appropriate steps to promote a greater sense of responsibility among the smaller nations represented on the Food and Agriculture Organisation.
CM(55)43rd Conclusions Item 3

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(date) 1/11/85
(Signed) Smith
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 24th November, 1955, at 12 Noon

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Kilmuir, Lord Chancellor.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The following were also present:
Dr. the Right Hon. Charles Hill, M.P., Postmaster-General (Item 1).

Secretariat:
Mr. H. O. Hooper.
Mr. F. A. Bishop.
CONTENTS

Minute No. | Subject | Page
---|---|---
1 | Parliament | 3
2 | United Nations | 3
Food and Agriculture Organisation.
3 | Middle East | 4
4 | Muscat and the Oman | 5
5 | Industrial Disputes | 5
Rolls Royce Factories in Scotland.
6 | Road and Rail Transport | 6
London Fares.
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Cabinet were informed that the terms of the Government motion on which it was proposed to debate the Fortnight Rule had been shown to the Opposition Leaders, who had said that, although they were not prepared to put their names to the motion, they would speak in favour of it.

It was agreed that the Prime Minister and the Postmaster-General would speak in this debate, and that the division on the motion should be left to a free vote of the House.

The Prime Minister said that he proposed to say that day, in reply to a Question by Mr. Silverman, M.P., that the Government would consider providing time for a debate on capital punishment, but that time could not be found in the immediate future.

The Cabinet recognised that a debate could not be long delayed and that it would be necessary for the Government to express their considered views on the subject when the debate took place. In this connection, the view was expressed that opinion in the new Parliament had moved in favour of the abolition of the death penalty. On the other hand, the weight of public opinion, which had not moved in the same direction, could be expected to make itself felt when a debate was imminent.

The Cabinet were also given a general outline of the business which was expected to be taken in the House of Commons before the Christmas recess. It was necessary to complete all stages of the Finance Bill and to start, and if possible finish, the Committee Stage of the Housing Subsidies Bill. There would also be debates on civil aviation and Welsh affairs, together with the Second Readings of the Valuation and Rating (Scotland) Bill and the Teachers (Superannuation) Bill, and it would be necessary to introduce the Road Haulage Bill. There would also be debates on anti-dumping legislation, and on the Middle East.

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It was the view of the Cabinet that we should not again contest the seat if fresh elections were held. This irresponsible voting represented an unmerited rebuff to one of the Organisation's main supporters and we should seek an opportunity before the present Conference came to an end of showing displeasure in a manner which
would cause the smaller countries to reconsider the wisdom of their approach to these matters. A reduction in our subscription to the F.A.O. might even be considered, but it was to be noted that the representative bodies of the farming industry in this country were anxious that the United Kingdom should belong to this Organisation.

The Cabinet—

Invited the Minister of Agriculture to be guided by their discussion in taking appropriate steps to promote a greater sense of responsibility among the smaller nations represented on the Food and Agriculture Organisation.

3. The Cabinet resumed their discussion of the situation in the Middle East.

The Foreign Secretary said that the Bagdad Pact represented the “grand design” in our Middle East policy, within which we must seek a solution to the particular problem of the dispute between Israel and Egypt. We were fully committed to the Bagdad Pact and it was essential that we should make a success of it. Our main effort should now be directed to bringing Jordan into the Pact as quickly as possible. This would inevitably entail a revision of our treaty with that country in favour of a less tutelary instrument and we should have to make some concessions, although we should try to keep these to a minimum. There was some reason to hope that if Jordan joined the Pact she would be followed by the Lebanon. An early settlement of the dispute between Israel and Egypt was now indispensable, if it could be achieved, in order to create the conditions in which Russia’s attempt to establish her influence in the Middle East might be checked and progressively reduced. The Prime Minister’s speech on 9th November had been very favourably received in the Arab countries, although these countries had naturally tended to fasten exclusively upon the references to the United Nations resolutions of 1947 regarding the frontiers of Israel. The next step, in regard to this dispute, was to induce first the Egyptian and then the Israeli Government to agree upon a basis for discussion which might open the way to settlement. If this dispute could be brought to an end, conditions would be created in which Egypt might gradually and properly resume her leading position among the Arab countries and a prospect would be opened for the Northern Tier Pact to spread downwards towards the Nile. In these efforts it would be reasonable to look to the United States to take the major responsibility for bringing the Israelis to a reasonable frame of mind and for us to undertake a similar responsibility with regard to the Arab countries.

The Foreign Secretary said that he had been impressed, during his visit to the Middle East, with the corrupt influence of Saudi Arabia supported by immense oil revenues which, when not squandered improvidently, were being used to seduce neighbouring Arab States. The Saudi Arabians were irresponsibly indifferent to the fact that the corrupting policies they pursued in their hatred of the Hashemite dynasties opened the door still wider to the spread of Communist influence in the Near East. The Arab States were being subjected to an undermining process which they could not indefinitely withstand. This made it the more urgent that we should press our own policies to a successful conclusion.

The Prime Minister said that no time should be lost in taking advantage of the indications that the Egyptian Government might now be disposed to collaborate in an approach, of the kind which had been outlined, to the problem of securing a settlement of the
dispute with Israel. It was important that the preparatory steps should be completed before renewed hostility towards a settlement could develop in Israel.

The Cabinet—

Took note with approval of the statements made by the Prime Minister and the Foreign Secretary.

4. The Cabinet were informed of the measures which were planned to support certain operations proposed by the Sultan of Muscat against the Imam of Oman. The Defence Committee had recommended that there should be no further delay in launching the proposed operations and in affording the support required.

The Cabinet considered whether, and if so at what time, the United States Government should be informed of these operations. It was pointed out that since, unlike the operations at Buraimi, the action now proposed would not affect the American oil companies, the United States Government might feel less concern on this occasion. The measures which were planned to support the Sultan's operations could be justified as necessary to fulfil our Treaty obligations to the Sultan. The Foreign Secretary said that he would consider further the question of informing the United States Government about the proposed action.

The Cabinet—

(1) Endorsed the recommendation of the Defence Committee that the proposed operations in the Trucial Oman should be launched as soon as possible.

(2) Took note that the Foreign Secretary would consider further the question of informing the United States Government.

5. The Minister of Labour said that the prospects for a settlement of the strike at the Rolls Royce factories in Scotland had receded. A few days ago, following discussion at a meeting of the General Iron Fitters' Association, it had looked as if work might be resumed. But, as reported in the newspapers that morning, the representatives of unions with members involved in the strike had now recommended that the thirteen unions concerned should recognise the strike officially and had appointed a committee of five to negotiate with the employers. Unfortunately little confidence could be reposed in this committee, for three of its members were politically unreliable. A meeting between the unions and the employers was now likely. The basis of the strike had, however, changed. It was no longer concerned with the dispute which had arisen over the refusal of one employee to honour an informal agreement to limit bonus earnings but, the man having been expelled from his union, was now concerned with the employment of non-unionists. His Department would be in touch with further developments but the employers, who had taken the line that there was as yet no basis for conciliation, had not invited him to intervene.

The Cabinet—

Took note of this statement.
6. The Cabinet were informed that the British Transport Commission proposed to apply in the near future to the Transport Tribunal for a substantial increase in fares on the London Transport lines, the London lines of British Railways and also on London buses. These proposals would be the direct result of the recent wage award to bus staffs. This was likely to cost £3 million a year and, on the present basis, London Transport net revenue was likely to show a deficit of £4.4 million a year. The proposed increases would yield an increased annual revenue of about £4 million. It would now be necessary to raise the minimum 2d. fares and some other fares, including early morning fares, would have to go up. The application to the Transport Tribunal would be made shortly and would become quickly known thereafter. The Minister of Transport had taken the view that he would not be justified in intervening.

It was pointed out in discussion that it was by no means unsatisfactory that a close and immediate relationship should be established in the public mind between a substantial increase in wages and a consequent increase in fares.

The Cabinet—

took note of this statement.

Cabinet Office, S.W. 1,

24th November, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1., on Thursday, 1st December, 1955, at 11 a.m.

Present:
The Right Hon. Sir Anthony Eden, M.P., Prime Minister.
The Most Hon. the Marquess of Salisbury, Lord President of the Council.
The Right Hon. Viscount Woolton, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the Earl of Home, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter Monckton, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. Duncan Sandys, M.P., Minister of Housing and Local Government.
The Right Hon. Osbert Peake, M.P., Minister of Pensions and National Insurance.
The Right Hon. Selwyn Lloyd, Q.C., M.P., Minister of Defence.
The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:
The Right Hon. Iain Macleod, M.P., Minister of Health (Item 4).
The Right Hon. Sir Reginald Manningham-Buller, Q.C., M.P., Attorney-General (Items 1–2).
The Right Hon. John Boyd-Carpenter, M.P., Minister of Transport and Civil Aviation (Items 1–3).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury, (Items 1–4).

Secretariat:
Mr. H. O. Hooper.
Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>House of Commons Disqualification</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Mr. C. Beattie, M.P.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Road Haulage Disposals Bill</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Heroin</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Commonwealth Membership</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Overseas Expenditure</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Housing Subsidies Bill</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Slum Clearance Compensation.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Implications of Full Employment</td>
<td>10</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Cabinet recognised that, in the proposed debate on Cyprus on 5th December, the Government spokesmen would not be able to give any indication of the state of the discussions between the Governor of Cyprus and Archbishop Makarios, unless by then it had become clear that there was no hope of securing the Archbishop's co-operation and that the time had come to make public the proposals which Her Majesty's Government had put forward.

The Cabinet were informed that it was hoped that Parliament would rise for the Christmas recess on 21st December. An announcement to that effect would be made by the Lord Privy Seal in the course of his business statement, but he would point out that this would depend on sufficient progress being made with the business before the House.

It was pointed out that it was particularly desirable that the Committee Stage of the Housing Subsidies Bill should be completed before the Christmas recess.

2. The Lord Privy Seal said that it had now come to light that Mr. C. Beattie, M.P., was probably disqualified on the ground that he had been appointed by the Northern Ireland Minister of Labour and National Insurance to be a member of three Appeal Tribunals. This was a particularly unfortunate case for two reasons. First, the Prime Minister had informed the House of Commons on 29th November that, as a result of the examination made by Government Departments in Great Britain and Northern Ireland, it was hoped that no further cases of this kind would arise. Secondly, Mr. Beattie had been declared to be the Member for Mid-Ulster as the result of a petition to disqualify the Sinn Fein candidate who had secured a majority at the by-election of 11th August, 1955.

It was the general view of the Cabinet that the doubt about Mr. Beattie's position should be disclosed to the House of Commons without delay, and that thereafter the Attorney-General should report the matter to the Select Committee for investigation. Meanwhile, Mr. Beattie had been advised not to attend sittings of the House of Commons.

It was also the general view of the Cabinet that in all the circumstances it would be virtually impossible for the Government to regard Mr. Beattie's election as valid, and that it would therefore be necessary to arrange for a further by-election in Mid-Ulster, although it was likely that a Sinn Fein candidate would receive a majority of the votes, which would entail a further election petition.

The Cabinet—

Agreed that the case of Mr. Beattie should be disclosed to the House of Commons without delay, and that the matter should be referred to the Select Committee which was already in being.

3. The Cabinet considered what steps should be taken to allay the anxiety which was known to exist among certain Government supporters over the policy embodied in the Road Haulage Disposals Bill.

The Minister of Transport said that Government supporters had been prepared to accept, although with some reluctance, the need to retain the vehicles required for the trunk services when he had announced in July the Cabinet's decision on this matter. But, in the meantime, and no doubt as a result of pressure exerted by interested parties, a widespread anxiety had developed that the policy embodied in the Road Haulage Disposals Bill was not in accordance
with Conservative principles and would be contrary to the under­
takings given by the Party during the Election. These misgivings
were entertained mainly by Members who had not specially
concerned themselves with transport questions, and the possibility
could not be excluded that some Government supporters would
abstain from voting in favour of the Bill or would even vote against
it. The drafting of the Bill was now nearing completion, but he
felt that, before it could be introduced, it would be necessary to
make further efforts to allay the concern which had been expressed.
A meeting of Government supporters for this purpose had been
arranged for 8th December.

The view was expressed in discussion that the objections raised
by those Government supporters who had experience of transport
matters lay, not so much against the decision to preserve the trunk
services as a transport entity, but rather against the proposed
arrangement under which these vehicles would continue to be
retained by the British Transport Commission. The opinion was
held that the trunk services should be formed into a separate
company and that, while the British Transport Commission might
possibly retain a majority shareholding, private interests should be
enabled to participate on a substantial scale.

It was also pointed out that it might prove possible, on further
consideration, to take advantage of those provisions in the draft
Bill which related to disposal by the "company method," although
these provisions had not, in fact, been devised for this purpose.

The Prime Minister said that, although the Cabinet had already
given a great deal of thought to the policy embodied in the Road
Haulage Disposals Bill, he had no doubt, in view of the points which
had been made in the discussion, that the provisions of the Bill should
be further scrutinised. This would best be done by a small
Committee of Ministers.

The Cabinet—
Appointed a Committee consisting of—
Lord Chancellor (in the Chair),
Chancellor of the Duchy of Lancaster,
Lord Privy Seal,
Colonial Secretary,
President of the Board of Trade,
Minister of Transport,
Parliamentary Secretary, Treasury,

to consider again the provisions of the draft Road Haulage
Disposals Bill in the light of their discussion, and to report
to the Cabinet at their next meeting.

Heroin.

4. The Cabinet considered a memorandum by the Home
Secretary and the Minister of Health (C.P. (55) 185) setting out, in
the light of the concern on this subject which had been expressed
both in Parliament and in the Press, the arguments for imposing a
ban on the manufacture of heroin in this country in order to
 collaborate with the World Health Organisation in their efforts to
stamp out the traffic in this dangerous drug.

The Minister of Health said that, in arriving at a decision that
the manufacture of heroin could safely be brought to an end in this
country, he had been supported by advice received from his Standing
Medical Advisory Committee (S.M.A.C.), a representative and
independent body, that it would be necessary to take this course. In view, however, of the public and
medical concern at this decision which had recently developed, he
had taken the precaution of inviting several of the most distinguished
members of the S.M.A.C. to confirm that their opinion in the matter
still held, and they had done so. He was satisfied that much of the agitation which was occurring could be attributed to the efforts of the Fellowship for Freedom in Medicine, a professional group hostile to any direction or control which might be inconsistent with the professional freedom of medical men. The interest shown by the Press in the matter had been confined to the London Press and virtually to *The Times* newspaper. The Scottish and provincial Press had not taken the subject up, and the fleeting interest shown in the popular Press had not been maintained.

He had full confidence in the S.M.A.C. which comprised, in addition to several of the most leading members of the medical profession, a substantial proportion of general practitioners who had associated themselves with the advice which the Committee had given in 1954. He recognised that one general practitioner member had now come to dissent from the advice previously tendered and he did not doubt that, if the issue were presented to the S.M.A.C. again, some of the general practitioner members might waver in their support for a ban on manufacture. On the other hand, an authoritative leading article which was about to appear in *The Times* would support the decision which had been announced. He admitted that there was a conflict of medical opinion and that there would remain two schools of thought on the need for the use of heroin; and the Government would be exposed to criticism whether they confirmed or reversed the decision to ban its manufacture. Three-quarters of the world’s supply of this drug was manufactured in this country and a reversal of our decision would be difficult to justify in the World Health Organisation, where several Commonwealth countries had followed our lead in deciding to ban manufacture. He was satisfied that it was right to maintain the decision.

The Home Secretary endorsed these views. Two months had elapsed since the decision was announced in February 1955 before any protest was heard and there was no doubt that an artificial agitation on the subject had been worked up. It was a question of weighing the alleged need for heroin in this country against the opinion of leading medical men who, in advising that adequate substitutes for heroin existed, would scarcely risk their professional reputations on such a matter, and against our interest in collaborating in international action against the drug traffic in which we had traditionally played a leading part. Although there were only about 50 known heroin addicts in this country, there were 60,000 in the United States and 3,000 in Canada, constituting a grave social problem for those countries. Fifty-five countries had now agreed to ban the manufacture of heroin. In this country manufacture had been expanding annually.

The following points were made in discussion:

(a) The only important countries which had not yet agreed to ban the manufacture of heroin were France, Belgium, Italy and New Zealand.

(b) It was not considered practicable to meet our international obligations by exercising an even closer control and supervision over the manufacture of heroin and by confining its use to the teaching hospitals.

(c) Nor would it meet the problem to exercise closer control over exports, for the World Health Organisation were anxious to achieve a general ban on the legal manufacture of this drug in order to be able more effectively to track down the sources of illicit supplies.

(d) Heroin was not in universal use by the medical profession in this country. Some teaching hospitals used it; others did not. Three of the most distinguished members of the S.M.A.C. (including a leading authority on the treatment of cancer), who had been specifically consulted on the point, had confirmed that they never prescribed heroin.
The objection to heroin was the great risk that its use would lead to uncontrollable addiction. There were three or four alternative drugs which, administered with adequate medical skill, could be regarded as satisfactory alternatives.

The right of the doctor to prescribe the drug he preferred had never previously been subject to interference. Were it not for the question of interference with the freedom of the medical profession in a professional matter, there was little doubt that there would be general support for the ban among the responsible members of the profession.

It was the general feeling of the Cabinet that the balance of considerations in this matter was very delicately poised. On the one hand, the decision to ban the manufacture of this drug had been taken with the support of authoritative medical advice which had been confirmed; and there were good grounds for believing that much of the public concern had been inspired by members of the medical profession for reasons which distorted the merits of the question. It was our traditional practice to take a leading part in international action against dangerous drugs and a very large number of countries had already agreed to ban the manufacture of heroin.

On the other hand, several Ministers expressed grave misgivings on a number of points. It appeared that some members at least of the S.M.A.C. would now question the advice they had given a year earlier, and not all members of the medical profession had taken part in the press campaign for disingenuous reasons. Many genuinely held that there was no alternative to heroin for certain types of illness. Although three or four satisfactory alternative drugs were said to exist, they had not yet been publicly named. Moreover, the advice given by the leading authorities who had been consulted that the alternative drugs were entirely satisfactory, depended on the condition that the drugs were administered with adequate medical knowledge and skill. Not all sufferers would be treated in teaching hospitals and the general practitioner, who would be faced with the problem of treating difficult cases in his own area, might not easily be able to gain the knowledge or the skill required to administer the alternatives.

After a close consideration of the arguments brought out in their discussion, it was the general view of the Cabinet that the Government would not be justified in withdrawing the proposed ban on the manufacture of heroin at the end of the year. But, in view of the doubts which had been expressed on a number of important points, the ban should be kept under constant review in the light of the experience gained when it had come into operation. It was agreed that the Home Secretary should reply in this sense to Parliamentary Questions which he was due to answer that afternoon and the text of a statement to this effect was approved.

The Cabinet—

1. Agreed that the decision, already announced, to impose a ban on the manufacture of heroin in this country at the end of the year should be maintained, but that the ban would be subject to constant review in the light of the experience gained of its operation in practice.

2. Invited the Home Secretary to reply in this sense to Parliamentary Questions on this subject which were down for answer that afternoon.

The Cabinet—

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2. Invited the Home Secretary to reply in this sense to Parliamentary Questions on this subject which were down for answer that afternoon.

5. The Cabinet had before them a memorandum by the Commonwealth Secretary (C.P. (55) 182) recommending that the United Kingdom High Commissioner in South Africa should be authorised to make a preliminary approach to the South African Prime Minister about the possibility of the Gold Coast being admitted to Commonwealth membership when that Colony achieved full self-government.
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The Cabinet also had before them a memorandum by the Colonial Secretary (C.P. (55) 183) which described the present constitutional position in the Gold Coast.

The Commonwealth Secretary said that, since it was possible that the question of admitting the Gold Coast to Commonwealth membership might need to be considered at the meeting of Commonwealth Prime Ministers in June 1956, he recommended that the way for such a discussion should be prepared gradually in a series of talks which the United Kingdom High Commissioner would have with the South African Prime Minister. There had been indications recently that the attitude of the South African Government to this question had become less rigid, and it would be best for the High Commissioner to make his approach without delay and before he visited London next January.

The Colonial Secretary said that the adviser on constitutional matters (Sir Frederick Bourne), whom he had appointed to the Gold Coast Government, hoped to have a scheme of constitutional development ready for discussion by a conference of all parties in that Colony during the present month. If an acceptable scheme could be worked out, there was some possibility that the Gold Coast might achieve full self-government by the end of 1956; but if, as was more likely, it took longer to work out an acceptable scheme, self-government would not have to be granted before the middle of 1957.

The Prime Minister said that it would be preferable if the question of admitting the Gold Coast to Commonwealth membership did not have to be considered at the meeting of Commonwealth Prime Ministers in June 1956. It would therefore be not altogether disadvantageous if the discussions about constitutional development in the Gold Coast should take some further time.

In discussion, strong approval was expressed for a general ruling that, in the context of Commonwealth membership, it was desirable to use the term “full self-government” and to avoid the word “independence,” since the latter term implied that the constitutional development of Colonial territories entailed the probability that they would secede from the Commonwealth and might give unnecessary encouragement to this idea.

The Cabinet—

1. Invited the Commonwealth Secretary to authorise the United Kingdom High Commissioner to make an approach before mid-December to the South African Prime Minister about the admission of the Gold Coast to Commonwealth membership.

2. Agreed that the general rule should be adopted of using the term “full self-government” in all references to the constitutional development of Colonial territories, and that the use of the term “independence” in this context should be discontinued.

Overseas Expenditure. 6. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (55) 184) on the need for a more rigorous scrutiny of commitments involving additional expenditure overseas.

The Chancellor of the Exchequer said that he was anxious to draw the urgent attention of all Departments to the close connection which must be kept in mind between the commitments we might wish to undertake overseas and the resources we possessed to meet them. At present, so far from earning enough to enable us to undertake new financial commitments overseas, our resources were not sufficient to meet the commitments we already had. In these circumstances
new commitments could only be undertaken at the cost of running down the reserves. The situation in regard to our expenditure overseas was exacerbated by the excessive demand on our resources at home. The measures which had been taken to combat inflation would at best restore us to a healthy condition with only our present commitments. There were many proposals for expenditure overseas in support of objectives which might be in the national interest and were desirable in themselves. But we should defeat our own purposes if we took on more than we could afford, and found eventually that our commitments were in the aggregate more than we could meet. In such an event it would be necessary to make drastic changes in our policies which would have the serious repercussions outlined in his memorandum. There was a tendency for proposals involving additional foreign exchange expenditure to multiply and it had now become necessary to apply a more rigorous scrutiny to proposals of this kind.

In the course of a general discussion the following points were made:

(a) It would continue to be necessary to contemplate additional expenditure overseas to further and safeguard our longer term economic and political interests. The expenditure on a project could not be considered in isolation from the results to be achieved by the expenditure. The Volta River scheme, for example, was designed to make the United Kingdom economy independent of the need to incur dollar expenditure for supplies of aluminium. We had entered into the Kariba project in order to safeguard our supplies of copper from Rhodesia. Moreover, any incentive which Colonial territories might have for holding their funds in London would be diminished if these territories were given the impression that we were not prepared to facilitate their capital development by affording them access to the London market.

(b) It was pointed out, on the other hand, that the Chancellor of the Exchequer's memorandum simply stated a mathematical truth in drawing attention to the fact that commitments must be related to resources. If we did not have the resources to undertake all the commitments overseas which it might be in our interests to accept, the need arose to establish some order of priority as between one type of commitment and another. The time for a further assessment of priorities might now have arrived.

(c) It was pointed out, as a factor in the same equation, that the necessary resources to cover our needs overseas would not be available while consumption and investment at home continued at their present excessive levels. Unless demand at home could be brought under control we faced the risk of not being able to safeguard our vital interests in the Commonwealth and elsewhere, with all the consequences which that would involve. If the capital investment in modern machinery and equipment now installed in this country could be made fully effective by two-shift or three-shift working, additional resources would be created which might be employed in furtherance of our interests abroad.

(d) The view was expressed that, if appropriate adjustments in taxation could be made, it would be possible to look to a greater earnings yield from shipping services. It was, for example, expected that the volume of oil shipped would treble over the next ten years.

The Cabinet—

Took note of the memorandum (C.P. (55) 184) by the Chancellor of the Exchequer.
7. The Cabinet had before them a memorandum by the Minister of Housing (C.P. (55) 186) seeking authority to announce that a Bill would be introduced to meet cases of hardship resulting from compulsory purchase for slum clearance purposes.

The Minister of Housing said that the recent debate on the Housing Subsidies Bill had shown that the existing provisions for slum clearance compensation were inadequate in certain cases and, in particular, that owner-occupiers who had been driven by the housing shortage to buy unfit property at scarcity prices would receive only a small fraction of their expenditure in compensation if their property was compulsorily purchased. After consultation with the Prime Minister and the other Ministers concerned, he proposed, in respect of England and Wales, to introduce a Bill to meet three cases. First, an owner-occupier who had bought an unfit house between the outbreak of war and the date when the proposed legislation was announced should, if that house was compulsorily purchased, or cleared or demolished, receive compensation equal to the market value of the house immediately before it was declared unfit. Secondly, the compensation payable in respect of a well-maintained unfit house, which was at present payable on the basis of pre-war building costs, should from time to time be adjusted to take account of changes in the level of costs. Thirdly, where a shop or other business formed part of an unfit dwelling house which was compulsorily purchased, or cleared or demolished, owner-occupiers or tenants should receive compensation at market value for the shop or business part of the premises.

He sought authority to announce that the Government proposed to introduce legislation on these lines, which would have retrospective effect from the date when the announcement was made.

The Chancellor of the Exchequer said that he was in agreement with these proposals, on condition that they did not entail further concessions to meet hardship in Scotland, where compensation for slum clearance was on a different basis.

The Secretary of State for Scotland said that he did not intend to seek a concession on slum clearance compensation in Scotland, as a result of the proposals in C.P. (55) 186. He thought, however, that the proposed concessions might lead to increased pressure for some concession on compensation payable in respect of compulsory purchases under the Town and Country Planning Acts.

In further discussion it was explained that the market value, on which the compensation proposed in paragraph 3 (a) and (c) of C.P. (55) 186 would be assessed, was not exactly the same as the price which would be obtained from a sale in the open market. Compensation would be based on existing use value, with the addition of the value for development purposes which the property had in 1947.

The Lord Privy Seal informed the Cabinet that, if it were proposed to enact the legislation outlined in C.P. (55) 186 in the current session, it might well be necessary to remove other projected legislation from the legislative programme. The date for the introduction of the Bill should be considered by the Legislation Committee.

The Cabinet—

Approved the proposals in C.P. (55) 186.
8. The Chancellor of the Exchequer said that it now appeared that it would be difficult to produce a popular version of the projected White Paper on the Implications of Full Employment which might not turn out to be politically embarrassing to the Government. It had also become clear that it would take longer than had been thought previously to complete all the stages of the Finance Bill. As matters had developed, it would, he suggested, be preferable to delay temporarily the publication of the White Paper. This would give further time in which he proposed to study the likely political effect both of the White Paper itself and of a popular version. He remained convinced that it was vitally important to educate the public about the relationship of prices and incomes in conditions of full employment, but the White Paper might have a better effect if it were published early in the New Year.

The Prime Minister suggested that the Chancellor of the Exchequer might explain some of the lessons contained in the White Paper in any public speech which he might make in the near future.

The Cabinet—

Approved the proposal of the Chancellor of the Exchequer to postpone for the time being publication of the White Paper on the Implications of Full Employment.

Cabinet Office, S.W. 1.
1st December, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 6th December, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.

The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.

The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.

The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. IAIN MACLEOD, M.P., Minister of Health (Item 6).

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1-3).

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Items 1-5).

Mr. FITZROY MACLEAN, M.P., Parliamentary Under-Secretary of State and Financial Secretary, War Office (Item 7).

Secretariat:

Mr. H. O. Hooper.

Mr. F. A. Bishop.
## CONTENTS

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Nuclear Weapons-Bomb Tests</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Soviet Union: Visit of Soviet Leaders to the United Kingdom</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Road Haulage Disposals Bill</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Canals</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Social Services</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Egypt: Palestinians in the Canal Zone.</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Cyprus</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Industrial Disputes: Rolls Royce Factories in Scotland.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Port of London.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Engineering Industry.</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

It was agreed that the Lord Privy Seal should announce, in his business statement on 8th December, that Parliament would be adjourned for the Christmas recess on 21st December, if the state of business permitted, and would reassemble on 24th January.

It was pointed out that it was particularly desirable to complete the Committee stage of the Housing Subsidies Bill before the recess. This might be possible if, in addition to the one day which it was proposed to devote to this subject on 14th December, a further day could be provided in the following week before the adjournment. Whether this could be done could only be decided in the light of progress made with the Committee stage of the Bill on 14th December. An undertaking had been given however that, if possible, time would be provided for a debate on Wales before the recess, and it would be desirable to find time also for a debate on Civil Aviation.

2. The Cabinet were informed of the terms in which the Prime Minister proposed to reply to Questions in Parliament that afternoon about the Government's attitude to atom and hydrogen bomb tests. It was the general view of the Cabinet that, since these Questions suggested that the prohibition or limitation of such tests should be proposed at the forthcoming meeting with the President of the United States, and at the subsequent meeting with the Soviet leaders, it should if necessary be pointed out, in a supplementary reply, that the Prime Minister must be left to decide how best to take any initiative in this direction, but that the discussion could be expected to include all important topics.

In discussion, it was also pointed out that public apprehension sprang from a general fear of the effects of radio-activity resulting from test explosions. It was expected that the report of the Medical Research Council, which was examining this question, would be ready in two or three months' time. The United States Academy of Sciences was also producing a report on this subject. It was the general view of the Cabinet that a supplementary reply might well point out that these reports would be relevant to the question whether tests of atom and hydrogen bombs should be prohibited or limited in some way.

The Cabinet—

Took note, with approval, of the terms in which the Prime Minister proposed to reply to Parliamentary Questions on this subject.

3. The Cabinet had a preliminary discussion of the question whether, in view of the statements made by Marshal Bulganin and M. Khruščev in India and Burma, the invitation to the Soviet leaders to visit this country ought not to be withdrawn.

The Lord President said that, although he could advance no explanation why the Soviet leaders had seen fit to indulge in calculated insults to this country during their tour of India and Burma, he felt that if these statements had not been withdrawn and given place to a marked improvement in the atmosphere by next spring the proposed visit might have the most serious effects on our prestige in the rest of the world.

It was the general view of the Cabinet that, notwithstanding these unfriendly statements, it would be unwise to take a hasty decision on a matter of such great importance. Although it remained uncertain why the Soviet leaders should have decided to make these statements, it might be that, having concluded that the risk of early nuclear war was slight, they saw the immediate struggle for power
in terms of a struggle for influence over Eastern peoples and had decided that abuse would help in undermining the confidence of Eastern countries in the Western Powers. The statements might also reflect a struggle for power within the Kremlin. In spite of the provocation which had been offered it was too early yet to take the view that peaceful coexistence with the Soviet group was unattainable and until we were in a position to bring all the neutral Powers within the Western orbit it would remain to our advantage to pursue a policy of coexistence, if it could be secured on reasonable terms. But, in view of the statements which had been made, the visit, if it were to take place, might now assume a somewhat different form, with much greater emphasis on discussion between the two Governments of the basis of mutual self-respect on which coexistence must inevitably rest. It was also pointed out that from time to time leading members of Governments in the United Kingdom had made statements highly critical of the Soviet system and leaders.

The Cabinet—
Agreed to resume their consideration of this subject at a later meeting and invited the Foreign Secretary and the Commonwealth Secretary, in consultation, to circulate a memorandum containing the texts of the statements which Marshal Bulganin and M. Khruschev were reported to have made in India and Burma, together with the text of any relevant statements on the Soviet system and leaders which might have been made in the past by leading members of a United Kingdom Government.

4. The Cabinet considered a memorandum by the Lord Chancellor (C.P. (55) 193) setting out the conclusions reached by a Committee of Ministers under his Chairmanship on the steps which should be taken to dispel the anxiety which had developed over the Government's proposals regarding the trunk road services.

The Lord Chancellor said that the Committee, in considering what steps it might be justifiable to take to allay the sense of disquiet which had developed, had examined three possible courses of action. First, they had considered whether, in view of the fact that the vehicles and equipment of the trunk services had been put on offer of sale in an atmosphere of uncertainty created by the imminence of a General Election, a case might be established for repeating the offer of sale and putting List S.4 on offer again. There had, however, been no pressure for the offer to be repeated under more stable conditions after the Government had returned to power, and further efforts to sell the equipment of the undertaking would not satisfy the real preferences of the Road Haulage Association (R.H.A.), whose members were more anxious to secure the dismantlement of a large and powerful competitor than to acquire its assets. The Cabinet had decided in July that List S.4 should not be put on sale again; the Committee could see no grounds for changing this decision; and the case against disposing of this equipment in small units, which would lead to the fragmentation of a valuable public service, had not lost its force. Equally, there was no call to ascertain whether some buyers might be interested in a proportion of the equipment offered in medium-sized lots, for the disposal of other vehicles was still continuing and 100 lorries, including some heavy units, remained unsold from the last offer.

The Committee had also considered whether the transformation of the trunk services into a public company, in which the private investor would be able to participate, could be justified as a means of meeting the criticism which had been expressed on grounds of principle by Government supporters. But any such proposal would provoke controversy and the successful marketing of the shares in the enterprise, which would itself be a difficult and prolonged operation
as the company would have a capital value of about £25 millions, would be jeopardised by the threat of renationalisation. This course was not therefore recommended.

The Committee had however concluded that it would be both justifiable and practicable, if the point were pressed, to give the private haulier some limited protection against the competitive power of the large and powerful trunk services by prohibiting the British Transport Commission from increasing, over the next five years, the number of licences for these services which they already held. This minor concession would not, however, go far enough to satisfy either the R.H.A. or the doctrinal critics. It would therefore remain necessary to convince Government supporters that the decision to preserve the trunk road services had been fully justified in the circumstances, for there had been no inclination on the part of the road haulage industry to take over this service in a manner which would prevent its fragmentation. It was proposed that further steps should be taken to ensure that all the facts were known to Government supporters and that the Lord Chancellor and the Minister of Transport should attend the meeting which had been arranged for 8th December.

In discussion some doubt was expressed about the justification for restricting the freedom of the Commission to acquire additional licences. It could be argued that the restriction would hamper the needs of a growing public service and it could also be argued that it would act as a limitation on free competition. On the other hand, the Commission were able more powerfully than the private haulier to advocate their claim for additional licences before the licensing authorities and they were more favourably placed for obtaining new equipment. Moreover, it could be said that the decision that the Commission should retain the trunk service vehicles had created an entirely new situation in which the private haulier would be competing with a trunk service fleet several times larger than he had been led to assume would exist. This would justify affording the private haulier the limited additional protection that could be made available if a demand arose for it.

It was pointed out that the Government were not in breach of any undertaking given at the Election in deciding, in the circumstances which had arisen, to retain the trunk service vehicles and it was hoped that the disquiet among Government supporters, which might be sufficiently widespread to jeopardise the Second Reading of the forthcoming Bill, would be dispelled by the further explanations which would be given them.

The Cabinet—

Approved the conclusions set out in C.P. (55) 193.

Canals.

5. The Cabinet resumed their consideration of the composition of the proposed Committee of Inquiry into the system of inland waterways and had before them a note by the Acting Secretary of the Cabinet (C.P. (55) 192) covering revised proposals for the membership of this Committee put forward by the Minister of Transport.

The Minister of Transport said that, in general accordance with the Cabinet's decision, he had reduced the proposed membership of this Committee to a total of seven. He had not thought it necessary to include a Welshman as there were no navigable canals in Wales. It was intended that the industrialist who would be nominated by the Federation of British Industries, would be chosen specially to represent the interests of those industries which continued to make
use of the canals for the transport of goods. As, therefore, an industrialist would not be included as such, the trade unions might not feel disposed to press for representation.

The Cabinet—

Approved the Minister of Transport’s proposals for the membership of a Committee of Enquiry into the system of inland waterways.

6. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C.P. (55) 188) about the increasing cost of the social services. They also had before them a memorandum by the Minister of Education (C.P. (55) 189) suggesting a further examination of the possibility of adopting a new policy with regard to charges for school meals.

The Chancellor of the Exchequer said that the survey which had been made of the probable course of Government expenditure on the social services during the next five years, which was summarised in the Annex to C.P. (55) 188, made no allowance for any substantial improvement in those services. Even on that basis, it was estimated that expenditure on the social services, including insurance, would increase from £2,032 millions in the current financial year to £2,369 millions in 1960–61. This increase was mainly concentrated on four services—National Insurance (£131 millions), Education (£94 millions), National Health Service (£72 millions) and Housing (£17 millions). It represented a cumulative increase at a rate of about 3½ per cent. per annum; if the Insurance Funds were excluded, the cumulative increase was about 3½ per cent. per annum. The prospective rate of growth of this expenditure was therefore greater than the increase in the Gross National Product, in real terms, in the five years up to 1954 (which was 2½ per cent. per annum).

If a reduction in the rates of taxation was to be achieved, it was necessary to ensure that total expenditure did not rise as fast as the increase in the yield of revenue. It was therefore of vital importance that the possibility of moderating the increase in expenditure on the social services should be investigated. He suggested that a Committee of Ministers should be appointed to consider the results of the survey of Government expenditure on the social services, and to report what policy changes would be necessary to secure an appreciable reduction in the rate at which that expenditure was expected to increase.

In discussion the following points were raised:

(a) Long-term estimates were necessarily speculative. This was particularly true of the figures for Insurance and National Assistance expenditure; the calculations of net expenditure in this field made in 1946 were £800 millions higher than the actual result over the last eight years.

(b) The survey compared the estimated increase in the cost of the social services over the coming five years with the increase in the Gross National Product over the past five years. Such a comparison was of doubtful validity. For example, the proportion of the Gross National Product which had been taken by the National Health Service over the past few years had decreased every year.

(c) Substantial social service benefits were being enjoyed by a large number of people who, because of full employment, were not now in real need of them. The burden of providing these benefits fell most heavily on the middle classes.

(d) The forecasts of future social services expenditure included in the survey had not been subjected to the normal process of examination between the Departments concerned and the Treasury; it could reasonably be expected that these estimates would be pruned considerably.
(e) It would be necessary for the proposed Committee to give early attention to both the Guillebaud Report on the National Health Services, and the Report of the Committee on the Economic and Financial Problems of the Provision for Old Age (the Phillips Committee), as it was desirable that the Government should soon be in a position to indicate their attitude towards the recommendations in these reports.

(f) The Minister of Education said that the estimate of future expenditure on education included in the survey did not take account of any expansion in technical education, a long-term plan for which had almost been completed. He hoped, however, that this question might be considered separately from an examination of the future cost of the social services, since technical education, as one of the main elements in the expansion of production, was of a different character from the social services as that term was normally understood.

Further discussion showed that it was the general view of the Cabinet that a Committee of Ministers should be appointed as proposed in paragraph 7 of C.P. (55) 188. It would be appropriate for such a Committee to examine the possibility of adopting a different policy on the school meals service, as suggested in C.P. (55) 189. Proposals for the expansion of technical education were, in the opinion of the Cabinet, a separate matter.

The Cabinet then considered the composition and terms of reference of the proposed Committee. It was their general view that, on balance, it would be preferable for the Ministers responsible for the social services to be represented, although in that case the Committee would have to be fairly large. It would also be desirable for the Secretary of State for Scotland to be a member, in view of his responsibility for social services in Scotland.

As regards the Committee’s terms of reference, the Chancellor of the Exchequer pointed out that it might not be practicable to ask the Committee to work towards a specific reduction in the estimated expenditure. He undertook to consider further how the terms of reference might be defined.

The Cabinet—

1. Agreed that a Committee of Ministers, to include the Ministers responsible for the social services, should be appointed, as proposed in paragraph 7 of C.P. (55) 188.
2. Invited the Chancellor of the Exchequer to prepare suitable terms of reference for such a Committee for the approval of the Prime Minister.
3. Invited the Minister of Education to circulate for the Cabinet’s consideration in due course, proposals for an expansion in technical education.

7. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 191) recommending that the Government should assume responsibility for the re-engagement elsewhere of some 700 Palestinian workers who were becoming surplus in the Canal Zone.

The Foreign Secretary said that a certain moral obligation rested on the Government to provide for the re-settlement of these Palestinians who, in spite of being Arabs, were regarded with hostility by the Egyptian authorities because of the loyalty which they had shown to us. If provision could not be made for them they would be faced with the prospect of deportation to refugee camps in the Gaza Strip. If, however, the Government were prepared to accept a general responsibility for their welfare, he hoped that it would be possible for the Service Departments, under detailed arrangements which could be worked out, to re-engage as many as possible for service in Cyprus and elsewhere in the Middle East.
The Parliamentary Under-Secretary of State for War said that his Department were prepared to consider the engagement for service in the Middle East of as many of these men as possible. It would be necessary, however, to secure the co-operation of the other Service Departments. Moreover, his Department employed many thousands of aliens in the Canal Zone and elsewhere, and although it was true that the majority had satisfactory papers enabling them to return home, it must be recognised that the proposed arrangements would create a precedent which might prove embarrassing in the future.

The Minister of Defence said that, as an essential condition which might be necessary to enable National Service to be brought to an end, he was investigating the possibility of building up a General Services Corps overseas which would have to comprise some 50/60,000 workers. Such a Corps, if it came into existence, would provide a means of absorbing surplus workers for whom a continuing responsibility might in some way rest upon the Government.

The Cabinet—

Endorsed the proposals in C.P. (55) 191 and invited the Foreign Secretary to consult with the Service Departments on arrangements for the re-engagement of the surplus Palestinian workers in the Canal Zone.

8. The Colonial Secretary said that the Governor of Cyprus had power to arrest and deport those responsible for disorder and disaffection in appropriate cases, but he had been asked to seek the approval of the United Kingdom Government in advance if he proposed to arrest and deport prominent clerics. The Governor had now asked for authority to take this action against the Bishop of Kyrenia, in view of the incitement to violence which, according to reliable reports, had been included in his sermon on 4th December. The Colonial Secretary said that he was anxious to give the fullest possible support to the Governor. He had also made it clear to the Governor that he should take the earliest opportunity of proscribing the Communist trade unions, which he had full authority to do as soon as he thought fit, and of arresting and deporting Communist leaders. To deport the Bishop of Kyrenia would, however, on balance have an unfavourable effect on the Greek Government, and would make it even more difficult to bring about a resumption of the discussions between the Governor and Archbishop Makarios which might lead to a political settlement. The Archbishop could not afford publicly to dissociate himself from the Bishop of Kyrenia, and the Greek Government would be unwilling to condone the deportation of the latter, at any rate before the general election in Greece next March. In spite of continuing provocation it would therefore be unwise to accede to the Governor’s request for the time being.

Discussion showed that the Cabinet were in general agreement with this view. In discussion, it was pointed out that when the Governor of Cyprus had made this request he had not been aware of the latest developments in Greece, which appeared to indicate that the Greek Government would go some way towards encouraging Archbishop Makarios to resume the discussions with the Governor. In view of this, the Governor would no doubt appreciate the necessity for postponing action against the Bishop of Kyrenia. It could be explained to him that the attempt to reach a political solution was at a critical stage, and that it would probably be known in two or three weeks’ time whether this would succeed. If the attempt then proved to have failed, there would be no reason for refraining from deporting the Bishop of Kyrenia, or other prominent clerics, as soon as there was cause to do so.
The Cabinet—
Invited the Colonial Secretary to explain to the Governor of Cyprus why authority to arrest and deport the Bishop of Kyrenia could not be given for the time being.

9. The Minister of Labour said that there was now some danger that the strike at the Rolls Royce factories in Scotland might spread to the English factories of the company and that the Amalgamated Engineering Union might call a token strike of their other members on Clydeside in sympathy on the following day. There was no doubt that this strike was Communist inspired. The management of the Rolls Royce Company remained unwilling that the Minister should intervene, for they were not prepared to discuss the dismissal of a worker who had broken no regulation of theirs and felt that the strike must be resisted. This strike was an example of trade union solidarity being pressed to excessive lengths.

It was expected that the lightermen in the Port of London, whose Union Executive was due to meet on the following day, would probably refuse to use for the settlement of their dispute the machinery provided by the Port Labour Executive Committee. The employers were also reluctant to negotiate over the inflated claim which the lightermen had put forward. If negotiations did not take place and lead to a settlement, a strike of the lightermen would begin on 1st January.

The joint talks on the wage claim which had been put forward by the engineering unions had been postponed until 29th December.

The Cabinet—
Took note of these statements.

Cabinet Office, S.W. 1.
6th December, 1955.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 14th December, 1955, at 11 a.m.

Present:

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer (In the Chair).
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Walter MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food (Items 1-3 and 6).
The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education.

The following were also present:
The Most Hon. the MARQUESS OF READING, Q.C., Minister of State for Foreign Affairs.
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1-3 and 6).

Secretariat:
Mr. H. O. Hooper.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Teachers' Superannuation</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Nuclear Weapons</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Heroin</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Road Haulage Disposals Bill</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Parliament: Joint Select Committees</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Naval Discipline Act</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>White Fish Subsidy</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Malta</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>Monopolies and Restrictive Practices</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>Bechuanaland Protectorate</td>
<td>10</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Minister of Housing and Local Government said that the progress of the Committee Stage of the Housing Subsidies Bill had so far been very slow. It was possible that many of the amendments tabled by the Opposition were out of order, but there was no prospect that there would be a ruling to that effect.

It was the general view of the Cabinet that the best course would be for the Minister of Housing to discuss with Opposition Leaders, in the light of progress made with the Bill that day, how many more days might be required to complete the Committee Stage. If, as was likely, it proved impossible to come to a firm understanding with the Opposition on this question, it would be necessary to consider the imposition of a time-table to cover all the remaining stages of the Bill. If it were decided that this should be done, a Government motion for this purpose could be introduced immediately after the Christmas recess.

2. The Cabinet reviewed the Parliamentary prospects of the Teachers' (Superannuation) Bill. They recognised that the Bill offered ample opportunity for protracted debate, particularly since the provisions relating to England and Wales were separate from those applying to Scotland.

The Minister of Education said that the resistance of the teaching profession to the superannuation proposals had been under-estimated, and it was now being carried to the length of obstructing the Bill. This opposition was really symptomatic of the profession's belief that there had been a substantial decline in their relative living standards, and was being maintained despite the Burnham Committee offer of a 5 per cent. salary increase to take effect from 1st April, 1956. It was likely that this offer would be rejected and that the teachers' representatives would press for a more thorough revision of salaries at an early date. Neither the teachers nor their representatives were, however, united in support of a policy of non-co-operation in such matters as the collection of National Savings.

It was the general view of the Cabinet that the Government should adhere to the policy contained in the Teachers' (Superannuation) Bill.

3. The Cabinet were informed that the Prime Minister had taken the view that there might be advantage in tabling a Government amendment to the Opposition motion proposing that Her Majesty's Government should approach the United States and Soviet Governments with a view to concluding an agreement for the discontinuance of further experimental explosions of hydrogen bombs. An amendment had been drafted which stressed the importance of the nuclear deterrent in preventing aggression and made it clear that any discussions with other Governments would have to take account of the number and nature of the experimental explosions made or envisaged. The Minister of Defence said that he had proposed certain alterations to that draft.

It was suggested in discussion that, as it had now been announced that the Prime Minister would shortly visit the United States, and as it was likely that his discussions with President Eisenhower would include the subject of nuclear explosions, there was no great advantage in tabling a Government amendment.
The Cabinet—

Invited the Minister of State for Foreign Affairs, in consultation with the Minister of Defence, to submit the draft of an amendment to the Opposition motion to the Prime Minister for his consideration, and, if the Prime Minister thought that such an amendment should be tabled, to circulate it for consideration by the Cabinet.

4. The Lord President said that, in view of the legal argument that had been pressed in the debate in the House of Lords on the previous day that the powers provided in the Dangerous Drugs Act, 1951, could not properly be used to ban outright the manufacture of a drug, the Government had felt obliged to announce that the manufacture of heroin would be licensed for a further year, during which Parliament would have time to consider the matter further. The Home Secretary would now circulate to the Cabinet a further memorandum on the subject in the light of this development. It was, however, clear that any proposal at the present time to seek legislative authority for the ban would be defeated in the House of Lords, where the opposition to it was overwhelming.

The Cabinet agreed that, as it had been necessary to make an important statement of Government policy on this subject in the House of Lords on the previous day, it would be desirable that the Home Secretary should make an announcement in similar terms in the House of Commons on the following day.

5. The Cabinet were informed that, so far as could be determined, a substantial measure of success had been achieved at the meeting which had taken place with Government supporters on 8th December in dispelling the anxiety which had arisen over the Government's proposals relating to the trunk road services. Although a small number of Conservative Members had remained unconvinced by the explanations which had been given them, there was evidence at the meeting that Government supporters in general now understood the force of the considerations which had weighed with the Government in formulating the proposals which would be embodied in the Road Haulage Disposals Bill.

The Cabinet—

Authorised the Minister of Transport to introduce the Road Haulage Disposals Bill in the House of Commons on the following day.

6. The Lord President reported to the Cabinet that in the further consultations which had taken place, the Labour Opposition had remained unwilling to agree to the appointment of a Joint Select Committee of both Houses for the examination of the Naval Discipline Act, in spite of the offer which he had made, as on previous similar occasions, to meet their views on the composition and the chairmanship of the Committee. It was, in his opinion, clear that the Labour Opposition were deliberately refusing to operate a constitutional practice which was both of long standing and particularly appropriate for cases of this kind. He felt that, as the Government had a satisfactory majority in the House of Commons, consideration should now be given to challenging the Opposition on this issue. There appeared to be no satisfactory compromise course. If each House of Parliament were to appoint its own Select Committee the Government might be faced with a difficult responsibility for adjudicating between conflicting reports.
If it were arranged that the Select Committee appointed by the House of Commons should report first, the Committee appointed by the House of Lords would have to weigh the necessity of reporting in the same sense. He foresaw, if matters went unchecked, a situation developing in which the House of Lords would be unable to co-operate in Joint Select Committees, but would at the same time feel debarred from appointing Select Committees of their own.

The following points were made in discussion:

(a) The First Lord of the Admiralty said that he shared the Lord President's apprehensions about the difficulties which would arise if each House appointed its own Select Committee. He hoped that, in view of the legal and naval experience available in the House of Lords, it might still be possible to overcome the obstacles which stood in the way of appointing a Joint Select Committee.

(b) The view was expressed that the resistance of the Labour Opposition to this proposal might not be wholly attributable to objections of principle. It was reported that they were concerned at the strength of their representation in the House of Lords and, in spite of the presence in that House of three former Labour First Lords of the Admiralty, took the view that they would be unable to muster a sufficient number of energetic and experienced Peers to represent them on a Joint Select Committee.

(c) There might be little advantage in openly challenging the Opposition on this matter; for, if the Government were to force the appointment of a Joint Select Committee, the Opposition might refuse to nominate members to serve on it.

It was the general view of the Cabinet that, as there was clearly a risk of an important constitutional practice falling into abeyance, a further attempt should be made to persuade the Leader of the Labour Opposition in the House of Lords to induce his Party to agree to the appointment of a Joint Select Committee.

The Cabinet—

Invited the Lord President to approach the Leader of the Labour Opposition in the House of Lords in a further attempt to persuade the Labour Opposition to agree to the appointment of a Joint Select Committee on the Naval Discipline Act.

7. The Cabinet had before them a memorandum by the Secretary of State for Scotland and the Minister of Agriculture (C.P. (55) 200) seeking guidance on the question whether the Statutory Order which had been laid before Parliament prescribing the rates of white fish subsidy for the period beginning 1st January, 1956, should be amended so as to reduce the cut which it had proposed to make in the subsidy payable to the inshore fishing fleet.

The Minister of Agriculture said that the white fish subsidy was intended to be a temporary measure while the fishing industry was being modernised. It was not yet clear whether the subsidy could be withdrawn by 31st March, 1958, which was the date when authority for the payment of subsidy under the White Fish and Herring Industries Act of 1953 would come to an end, but there would be no prospect of withdrawing the subsidy by that date if, in the meantime, no steps had been taken gradually to reduce it. The subsidy changes proposed in the Order which had already been laid before Parliament did not represent a net reduction in the total subsidy, since the cuts in some rates were offset by increases in others in order to meet the higher cost of the coal used by steam trawlers. All sections of the fishing industry claimed that there should be increases in their rates of subsidy to meet higher costs, and the cuts which had been proposed had met with stronger opposition than had been envisaged. There had been strong
criticism, particularly from certain Government supporters in Parliament, of the proposed reduction in the subsidy for the inshore fleets of 4d. per stone of white fish landed. This amounted to a cut of 40 per cent., compared with one of 15 per cent. proposed in the subsidy for the near and middle water fleets. Whereas the case for the latter cut could be justified on the basis of known operating data, the level of operating costs and profits, which varied widely, could not easily be established in the case of the inshore fleets.

The Minister of Agriculture therefore favoured reducing the proposed cut in the inshore subsidy from 4d. to 2d. This concession would undoubtedly lead to demands from other sections of the industry for a reduction in the cuts proposed for them—Scottish steam trawler owners would, for example, expect a comparable concession. Such demands could be resisted on the ground that the cut in the subsidy for the inshore fleet would still be larger than the cut applied to the near and middle water fleets. The concession he now proposed would cost about £120,000 in a full year.

The Cabinet were informed that there was a real danger that the Order as at present laid would not secure the approval of Parliament. The Opposition were virtually certain to vote against it, and a number of Government supporters might feel bound to do likewise, or to abstain from voting.

Discussion showed that it was the general view of the Cabinet that it would be easier to justify the proposed subsidy changes as a whole if the severe cut in the subsidy for the inshore fleet were reduced as proposed by the Minister of Agriculture. If the Order were so amended, it was not likely that more than a very few Government supporters would oppose it.

For this purpose it would be necessary to present an amended Order to the Special Orders Committee of the House of Lords that afternoon. It was therefore desirable that an announcement should be made as soon as possible in the House of Commons that the Government had decided to reduce the cut originally proposed in the subsidy for the inshore fleet and to lay a new Order for that purpose.

The Cabinet—

(1) Agreed that the proposed cut in the inshore subsidy should be reduced from 4d. to 2d. a stone.

(2) Invited the Minister of Agriculture to make a statement in Parliament that afternoon to explain the Government's decision to lay an amended Order before Parliament to give effect to the decision recorded in Conclusion (1) above.

8. The Cabinet had before them a note by the Lord Chancellor (C.P. (55) 194) covering a proof of the Report of the Round Table Conference on Malta.

The Cabinet were informed that the Prime Minister had agreed that the Report should be laid before Parliament on 16th December, and that it should be published simultaneously in London and Malta at 3 p.m. the same day.

It had also been suggested that the Prime Minister should make a statement in Parliament on 15th December announcing that the Report would be published on the following day, thanking the Lord Chancellor and the members of the Conference for their work, and undertaking that the Government would not take action on the report until Parliament had had an opportunity of debating it after the Christmas recess. There was general agreement that the Report was of such importance as to make such a statement desirable, and the Cabinet agreed the terms of a draft statement for the approval of the Prime Minister.
It was also agreed that the Cabinet, at their next meeting, should have a preliminary discussion of the recommendations contained in the Report, and that these should then be considered in greater detail by a Committee of Ministers.

The Colonial Secretary said that the Prime Minister of Malta had asked for a copy of the Report in advance of publication, to enable him to introduce a Bill in the Maltese Parliament on 16th December (the day when the Report was to be published) to provide for a referendum in Malta on the question of representation in the United Kingdom Parliament. The Prime Minister of Malta, because of certain difficulties with which he was faced in arranging his legislative time-table, was anxious to introduce this Bill as soon as possible so that a referendum could be held without delay.

The Colonial Secretary said that he proposed to refuse this request and to point out to the Prime Minister of Malta that it would be unwise to introduce such a Bill immediately, or to hold a referendum before the United Kingdom Parliament had had an opportunity of considering the Report. To do so would appear to be an attempt to influence the views of the United Kingdom Parliament and to prejudge the formulation of the United Kingdom Government's policy.

The Cabinet—
(1) Invited the Prime Minister to make a statement in Parliament on 15th December on the lines agreed in their discussion.
(2) Agreed that the Colonial Secretary should refuse the request of the Prime Minister of Malta for a copy of the Report in advance of publication, and should discourage his proposal to introduce a referendum Bill immediately.
(3) Agreed to give preliminary consideration to the conclusions of the Report at their next meeting, with a view to more detailed examination of the Report being undertaken thereafter by a Committee of Ministers.

9. The Cabinet considered a memorandum by the Lord Chancellor (C.P. (55) 196) setting out two major issues on which the Committee of Ministers on the Monopolies Commission Report needed a decision in order to proceed with the preparation of legislation to implement the Government's policy on restrictive practices.

The Lord Chancellor recalled that in July the Cabinet, following a course which was a compromise between the majority and minority recommendations of the Report of the Monopolies Commission, had decided that legislation should be introduced which would require restrictive practices to be registered and to be subject to case-by-case examination by a tribunal. The onus of proof that these practices were not contrary to the public interest was to be placed on the industrialists concerned. The Government had announced their intention of introducing legislation during the current session to give effect to this policy. The Committee of Ministers which, under his Chairmanship, had been considering the main lines of the legislation which would be required had reached a point where it had become necessary to seek a decision of the Cabinet on two major matters, viz.: (i) the criteria by which restrictive practices were to be judged; and (ii) the nature of the tribunal to which the jurisdiction would be entrusted.

On the first of these questions—"the justiciable issue"—the Committee had arrived at a set of criteria which would require an industrialist to prove before the tribunal that a particular restrictive practice had some positive merit, in accordance with the definitions
set out in Annex I to C.P. (55) 196. The question on which the Committee had not been able to agree was whether the conditions set out in paragraph (c) of Annex I, which provided for a plea in defence of a restrictive practice that its removal would lead to substantial unemployment in the industry or to substantial damage to the nation's export trade and the earnings from it, should be drawn, as had been suggested by the Attorney-General, in somewhat wider terms which would permit the industrialist to plead other forms of injury. An alternative version drafted in this sense was set out in paragraph 8 of C.P. (55) 196.

On the second major point the Committee, in considering three possible forms of tribunal, were unanimous in agreeing that, for the reasons given in C.P. (55) 196, the High Court itself would not be suitable. The function of the High Court was to decide questions of fact and law and it was not equipped to exercise the degree of economic judgment which would be involved in adjudicating upon these cases, however narrowly the justiciable issue might be drawn.

There remained the alternatives of an administrative tribunal responsible to a Minister, or an independent judicial tribunal. A tribunal of the latter type, following closely the precedent established by the Railway and Canal Commission, would take the form of a statutory court under the jurisdiction of a High Court Judge who would be assisted by laymen expert in economic matters, and would sit in divisions in order to dispose of the volume of work that might be expected to arise. There would be an appeal from it on a point of law to the Court of Appeal and possibly to the House of Lords. All the Heads of the Judiciary in the United Kingdom had been consulted informally and had agreed that a tribunal analogous to the Railway and Canal Commission might properly be given jurisdiction of the kind which was under consideration.

The Committee had been divided on which of these alternative forms of tribunal should be adopted. It had been argued, on the one hand, that the Government ought not to transfer to an independent judicial tribunal the responsibility for taking decisions which might profoundly affect the economic life of the country and were therefore essentially political in character. On the other hand it had been contended that it would be impracticable for any Minister, even with the assistance of his colleagues, to deal with the great number of cases which an administrative tribunal (which would also have to sit in divisions) could be expected to refer to him.

The Cabinet first considered the question of the justiciable issue. The Attorney-General said that the effect of the limitations imposed by paragraph (c) of Annex I, which would require the defence to demonstrate that the removal of a restrictive practice would cause either substantial unemployment or damage to the export trade, would at once outlaw a great number of agreements without providing an opportunity for cases on their behalf to be taken before the tribunal. Some trades would be able to prove that the removal of a restrictive practice would result in substantial injury, without being able to adduce either the prospect of substantial unemployment or loss of exports. He did not think that the terms of the definition should be drawn so narrowly as to eliminate from enquiry many cases in which injury of some kind could be shown. It was for this reason that he advocated, as an alternative to paragraph (c), a definition which, in more general terms, would require an industry to demonstrate that the removal of a restrictive practice would cause greater detriment to the public than the maintenance of the practice. It would not be a question, under such a definition, of an industry being able simply to demonstrate an injury in the shape of a loss of profits if a restrictive practice were brought to an end; it would be necessary to show that the injury caused to the industry was detrimental to the public interest generally. It was, in his opinion, right that the tribunal should consider all such cases and be responsible for assessing the balance of advantage. By way
of example, a number of practices which had been the subject of criticism by the Monopolies Commission in their recent report on the tyre industry would, under the definition set out in Annex I, stand condemned without opportunity for enquiry. It would be impracticable in his opinion to approach the matter by attempting to include in paragraph (c), in addition to references to unemployment and the export trade, a complete list of specific consequences of this kind that might be pleaded, for the list could be expanded indefinitely.

The President of the Board of Trade said that in his view the definition must be drawn in as precise terms as possible. There was a danger that, if a tribunal were required to work on a definition drawn in the more general terms proposed by the Attorney-General, which corresponded broadly to those on which the Monopolies Commission now operated, a very large number of restrictive practices would satisfy the conditions, and the Government would be placed in the anomalous position of being held responsible for organising their survival. If, after experience, it became clear that a definition had been drawn too precisely, it would not be difficult for its terms to be relaxed. If the definition were drawn so as to provide scope for every argument in favour of a restrictive practice there was a risk that all such practices would succeed in satisfying the conditions.

The Minister of Labour said that he shared the view that it would be dangerous to frame the definition of the justiciable issue too imprecisely. But further consideration should also be given to the terms of paragraph (c), for the reference to unemployment, as at present drafted, might be used to support a claim that the workers in an industry had a right to continue to be employed in it, irrespective of the circumstances. It was important that the Government should not give inadvertent encouragement to the immobility of labour.

The Cabinet, after further discussion, were inclined to the view that it would probably be necessary for the justiciable issue to be defined with some precision in order to avoid the risk of opening the door too wide. A definition which depended in any sense on such a phrase as “injury to the industry” would, in this respect, be dangerous. On the other hand, the terms of the draft set out in Annex I would require further consideration, particularly the references to unemployment and to exports. Moreover, the question of the justiciable issue was bound up with the form of the tribunal. And there remained the difficulty that the jurisdiction of the tribunal would involve the exercise of so much economic judgment that no definition might be entirely satisfactory.

The Cabinet next considered the question of the form of the tribunal. On this, the following points were made:

(a) The Lord Chancellor said that an independent judicial tribunal sitting under a High Court Judge supported by lay members would combine the prestige and weight of the High Court with economic knowledge. From a more general point of view, there would be some advantage in encouraging the view that it was a function of the judiciary in a modern State to make its contribution to the settlement of economic problems of this kind. Lawyers of sufficient standing would not, however, be found willing to act as chairmen of a number of purely administrative tribunals for this purpose.

(b) The President of the Board of Trade said that industry was united in support of a judicial, in preference to an administrative, tribunal. The point was also made that the lay experts who would be needed would be reluctant to become members of a tribunal unless it were presided over by a High Court Judge.

The Chancellor of the Exchequer said that, while accepting the force of these arguments, the Government would in practice find it
impossible to withdraw entirely from these matters merely by transferring the responsibility to an independent judicial tribunal.
He wondered, therefore, whether it might not be possible for provision to be made for the justiciable issue to be re-examined by the Government from time to time. He suggested that the Committee of Ministers might give further thought to the question of the justiciable issue in the light of the various points made in the Cabinet’s discussion and having in mind an independent judicial tribunal rather than an administrative tribunal.

The Cabinet—
Invited the Committee of Ministers, under the Lord Chancellor’s Chairmanship, with the addition of the Minister of Labour, to reconsider the question of the justiciable issue in the light of their discussion and in relation to the appointment of an independent judicial tribunal, and to report back to the Cabinet.

Bechuanaland Protectorate.
(Please see reference CM. (55) 30th Conclusions, Minute 8.)

10. The Cabinet had before them a memorandum by the Commonwealth Secretary (C.P. (55) 190) recommending that, despite some recent indications of unrest in the Bamangwato Reserve, the Government should continue with their present policy of supporting Rasebolai as Acting Native Authority, in the hope that the tribe would eventually come to accept him as their Chief.

The memorandum pointed out that there could be no question of the return of Seretse Khama as Chief, since his wife and children would not be acceptable to an important section of the tribe and opinion elsewhere in the High Commission Territories would be against it. Moreover, his return would be a reversal of policy, and this would be damaging to the Government’s authority in other Colonial territories. On the other hand, the Government could not agree to the abolition of the Chieftainship, since this was thought to be essential in the present stage of tribal development and there was no other satisfactory candidate.

Discussion showed that the Cabinet agreed with the policy recommended in C.P. (55) 190.

The Cabinet—
Agreed that the Commonwealth Secretary should continue the policy of giving all possible support to Rasebolai as Acting Native Authority, and of dealing firmly with any attempts to cause trouble in the Bamangwato Reserve.

Cabinet Office, S.W. 1,
14th December, 1955.
CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 20th December, 1955, at 11.30 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister (Items 1–4).
The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer (In the Chair for Items 5–6).
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.
The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.
The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. A. T. LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.
The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs (Items 1–5).
The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Housing and Local Government.
The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.
The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 6).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1–2).
The Right Hon. Sir REGINALD MANNINGHAM-BULLER, Q.C., M.P., Attorney-General (Items 1–2 and 5).
Mr. D. C. WALKER-SMITH, Q.C., M.P., Parliamentary Secretary, Board of Trade (Item 5).

Secretariat:

Mr. H. O. Hooper.
Mr. F. A. Bishop.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>House of Commons Disqualification Mr. C. Beattie, M.P.</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Cyprus</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Malta</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Monopolies and Restrictive Practices</td>
<td>5</td>
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<tr>
<td>6</td>
<td>Road Traffic 20 m.p.h. Speed Limit.</td>
<td>7</td>
</tr>
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1. The Cabinet were informed of the business to be taken in the House of Commons in the first week after the Christmas recess. Two days in that week would be devoted to the Housing Subsidies Bill.

The Cabinet were informed that the Minister of Housing had been able to agree with the Opposition Leaders arrangements for completing the remaining stages of the Housing Subsidies Bill. It had been agreed that four more days, without suspension, should be devoted to completing the Committee Stage, and that the Report Stage and Third Reading should be completed in two further days.

The view was expressed that, although the Foreign Secretary had referred in the recent debate on the Middle East to constitutional developments in the Sudan, it might be desirable on constitutional grounds for a more formal statement of the present position to be made in the House of Commons before the recess. The Foreign Secretary said that, unless on further enquiry any objection might lie against one of the co-domini making an independent statement on the matter at this juncture, he would consider making a formal statement before the House rose.

The Cabinet were informed that Government supporters had proposed an amendment to the Teachers' (Superannuation) Bill which would allow the proposed increase in superannuation contributions to be postponed until the Burnham Committee had awarded a pay increase.

It was pointed out in discussion that it would reflect on the authority of the Government if they were to accept such an amendment, which was not merely undesirable in principle but would prejudice the objective judgment of the Burnham Committee. It was clear, however, that over this Bill the Government were faced with mounting opposition which had its origin in the conviction of the teachers that they were relatively underpaid. It was agreed that, subject to consultation with the Prime Minister, it would be necessary for the Cabinet to give further consideration after the recess to the problems impeding the passage of this Bill.

2. The Attorney-General said that the Select Committee appointed to examine the case of Mr. C. Beattie, M.P., had now recommended that Mr. Beattie should be indemnified against any penalties which he might have incurred for sitting and voting, but that legislation to validate his election should not be brought in. It was desirable that the Government should make an announcement in the House of Commons that afternoon to the effect that they accepted the recommendations of the Select Committee and would, after the recess, take the necessary steps to put them into effect. It was probable that three separate acts would be necessary, viz., a motion accepting the conclusion of the Select Committee that Mr. Beattie was disqualified from being a member of the House of Commons; a motion that a new writ should be issued for the election of a Member for Mid-Ulster; and a Bill of Indemnity.

It was recognised in discussion that the issue of a new writ might result in the election for a third time of Mr. Thomas Mitchell or, indeed, of another candidate who was serving a prison sentence for felony and would therefore be disqualified on election. It would, no doubt, be possible for steps to be taken through the prison administration to prevent the nomination of such a candidate. It was felt, however, that in spite of the anomaly that a convicted felon could be nominated as a Parliamentary candidate but, if elected, could not sit, any such action would be an improper use of prison authority and would arouse criticism.

The Cabinet—

Authorised the Attorney-General to make a statement in connection with the case of Mr. C. Beattie, M.P., in the House of Commons that afternoon on the lines he proposed.
3. The Colonial Secretary made a brief report to the Cabinet on the present position in Cyprus. He said that he would consult the Foreign Secretary with a view to determining what further action the Governor of Cyprus might be encouraged to take to deal with the disorders in the Island.

The Foreign Secretary said that he had again urged the Greek Foreign Minister, whom he had met in Paris on 16th December, that his Government should inform Archbishop Makarios that it was their view that the formula put forward by the United Kingdom Government provided a basis for the resumption of discussions between the Archbishop and the Governor. He expected the Greek Government to reply to these further representations within a day or two. There was still a chance, albeit a slender one, that the Greek Government could be brought to put some pressure on Archbishop Makarios to resume the discussions. In case there should be a resumption, it was desirable to give the Governor of Cyprus the fullest guidance and instructions on how to deal with any questions or proposals that the Archbishop might put forward.

Until it was clear that the Greek Government were not prepared to bring any such pressure on the Archbishop, it was not desirable that the formula which we had proposed should be made public.

The Prime Minister said that there was little hope that any discussions, if resumed, could lead to an agreement, but nevertheless it would still be to our advantage, for tactical reasons, if the Greek Government could be brought to urge the Archbishop to resume discussions with the Governor.

The Prime Minister said that his main anxiety was about the deterioration of the internal situation in Cyprus. The fact that there was still some slight chance that discussions with the Archbishop might be resumed ought not to hinder the Governor of Cyprus from introducing any further measures which were necessary to deal with the disorders. If the Cabinet agreed with this view in principle, the choice between those measures which might be adopted and those to which there would be some objection could be left for the Foreign Secretary and the Colonial Secretary to decide.

It was the general view of the Cabinet that, although it might not be possible at the present stage to give Parliament much additional information, it was nevertheless desirable for the Colonial Secretary to make a statement in the House of Commons on the following day about the situation in Cyprus.

The Cabinet—

(1) Invited the Colonial Secretary to make a statement about the situation in Cyprus in the House of Commons on the following day.

(2) Invited the Colonial Secretary, in consultation with the Foreign Secretary, to decide what further measures might be taken by the Governor of Cyprus to deal with the disorders in the Island.

4. The Colonial Secretary said that, in accordance with the conclusion reached by the Cabinet at their last meeting, he had sent a message to the Prime Minister of Malta (Mr. Mintoff) to discourage him from introducing precipitately in the Maltese Legislature a Bill to provide for a referendum. It then transpired that Mr. Mintoff had already tabled a dummy Bill on 13th December. In discussions which had taken place during Mr. Mintoff's short visit to London on 18th December, he had continued to press strongly on him the arguments against holding a referendum before the Parliament at Westminster had had an opportunity of considering the Report of the Round Table Conference, and had advised him to refrain from hastening the Bill through his Legislature. Mr. Mintoff had, however,
maintained his opinion that, in order to ensure the prospect of a satisfactory majority in favour of the proposal that Malta should be represented in the United Kingdom Parliament, it was essential that the proposed referendum should be held before the beginning of Lent. He had also argued that it would be to the general advantage that the Parliament at Westminster, when debating the Report, should know how the Maltese people had expressed themselves on its main recommendation. Mr. Mintoff had therefore decided to go ahead with the proposed legislation, as he was entitled to do, for the matter came entirely within his jurisdiction. The Bill had already been given its Second Reading in the Maltese Legislature and the referendum was due to take place on 8th February. Mr. Mintoff had, however, agreed to consult him in due course on the form of the questions to be put in the referendum.

It was generally felt in discussion that on further reflection Mr. Mintoff's argument was not altogether unsound and that, although the proposal to hold an early referendum might be construed as an attempt to influence the ultimate decision, there would be advantage in its being known, when the debate took place in the Parliament at Westminster, where the people of Malta stood on the matter. In the new circumstances it would not be right for the debate to take place before the results of the referendum were known. If the people of Malta were to reject the recommendation that they should be represented at Westminster, this recommendation would immediately become a dead letter, and the debate would presumably concentrate on the questions of economic assistance and improved consultative machinery which were the subject of supporting recommendations in the Report. A more difficult situation would, however, arise if the referendum were to return only a small or moderate majority in favour of representation at Westminster; and, to be prepared against such a contingency, it would be necessary for the Government to decide in advance how large a majority in Malta would constitute the emphatic support for the proposal which must be an essential condition of its acceptance.

The Cabinet—
(1) Took note of the Colonial Secretary's statement.
(2) Agreed to consider at an early meeting the Report of the Round Table Conference on Malta.

Monopolies and Restrictive Practices.
(Previous Reference: C.M. (55) 46th Conclusions, Minute 5.)

5. The Cabinet resumed their discussion about the main lines of legislation to deal with restrictive practices, as proposed in the memorandum by the Lord Chancellor (C.P. (55) 196). They had before them a further memorandum by the Lord Chancellor (C.P. (55) 209) recommending a revised definition of the justiciable issue which would have to be put to whatever tribunal was entrusted with jurisdiction over restrictive practices.

The Lord Chancellor said that the Committee of Ministers under his Chairmanship, with the assistance of the Minister of Labour, had considered further how the justiciable issue could best be defined, and they were now all agreed that the definition in the Annex to C.P. (55) 209, in addition to being more precise, would also give industry an opportunity of putting forward, in defence of a restrictive practice, any of the arguments which were normally advanced in support of such practices. This revised definition would no doubt be improved after further consideration by the Committee of Ministers, and would then be submitted at a later stage to the Cabinet for their final approval. In particular, it was desirable to avoid the use of the term "substantial unemployment" in clause (1) (f) of the Annex, in order to avoid any impression that workers in an industry had a right to continue to be employed in it irrespective of circumstances. It was only if the removal of a restraint would bring about a drastic
decline in employment in an industry, and if the workers affected could not find other employment, that unemployment should provide grounds for justifying a restrictive practice. On this basis some such phrase as “a drastic decline in the level of activity in an industry” might be included in this section of the definition of the justiciable issue.

The Lord Chancellor said that a definition on the lines of that in the Annex to C.P. (55) 209 would, because of its greater precision, be entirely suitable for an independent judicial tribunal, which was the form of tribunal favoured by the majority of the Committee of Ministers.

Discussion showed that the Cabinet were in general agreement with the proposals to improve the draft of clause (1)(i) of the definition on the lines indicated by the Lord Chancellor. It appeared, however, that some of the sub-clauses of the definition might conflict with each other. It was explained that it would in all cases be necessary to consider separately the balance of advantage to the public, and that guidance on the way in which this should be done was contained in clause (2).

The Cabinet then considered whether this jurisdiction should be given to an administrative tribunal or to an independent judicial tribunal.

The Chancellor of the Exchequer said that he recognised that an independent judicial tribunal on the lines of that described in Annex III of C.P. (55) 196 represented a compromise between an administrative tribunal and the use of the High Court. The objection which he saw to the Government’s relinquishing jurisdiction in this field, where decisions could profoundly affect the economy of the country, would be partly met if it could be arranged that the definition of the justiciable issue should be re-examined by the Government from time to time. It might be possible to provide in the legislation for the tribunal to request the Government to reconsider the definition of the justiciable issue, or, alternatively, the legislation might confer power on a Minister to amend the definition by Order.

In discussion it was pointed out that the proposal to confer power on a Minister to amend legislation by Order was open to serious constitutional objections. The Government would in any case be under an obligation to keep the definition of the justiciable issue under review. The Foreign Secretary suggested that there was historical evidence to support the view that the decisions of the Judiciary took account of current economic considerations and tended to be in line with the general economic trends of the time.

The Cabinet’s discussion of this point showed that on balance they were in favour of entrusting jurisdiction over restrictive practices to an independent judicial tribunal on the lines of that described in Annex III of C.P. (55) 196.

In subsequent discussion the following general points were also raised: —

(a) The Chancellor of the Duchy of Lancaster suggested that a study should be made of the probable cost of establishing an independent judicial tribunal to deal with restrictive practices. As well as the running costs of the divisions of the tribunal itself, extra staff would be needed to deal with the registration of restrictive practices and with the selection of agreements for examination by the tribunal; on the other hand, the establishment of a tribunal might lead to some saving in the present cost of the Monopolies Commission.

(b) It was suggested that it would be opportune to examine restrictive practices by workers at the same time as legislation was introduced to deal with the restrictive practices of employers. Against this, it was argued that the Government would be in a stronger position to take action against restrictive labour practices if they could show that firm action had already been taken to deal with the restrictive practices of employers.
The Minister of Labour said that the importance of reducing restrictive labour practices was fully appreciated by both sides of industry and steps were already being taken to examine this problem. It was not possible, however, to deal with restrictive labour practices in the same way in which it was proposed to deal with the restrictive agreements of employers.

(c) It was pointed out that it was important to provide that proceedings before the tribunal could be held in camera, in order to meet security considerations and to keep valuable trade practices confidential.

(d) The Minister of Housing said that on issues which inevitably entailed the appraisal of a balance of economic advantage it would be difficult for a tribunal to succeed in exercising an effective jurisdiction, because of the difficulty of defining these issues in judicial terms.

The Cabinet realised that the proposed legislation was, in a sense, bound to be experimental. It was an attempt by the Government to lay down the general line of policy, and at the same time to remove the implementation of that policy in individual cases from the political arena.

(e) The Lord Privy Seal said that owing to the state of the future legislative programme it might not be possible for the proposed legislation on restrictive practices to become law during the current session of Parliament.

The Cabinet—

Agreed that the preparation of legislation on restrictive practices should proceed on the basis of a definition of the justiciable issue on the lines of that in the Annex to C.P. (55) 209, and on the basis that the jurisdiction over restrictive practices should be entrusted to an independent judicial tribunal on the lines of that described in Annex III of C.P. (55) 196.

Road Traffic.  6. The Cabinet considered a memorandum by the Minister of Transport (C.P. (55) 201) recommending that the speed limit for heavy goods vehicles should be raised from 20 to 30 miles per hour and seeking authority to make an announcement to this effect at an early date.

The Minister of Transport said that, in his view, the mounting pressure both inside and outside Parliament that the speed limit for heavy goods vehicles should be raised could no longer be resisted. In order to avoid defeat on this point in Standing Committee in the House of Commons on the Road Traffic Bill he had felt obliged to give an undertaking that the matter would be considered. On merits there was nothing to be said for retaining the present speed limit. Although the schedules for lorry drivers were conscientiously related to a 20 m.p.h. limit, it was the general practice for the drivers to travel at a great deal faster and to use for their own purposes the time they saved. There had been a great improvement in the braking efficiency of heavy lorries and road safety would not be prejudiced by raising the speed limit. A large section of the drivers—mainly those engaged on trunk services and haulage work—would, however, resist a change which, by permitting the introduction of faster journey schedules, would take away the perquisite of extra leisure that they were at present enjoying and it would be necessary to handle the matter carefully for this reason. Following exploratory discussions which he had had in recent months with representatives of some of the employers and with the Acting General Secretary of the Transport and General Workers' Union, he was satisfied that, to provide a basis for further progress towards the settlement of this problem, it was necessary for the Government to announce their intention of raising...
the speed limit. He would propose, therefore, that a decision should be announced towards the end of January to come into effect in June. This would provide ample time for the readjustment of schedules and for the consequent negotiations between the employers and the drivers' union. A decision to raise the speed limit would be welcomed by Chief Constables.

Discussion showed that, in agreeing to this proposal, the Cabinet were concerned that steps should be taken to ensure that, in contrast to the present speed limit, the new limit would, in fact, be enforced. It was important that the law on this subject should not continue to be flagrantly and regularly broken. It was agreed that the Cabinet's views on this aspect of the matter should be brought to the notice of the Home Secretary.

In further discussion the view was expressed that the attitude of the drivers towards the proposed change would depend in part on the extent to which they shared in the fruits of the increased productivity which would result from the change. It was desirable that the employers should have this in mind in negotiating new schedules.

The Cabinet—

(1) Authorised the Minister of Transport to make an announcement, as proposed in C.P. (55) 201, that the speed limit for heavy goods vehicles would be raised from 20 to 30 miles per hour.

(2) Invited the Home Secretary to take note of the views which had been expressed in their discussion on the need for a more strict enforcement of the higher speed limit.

Cabinet Office, S.W. 1.
20th December, 1955.