CAB 128 PIECE 40
CC 1951 - CM 1964
CAB 128 PIECE 40
CC 1951 - CM 1964

1995

CLOSED UNTIL
CAB 128 PIECE 40
CC 1951 - CM 1964
<table>
<thead>
<tr>
<th>Year</th>
<th>Minutes</th>
<th>Conclusion Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>* C.C.(52) 66th Conclusions, Minute 3</td>
<td>Economic Situation: Balance of Payments (C.A.)</td>
</tr>
<tr>
<td></td>
<td>* C.C.(52) 76th Conclusions, Minute 1</td>
<td>Persia (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(52) 83rd Conclusions</td>
<td>The Duke of Edinburgh (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(52) 85th Conclusions</td>
<td>The Duke of Edinburgh (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(52) 96th and 99th Conclusions</td>
<td>The Duke of Windsor (N.C.R.)</td>
</tr>
<tr>
<td>1953</td>
<td>C.C.(53) 1st Conclusions</td>
<td>The Duke of Edinburgh (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(53) 28th Conclusions</td>
<td>The Duke of Edinburgh (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>C.C(53) 48th</td>
<td>CLOSED UNDER SECTION B(!)</td>
</tr>
<tr>
<td></td>
<td>C.C.(53) 50th Conclusions</td>
<td>The Duke of Windsor (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>* C.C.(53) 80th Conclusions</td>
<td>Alan Nunn May (N.C.R.)</td>
</tr>
<tr>
<td>1954</td>
<td>* C.C.(54) 22nd Conclusions</td>
<td>Equal Pay (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>* C.C.(54) 22nd Conclusions</td>
<td>Levy on Flour (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>* C.C.(54) 24th Conclusions</td>
<td>Equal Pay (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 24th Conclusions</td>
<td>The Duke of Windsor (N.C.R.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 47th Conclusions, Minute 4</td>
<td>Washington Talks (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 48th Conclusions, Minute 3</td>
<td>Washington Talks (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 49th Conclusions, Minute 1</td>
<td>Washington Talks (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 50th Conclusions, Minute 2</td>
<td>Washington Talks (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 52nd Conclusions, Minute 3</td>
<td>Washington Talks (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 53rd Conclusions, Minute 2</td>
<td>Washington Talks (C.A.)</td>
</tr>
<tr>
<td></td>
<td>C.C.(54) 84th Conclusions</td>
<td>The Duke of Windsor (N.C.R.)</td>
</tr>
</tbody>
</table>
### MR. CHURCHILL'S ADMINISTRATION - Contd.

<table>
<thead>
<tr>
<th>Year</th>
<th>Conclusion</th>
<th>Topic</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>C.C.(55) 9th Conclusions</td>
<td>The Duke of Edinburgh</td>
<td>(N.C.R.)</td>
</tr>
</tbody>
</table>

### MR. EDEN'S ADMINISTRATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Conclusion</th>
<th>Topic</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>C.M.(55) 18th Conclusions</td>
<td>The Duke of Edinburgh</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1955</td>
<td>C.M.(55) 25th Conclusions</td>
<td>The Duke of Edinburgh</td>
<td>(M.C.R.)</td>
</tr>
</tbody>
</table>

### MR. MACMILLAN'S ADMINISTRATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Conclusion</th>
<th>Topic</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>C.C.(57) 11th Conclusions</td>
<td>Iron and Steel Industry</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1957</td>
<td>C.C.(57) 19th Conclusions</td>
<td>Israel</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1957</td>
<td>C.C.(57) 51st Conclusions</td>
<td>The Duke of Windsor</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1957</td>
<td>C.C.(57) 64th Conclusions</td>
<td>Syria</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1957</td>
<td>C.C.(57) 65th Conclusions</td>
<td>Syria</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1957</td>
<td>C.C.(57) 68th Conclusions</td>
<td>Syria</td>
<td>(M.C.R.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Conclusion</th>
<th>Topic</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>C.C.(58) 21st Conclusions</td>
<td>Political Situation</td>
<td>(M.C.R.)</td>
</tr>
<tr>
<td>1959</td>
<td>C.C.(59) 54th Conclusions</td>
<td>The Duke of Edinburgh</td>
<td>(M.C.R.)</td>
</tr>
</tbody>
</table>
1960.

C.C.(60) 4th Conclusions The Name of the Royal Family (M.C.R.)
C.C.(60) 11th Conclusions Royal Marriages Act, 1772: H.R.H. Princess Margaret (M.C.R.)
C.C.(60) 52nd Conclusions The Duke and Duchess of Gloucester (M.C.R.)

1963

C.C.(63) 39th Conclusions Resignation of the Secretary of State for War (N.C.R.)
C.C.(63) 40th Conclusions Resignation of the Secretary of State for War (N.C.R.)

SIR ALEC DOUGLAS-HOME'S ADMINISTRATION

1964

C.M.(64) 5th Conclusions Mr. Iain Macleod's Article in the "Spectator" (M.C.R.)
At three meetings on 28th and 29th February, the Cabinet discussed proposals by the Chancellor of the Exchequer for arresting the drain on the gold and dollar reserves of the sterling area. For the purpose of these discussions they had before them a draft memorandum by the Chancellor of the Exchequer outlining his plan and summarizing its main advantages and disadvantages, a memorandum by the Paymaster General developing his objections to this plan, and a second memorandum by the Chancellor outlining the alternative courses which would have to be followed if his original plan were not adopted.

The Chancellor of the Exchequer in his first memorandum said that there were still no signs of any slackening in the rate at which the gold and dollar reserves of the sterling area were being depleted. In the past eight weeks the reserves had dropped by $521 millions, and had now fallen to a figure of $1,800 millions, which represented only three and a half weeks' turnover of the sterling area's transactions with the rest of the world. The rate of loss should fall in the next few months, as the various measures taken to arrest it came fully into operation; and, if every element in the plan approved by the Commonwealth Finance Ministers at their meeting in January worked favourably, the drain on the reserves might be checked in respect of the second half of 1952. It was, however, by no means clear that we could scrape through until then; and, even if we did, the remaining reserves would be so inadequate that the sterling area would collapse at the first adverse turn of events. In these circumstances he considered that drastic action should be taken now to protect the currency. After considering various alternatives he recommended the adoption of a five-point plan, as follows:

(1) While preserving the nominal official parity of $2.80 to the £ sterling, we should abandon the existing margin ($2.73 - $2.82) and use the Exchange Equalisation Account to secure the maximum stability in the international value of sterling. This would mean that we should publicly accept the principle of a variable rate of exchange. Privately, we should resolve to use the sterling area reserves for the purpose of keeping the rate initially within limits of about fifteen per cent on either side of the official parity of $2.80, i.e. within a range of $2.40 - $3.20. Commonwealth Governments and Banks could be informed privately that this was our objective, but our intention would not be made public or communicated to any other Government or monetary authority within or without the sterling area.

(11) All foreigners' sterling balances would be blocked, except for American and Canadian accounts already convertible into dollars. Ten percent of these balances would be classified as "external" sterling which, together with any sterling earned subsequently, would be convertible into gold, dollars, or other currencies at the current rate.
The present structure of the sterling area would be maintained. The United Kingdom and other sterling area countries would retain full exchange control, and citizens who were allowed to acquire foreign exchange would buy it in the market.

Not less than eighty per cent of the sterling balances held by other sterling area countries would be held in funded form, so that they could not be used for current transactions.

The London gold market would be re-opened so as to provide a free market against external sterling. The price of gold would not be related to the official dollar price, but would fluctuate freely. Residents of sterling area countries, except gold producers, would not be allowed to operate in the gold market.

The following advantages were claimed for this plan. The drain on the gold and dollar reserves would cease automatically; we should lose gold and dollars only to the extent that we intervened in the market to prevent the exchange rate from falling too far. "Cheap sterling" operations would be virtually eliminated. Payment for our exports to countries outside the sterling area would be made only in external sterling, gold or foreign exchange which could be sold in the London market. The strain of the balance of payments deficit would fall, not on the reserves, but on the exchange rate. It was true that depreciation of the rate would have an immediate and direct effect on the internal economy, in the form of rising prices of food and raw materials; but this process would itself bring into play forces which in the long run would tend to bring the economy into balance. For rising import prices would reduce the consumption of imports, and a fall in the exchange rate would increase the competitive power of our exports and encourage industry to concentrate on the manufacture of exports. At the recent meeting of Commonwealth Finance Ministers it had clearly emerged that sterling could not survive on an inconvertible basis, and this plan would be regarded as a major step on the road to convertibility. The funding of sterling balances, though it might initially be a shock for the holders, would remove the greatest potential danger to the sterling area reserves and would strengthen confidence in sterling. After the initial shocks had been taken it would be easier to strengthen the reserves by borrowing, and the Chancellor proposed to seek loans from Canada, from the International Monetary Fund and by pledging the dollar securities held by the United Kingdom Government in the New York market.

On the other hand, the plan would mean a large new departure in policy and would involve serious risks. It would mean abrogating our monetary and payments agreements with non-sterling countries. It would be a shock to the Commonwealth members of the sterling area, and might bring one or two of them to the point of deciding to leave the sterling area altogether. It would disrupt the European Payments Union, and would therefore be viewed with mixed feelings by the United States Government. Finally, so far as concerned the internal economy of the United Kingdom, it would mean abandoning the principle of stability in internal prices and wages; there would in the initial stages be some rise in the cost of living and some measure of
unemployment; and there would be a continuous process of change and re-adjustment, much of which would be painful. Nevertheless, the plan offered an opportunity for the United Kingdom Government to take a constructive and powerful initiative in the world economy; and all the indications were that, if this opportunity was not taken in the near future, we should be forced at a later stage, when the gold and dollar reserves of the sterling area had fallen to a much lower level, to take action which had all the unfavourable features of the plan now proposed without any of its favourable possibilities. The Chancellor therefore recommended that action on these lines should be taken as quickly as possible and announced at the same time as the Budget.

The Paymaster-General in his memorandum argued that there were no sufficient grounds for the violent reversal of policy proposed by the Chancellor of the Exchequer. The government had always been given to understand that the drain on the reserves would continue during the early months of 1952. The remedial measures which they had taken in November had never been expected to produce their effect until the end of February; and the Commonwealth Finance Ministers had not yet had time to arrange for their Governments to put into operation the further measures upon which they had agreed at their meeting in January. The only new facts were the failure of the United States Government to provide us with the $500 millions of aid on which we had been relying and the doubt whether the European Payments Union would be able to honour its obligations if we achieved a credit balance. Fundamentally our difficulties were due to failure to balance our trade. The Chancellor's proposals were not addressed to that problem. They would not make it easier for us to achieve a trade balance: indeed, the variable rate of exchange would have the opposite effect. If the rate fell by 20%, we should have to export 25% more in order to pay for the same quantity of imports. And the fact that our export prices would be more competitive would not help us if, as was largely the case, the volume of our export trade was limited by difficulties of supply rather than of price. So far as concerned our internal economy there were grave political objections to the Chancellor's plan. If it helped to improve the balance of our trade accounts, it would do so only by increasing the prices of imported food and materials to an extent which compelled people to restrict their consumption. This method of rationing imports by the purse would be difficult to defend, and in any event would not produce results in time to solve our problem. Rather than run the risks involved in the Chancellor's plan, the Paymaster-General suggested that the immediate crisis should be met by further reduction in imports, by a further expansion of exports, by borrowings from the United States and the International Monetary Fund, by Budgetary action to prevent a further fall in confidence in sterling and, above all, by strong pressure on other sterling area countries to reduce their imports from hard-currency sources.

Discussion showed that opinion within the Cabinet was divided on the expediency of proceeding at once with the plan proposed by the Chancellor of the Exchequer.

The following is a summary of the main arguments advanced in support of the Chancellor's proposals:

(a) It was not claimed for this plan that it would in itself redress the trade balance of the sterling area. It was essentially a plan to protect sterling. The Chancellor's financial advisers believed that there was bound to be an exchange crisis before mid-summer, and they thought that this was likely to develop shortly after the publication of the figures showing the state of the reserves at the end of the first quarter. It was for this reason that the Chancellor wished to introduce his plan at the time of the Budget. A further reason for this was
that, to gain full effect, measures for remedying the economic situation should be announced simultaneously so that they could be seen as part of a comprehensive policy. The Government had already been placed at a disadvantage through having to announce their economic proposals piecemeal, and the Chancellor had indicated that the final instalment of these measures would be announced at the time of the Budget.

(b) The arguments advanced by the Paymaster-General against a variable rate of exchange seemed to be based on the assumption that our trade would not be balanced. But his arguments in favour of maintaining the present fixed rate of exchange seemed to be based on the assumption that our trade would be balanced in the second half of 1952. He assumed that, with a variable rate of exchange, we might expend our reserves in seeking to prevent the rate from falling below $2.40. But if, in fact, our trading balance improved in the second half of the year, the rate would automatically rise well above $2.40.

(c) It was admitted that the adoption of the Chancellor's plan would involve a risk of high prices and unemployment in this country. But, if the drain on our reserves continued to the point at which we could no longer control the situation, the consequences for our internal economy would be even more serious. If we could no longer pay for our imports, acute shortages and widespread unemployment would be inevitable; and the whole economy would then be threatened with immediate collapse.

(d) A moderate rise in the price of imports would have a salutary effect in bringing home to the people of this country the reality of the economic situation in which they were living. Under the planned economy the Government themselves assumed responsibility for varying the pattern of consumption by making adjustments in import programmes. There was something to be said, politically, for moving towards the system by which individuals were influenced, by the operation of the price mechanism, to make their own adjustments to changing economic circumstances. This latter system had the further advantage that it enabled people to adjust themselves more gradually to changing circumstances and avoided the violent upheavals which seemed inseparable from government planning.

(e) Sterling was at present over-valued, with the result that no-one would hold sterling if he could avoid doing so. In these circumstances the large sums at call in the sterling balances were a grave threat to the stability of the currency. It was very difficult to maintain stability with these vast liabilities overhanging the market.

(f) It was unreasonable that the people of this country should be asked to accept increased hardships and sacrifices, in order to redress the United Kingdom balance of payments, if all their efforts could be frustrated by unrestricted drawings on the sterling balances held by countries like Australia whose inroads on the reserves were not regulated by any formal agreement. There was a strong case for restricting Australia's right to draw down the central reserves of the sterling area.

(g) The Paymaster-General suggested in his memorandum that our financial position was too weak to warrant our taking the risks which the Chancellor's plan entailed. If it were in fact so weak, and the Chancellor's plan were not adopted, it would not be long before the reserves of the sterling area were wholly exhausted; and we should then face imminent economic collapse without any policy for dealing with that situation.
On the other side, the following considerations were urged against the adoption of the Chancellor's plan:

(h) Though it was certain that it would involve very grave risks, there was no certainty that it would succeed. The rate of exchange, once freed, would be bound initially to fall sharply; and, if the Exchange Equalisation Fund were used for the purpose of holding it at £2.40, a substantial portion of the remaining reserves might be expended in this operation. Some Ministers feared that the reserves might be depleted more rapidly in this way than by continuing to use them to meet the deficit in the balance of payments.

(i) It would be a serious blow to other Commonwealth Governments if this plan were announced so soon after the Meeting of Commonwealth Finance Ministers in January, when it had been agreed to make a very different approach to these problems. They would naturally expect that, if action on these lines had been in contemplation, it would have been mentioned at that Meeting. THE CHANCELLOR OF THE EXCHEQUER said that he had in fact given an indication, at the end of the Meeting, that the measures then discussed might not be sufficient and that, if the situation continued to deteriorate, much more drastic action might have to be taken before the end of the year. Since then, in a telegram to Commonwealth Finance Ministers which he had circulated to the Cabinet on 11th February (C. (52) 33), he had drawn attention to the increasing gravity of the situation.

(j) The European Payments Union was unlikely to remain effective for very long, but the adoption of this plan would deal it an immediate death-blow. This would accord ill with the Government's efforts to make plain their sympathy with the movement towards European unity. It might even be regarded as inimical to the efforts of the North Atlantic Council to establish a sound economic foundation on which to build up the defensive strength of Western Europe. This aspect of the policy would certainly be distasteful to the United States Government.

(k) This plan would do little to ease our fundamental problem of balancing the trade of the sterling area. It might, however, suggest that the Government were prepared to see this problem solved by the expedients of the nineteen-thirties. Reliance on monetary measures would be thought to point to large-scale unemployment; and the Government would be exposed to all the well-worn criticisms directed on that account against the Conservative Party.

(l) Those of the economists in Government service who had been consulted about the plan were opposed to it.

(m) The adoption of the plan would have the immediate result of producing a general restriction of world trade. Many of the countries which now bought exports from us because they could pay for them in a soft currency would be unwilling to go on buying if sterling became a hard currency. Many of those who now spent sterling in order to save dollars would turn to dollar sources of supply. The deficit in our dollar balance of payments would thus be increased; the exchange rate would fall; and this in turn would mean higher prices and more unemployment in this country.

(n) The compulsory funding of sterling balances held by Commonwealth and foreign countries might be construed as amounting to a banker's default and would impair our international credit.

(o) The adoption of the plan would give rise to very great political difficulty. Public opinion in this country was wholly unprepared for such measures. The sudden reversal of the economic
policies which had been pursued for the last twelve years, and in particular the abandonment of the objective of seeking stability in internal prices and wages, would come as a severe shock to public opinion. Under democratic government with universal suffrage such violent reversals of policy were hardly practicable. Even if the case for this change were abundantly clear on the merits, there would be very great difficulty in persuading the public to accept it. Moreover, the adoption of this policy would create an unbridgeable gap between the Government and the Opposition; and, if it were thought possible that an even more grave economic crisis might develop later in the year, it would be unjustifiable to take at this stage a step which might exclude all possibility of forming a National Government to handle that situation.

Special attention was given, in the discussion, to the effect which the proposed policy might have on the Governments of the other members of the Commonwealth. THE COMMONWEALTH SECRETARY said that the proposal to freeze 80% of their sterling balances would come as a great shock to those Governments, particularly as no indication of this possibility had been given at the recent meeting of Commonwealth Finance Ministers. If, however, due notice was given it was unlikely that it would cause any great political upheaval in the Commonwealth. For Pakistan and Ceylon it might well prove to be the turning-point at which they decided to leave the sterling area, though there would be no question of their leaving the Commonwealth on this account. Australia would be hard hit by it, but her Government must realise that she was over-spending and could not expect to go on doing so. It was conceivable, though unlikely, that she might seek independence of the sterling area. New Zealand would accept the decision of the United Kingdom Government. South Africa would not object; she would welcome the re-opening of the London gold market. India, if the proposals were carefully presented to her, might well accept them if she could be assured that they would not prevent her from obtaining sufficient capital for the development plan to which she was committed. Canada, though not a member of the sterling area, would welcome the plan.

On the other hand it was pointed out that under the Chancellor's plan the Commonwealth members of the sterling area would be left free to spend at will some 20% of their sterling balances and that some of them would not therefore be under any greater restraint than that already imposed by the existing agreements limiting their drawing rights on those balances. From this point of view the most significant gain would be the restraint to be imposed by this plan on Australia's use of her sterling balances; for her drawing rights were not at present the subject of any agreement and her overseas expenditure constituted the greatest current threat to the stability of the sterling area.

Towards the end of the discussion it became clear that many members of the Cabinet entertained serious doubts about the expediency of proceeding at once with so violent a change of policy as that proposed by the Chancellor of the Exchequer. At an earlier stage in the discussion it had been suggested that the Chancellor's plan might be carried out in two stages - first a severe Budget, including a sharp increase in the Bank rate and drastic reductions in the defence and housing programmes; and, secondly, at the end of March, a further conference of Commonwealth Finance Ministers to produce an agreed plan for dealing with the problems of the sterling balances, the variable rate of exchange and trade agreements between the sterling area countries.

THE CHANCELLOR OF THE EXCHEQUER regarded this particular compromise as impracticable. He did not think it would be possible to
reach agreement, in a Commonwealth conference, on so Draconian a plan as this. Any drastic action to save the currency would have to be devised in secret; and, although every effort should be made to carry other Commonwealth countries with us, the paramount need for secrecy would make it impossible to give them more than a few days in which to consider such a plan. A financial operation of this kind necessarily involved national credit and confidence in the financial position of the United Kingdom as the banker for the sterling area; and it would become impossible to carry out such an operation if confidence were weakened in advance as a result of lengthy discussion of alternative plans at a conference attended by representatives from all the Commonwealth members of the sterling area. In the Chancellor's view the decision was one for which the United Kingdom Government must take primary responsibility. He himself still believed that on balance the wiser course would be to take this action immediately and announce it as part of the Budget proposals. He recognised, however, that other Ministers would prefer to wait, in the hope that either the position would improve to such an extent that no such action was necessary or that, if it continued to deteriorate, they could at least claim that they had been compelled to take this step by force majeure. He also appreciated the political difficulties of making so violent a reversal in economic policy and accepting the risks which it entailed of rising prices and increasing unemployment. If the Cabinet were not prepared to accept these risks and difficulties, the adoption of his plan must at least be deferred - though, for himself, he believed that the Government would be forced into some such action before the summer was over and he would have preferred to choose the constructive course of taking the action at a time when there was still hope of securing positive advantage from it rather than wait until action was forced upon him and the prospects of wringing practical advantage from it were correspondingly less.

THE PRIME MINISTER, summing up this part of the discussion, said that there was a clear division of opinion within the Cabinet on the merits of the Chancellor's proposal. Many Ministers, with every desire to help the Chancellor in his difficult task, remained unconvinced that the advantages which might be gained from the adoption of this plan, if all went well, outweighed its manifest disadvantages and dangers. So long as there was so large a division of opinion within the Cabinet on the merits of the plan, it would be hazardous for the Chancellor to proceed with it. His own conclusion was that, at the present time, there was not within the Cabinet a sufficient body of support for this plan to enable the Chancellor to launch it with confidence that he had behind him the conviction, as well as the loyalty, of his colleagues.

THE CHANCELLOR OF THE EXCHEQUER said that at this stage he ought to put plainly before his colleagues the alternative course which he would feel bound to follow if he was unable to proceed with his plan for protecting the currency. The Cabinet should realise that this alternative policy would itself involve action which in some respects might prove quite as unpalatable to public opinion as the consequences which might have followed from the adoption of his original plan. Political difficulties could certainly not be escaped by preferring the alternative line of policy; and the economic consequences might prove to be equally unpleasant. It would have to be announced that the Government's first objective was to redress the balance of payments, and all Government policy would have to be related to that primary objective. The main headings of his alternative policy would be as follows.

(1) He would have to introduce a severe Budget which would include a substantial reduction in the food subsidies and a number of other unpopular measures.
(ii) The Bank rate would have to be raised to 4% - and this would certainly evoke the familiar cry that the Conservative Party had put themselves in the hands of the Bankers.

(iii) There would have to be a further cut in defence production, in order to relieve the strain on the metal-using industries and enable them to increase their exports. Alternatively, or in addition, we should have to try to sell for dollars some of the military equipment which was now being manufactured for our own use.

(iv) If the Cabinet were unwilling to allow the price mechanism to operate automatically to reduce consumption, further use would have to be made of physical controls and the mechanisms of economic planning. In particular, a further cut of £200 millions would have to be made in import programmes. This meant that wheat stocks would probably have to be reduced to a level representing ten weeks' consumption, that stocks of sugar would have to be run down, and that further cuts must be made in imports of animal feedingstuffs and raw materials. Imports of soft-wood would have to be further reduced, and the housing programme might have to be cut back. Open general licences to import would have to be suspended. There would have to be a cut in tobacco imports, and the Service programmes for accumulating reserves of oil would have to be delayed.

(v) Further limits would have to be placed on the freedom of private traders to import goods from Europe. These restrictions would fall particularly on imports of machinery, textiles and food. This further reversal of the policy of liberalising European trade would bring us to the point at which some of the other European countries would take retaliatory action against our exports. The policy which we should be forced to follow would hasten the collapse of the European Payments Union.

(vi) Other Commonwealth Governments would have to be urged to take action, even more drastic than that upon which they had agreed at the recent Meeting of Commonwealth Finance Ministers, to reduce their imports from countries outside the sterling area and to expand their exports to those countries. Some alternative method of dealing with their sterling balances might also have to be considered. It must be assumed that they would be unwilling to fund these balances if the balances held by foreign countries in London remained free of restriction. It might, however, be possible to secure some extension of payments agreements limiting their drawing rights.

(vii) Further cuts in investment would be necessary. The housing programme might have to be reduced. And, in order to discourage investment in new machinery, the depreciation allowances for income tax purposes might have to be cancelled.

At the third of these meetings, on 29th February, the Cabinet gave particular attention to the cuts which would have to be made, under this alternative policy, in the import programmes. They had before them a note by the Chancellor of the Exchequer setting out a tentative list of measures for reducing imports and expanding exports with a view to checking the deterioration in the United Kingdom balance of payments. In a preliminary discussion of these measures the following points were made:

The Minister of Defence would need to satisfy himself that he could overcome the objections which the Chiefs of Staff had previously raised to the proposal that wheat stocks should be reduced to the level of ten weeks' consumption.

Strong objection was raised to the proposal to reduce the import of
coarse grains. As there was less prospect of increased supplies of imported meat, it was the more important to build up the pig population in this country.

Proposals for reducing the import of softwoods must be carefully considered in relation to the needs of the housing programme over the next three years. Ministers were most reluctant to reduce the target figures which they had approved for the housing programme.

Imports of cotton should not be reduced beyond the point at which spinners would begin to find difficulty in getting the types of cotton they required.

A group of Ministers under the Chairmanship of the Minister of Defence should consider how a contribution of about £40 millions could be made, at the expense of defence production, towards the easing of the balance of payments problem.

The same group of Ministers should also consider the proposal to save overseas expenditure of £5 millions by delaying the programmes of the Services for accumulating reserves of oil.

The measures proposed for reducing imports from Europe should be carefully considered with a view to reducing to a minimum the risk of retaliation against our own export trade.

The final conclusions reached by the Cabinet as a result of their discussions at these three meetings may be summarised as follows:

(1) Ministers reaffirmed their desire to dispense as soon as practicable with the system of physical controls and to move, as opportunity offered, towards the restoration of a more free economy in which there would be scope for the operation of the price mechanism. In particular, they endorsed the view that the sterling area could not be preserved indefinitely on a basis of inconvertible sterling, and they agreed that no opportunity should be lost of moving towards the ultimate goal of convertibility of sterling. They were not satisfied, however, that the present moment was opportune for the introduction of a plan, on the lines originally proposed by the Chancellor of the Exchequer, for making some part of our sterling reserves convertible at a variable rate of exchange.

(2) The Cabinet agreed, however, that some action on these lines might be taken at a later stage - either if the circumstances became more favourable for the introduction of such a policy, or if the Government found themselves compelled, by a continuing drain on the gold and dollar reserves of the sterling area, to take urgent action to protect the currency. The alternative courses to be followed in the meanwhile should therefore be so framed as to conform as far as practicable with the Government's ultimate objectives.

(3) The Chancellor of the Exchequer should frame his Budget in accordance with the alternative policy which he had outlined towards the end of the Cabinet's discussions.

(4) In his Budget speech the Chancellor of the Exchequer should make it clear that it would be the first objective of Government policy to readdress the adverse balance of payments, since a sound rearmament programme could only be built upon a foundation of adequate economic strength.
(5) The Minister of Defence, with the assistance of the Secretary of State for Co-ordination of Transport, Fuel and Power and the Chancellor of the Duchy of Lancaster, should discuss with the Service Ministers and the Minister of Supply the possibility of making a contribution of about £40 millions towards the easing of the balance of payments problem by making military equipment available for sale to dollar countries or by setting free productive capacity which could be used for the manufacture of exports; and should submit his recommendations to the Cabinet.

(6) The Minister of Defence should consider, with the same group of Ministers, the proposal to save overseas expenditure of £5 millions by delaying the Service programmes for accumulating reserves of oil; and should report his recommendations to the Cabinet.

(7) The Chancellor of the Exchequer should discuss with the Departmental Ministers concerned his other proposals for reducing imports, and should submit to the Cabinet at an early date a considered plan for reducing imports and expanding exports with a view to checking the deterioration in the balance of payments.

Cabinet Office, S.W.1,
March, 1952.
The Prime Minister said that at an informal meeting on 30th June the Chancellor of the Exchequer had discussed with some of his colleagues a proposal to introduce a modified version of the External Sterling Plan which the Cabinet had previously considered on 28th and 29th February. The discussion at this informal meeting had made it clear that there was unlikely to be any large body of opinion in the Cabinet in favour of undertaking at the present time the hazardous operation of setting sterling free at a floating rate of exchange. The Chancellor had therefore decided not to press this proposal upon the Cabinet at the present time. Nevertheless, our external financial position was most precarious: it had been estimated that, unless drastic measures were at once introduced, our reserves of gold and dollars would have fallen by another £175 millions by the end of 1952. The Chancellor therefore proposed, in C. (52) 223, that with a view to balancing our overseas accounts we should modify the defence programme, transfer more of our capital investment to productive industry and make further cuts in imports; and that all these measures should be announced before Parliament rose for the summer recess. It was also proposed that, in working out the policy proposals which the United Kingdom Government would place before the Commonwealth Economic Conference in November, Ministers should keep prominently in mind the need for some satisfactory means of working as rapidly as possible towards the convertibility of sterling. A Cabinet Committee had been appointed, under the Foreign Secretary's Chairmanship, to supervise the preparations for this Conference; and the Chancellor would doubtless discuss with that Committee how the question of convertibility could best be handled in relation to the Conference.

The Chancellor of the Exchequer said that he was seriously concerned about the threat to sterling. He had received from the Bank of England a formal warning that if no change were made in the existing system, under which the gold and dollar reserves of the sterling area carried the whole strain of the adverse conditions which the sterling area countries were facing in their overseas accounts, there would be a grave risk to the currency and to the economy of the United Kingdom and the sterling area. It was the considered view, not merely of the Governor but of the whole Court of the Bank of England,
that changes should now be made in our external financial system which would have the effect of taking some of this strain off the reserves. The Chancellor said that this view was shared by other financial authorities whom he had consulted, including Sir Edward Peacock and Sir Richard Hopkins. After anxious consideration he had himself accepted that view. He took strong exception to the comments on the Bank of England which were made in Part I of the memorandum by the Minister of Housing and Local Government (C.(52) 226) and he thought it a matter for regret that the Minister should have used such language.

The Chancellor said that he would himself have preferred to strengthen the currency by making at once the changes in our external financial system which had been recommended by the Bank of England; but he had decided not to urge this course against the judgment of his colleagues in the Cabinet. It was, however, his duty to warn them that the currency would be in jeopardy throughout the summer, and possibly until the end of the year. He would not be prepared to accept the responsibility for introducing a further forced devaluation of sterling to a lower fixed rate of exchange. This made it all the more necessary that drastic action should be taken, and announced, before the summer recess with a view to bringing our overseas accounts more nearly into balance over the second half of the year.

Discussion then turned on the measures which should be taken to balance our overseas accounts. The main points raised were as follows:

(a) In addition to other import cuts which had been under discussion, it was now hoped that imports of timber in the second half year could be reduced by 86,000 standards, which represented an expenditure of £5½ millions. This would involve a reduction of timber stocks which would have to be made good in 1953, unless other decisions were taken which resulted in a reduced consumption of timber.

(b) THE LORD PRESIDENT expressed the view that there should be no further cuts in food imports which would involve any reduction in the level of food consumption in this country. There was some scope for economy by running down stocks; but any further worsening of the national diet would, in his opinion, lead to loss of productive efficiency.

(c) Care would have to be taken in framing the public announcement of these further measures to redress the balance of payments. If too much prominence were given to the proposed restrictions on imports, the Government would be open to the criticism that they were pursuing a purely negative policy. It was important that the statement should also have positive and constructive features. From that point of view it would be valuable if the public announcement of the plans for holding the Commonwealth Economic Conference in November could form part of the general statement on the economic situation to be made at the end of the month.
THE PRIME MINISTER said that positive measures for redressing the balance of payments would be the most effective method of maintaining confidence - action would be more effective than words. During the course of the next two weeks the Cabinet must devote to the consideration of these measures such time as was necessary in order to enable a full statement of Government policy to be formulated for use in the debate on the economic situation which was to take place in the House of Commons before the end of the month.

The Cabinet -

Agreed to resume their discussion of the economic situation at meetings to be held in the following week.

Cabinet Office, S. W. 1.

11TH JULY, 1952.
C.C.(52) 76th CONCLUSIONS, MINUTE 1
Confidential Annex

(7th August, 1952 - 5.30 p.m.)

The Cabinet resumed their discussion of the possible course of political developments in Persia.

THE FOREIGN SECRETARY said that, since the Cabinet's last discussion on 29th July, the American Ambassador and H.M. Charge d'Affaires in Teheran had jointly reviewed the internal political situation and their views had been communicated to the State Department. They both agreed that it was unlikely that any alternative to Dr. Mussadiq's Government could be brought into power at the present time except perhaps by a military coup d'état, and that Generals Zahedi and Hedjazi seemed to be the most likely persons to bring about such a development. They both took the view that neither of their Governments should undertake to encourage or support a military coup d'état, and that their two Embassies should avoid becoming involved in such a development. Since then, however, General Zahedi had himself taken the initiative in seeking an interview with a member of the British Embassy in Teheran, in the course of which he had said that he had been approached by three or four members of the National Front who had expressed their dissatisfaction with Dr. Mussadiq's Government. It also appeared from this interview that General Zahedi was in touch with some members of the old Opposition and that he also could command some support in the Army. It was not proposed at present to inform the United States authorities, either in Teheran or in Washington, that General Zahedi had made these overtures to the British Embassy. It was thought likely that he would himself make a similar approach to the United States Embassy, and this might stimulate further American interest in the possibility of a development along these lines.

Until it was known whether the situation was likely to develop in the direction of a military coup d'état, it was important that the United States Government should not make any unconditional offer of financial assistance to Dr. Mussadiq. This was a further reason for opening discussions with the United States Government regarding the basis of a fresh approach to the Persian Government on the lines indicated in C.(52) 276.

The Cabinet -

Took note of this statement by the Foreign Secretary.

Cabinet Office, S.W.1.
11th August, 1952.
G.C.(52) 83rd Conclusions

(1st October, 1952 - 11.0 a.m.)

THE SECRETARY OF STATE FOR AIR said that H.R.H. the Duke of Edinburgh was anxious to learn to fly, and provisional arrangements had been made for him to receive elementary flying training at an air-field near London under the guidance of a Royal Air Force instructor. It was not intended that he should learn to fly jet aircraft or undergo the full training course of a Royal Air Force pilot, but he would be trained to a standard which would enable him to fly his own aircraft with safety.

THE PRIME MINISTER said that he felt grave doubts about this proposal. It was arguable that, in view of his public position and responsibilities, His Royal Highness should not expose himself to unnecessary risks. Once the training now proposed had been completed, he might be tempted to take the much greater risk of learning to fly jet aircraft. And, once he was a qualified pilot, he might wish to pilot aircraft in which the Queen was a passenger. THE COMMONWEALTH SECRETARY and THE LORD PRIVY SEAL supported the views expressed by the Prime Minister.

Other Ministers thought it unnecessary to raise objection to the proposal. It was pointed out that King George VI (when Prince Albert) had earned his wings as a pilot in the Royal Air Force in the first world war; and that the Dukes of Windsor, Gloucester and Kent had all learned to fly in the period between the two wars. Flying was now widely regarded as a normal means of transport; and young men who were in a position to learn to fly thought it little more hazardous than learning to drive a motor-car. It would certainly be a great disappointment to His Royal Highness, and to the Royal Air Force, if he were prevented from fulfilling his wish to learn to fly.
THE PRIME MINISTER said that, in view of this division of opinion, he would discuss the matter with the Duke of Edinburgh during his forthcoming visit to Balmoral, and would if necessary bring it up again at a later date for further consideration by the Cabinet.

Cabinet Office, S.W.1.,

3RD OCTOBER, 1952.
C.C. (52) 85th Conclusions

(14th October, 1952, 11.0 a.m.)

THE PRIME MINISTER said that during his recent visit to Balmoral he had had some conversation with H.R.H. the Duke of Edinburgh about his wish to learn to fly. His Royal Highness had made it clear that he did not propose to do more than undergo elementary training and had no intention of attempting to fly jet aircraft. Nor had he any thought of proposing at any time that he should pilot an aircraft in which the Queen was a passenger.

The Prime Minister said that, on reflection, he was doubtful whether the Cabinet should seek to raise any objection to this proposal. As had been stated in the Cabinet's earlier discussion, four of the sons of King George V had learned to fly in the period between the two wars; and at the present time Prince Bernhard of the Netherlands was an active and experienced pilot.

The Cabinet agreed that no objection should be raised to the proposal that H.R.H. the Duke of Edinburgh should undergo elementary training as a pilot, under the guidance of a Royal Air Force instructor.

Cabinet Office, S.W.1,
14TH OCTOBER, 1952.

[No circulation given to this document]
At the Cabinet's meeting on 18th November, THE PRIME MINISTER said that H.R.H., the Duke of Windsor, whom he was seeing that afternoon, was likely to ask whether he should not be invited to attend the Coronation. The Prime Minister said that it might become necessary for him to tender advice to The Queen on this point, and he would be glad to know his colleagues' views. He himself thought it would be quite inappropriate for a King who had abdicated to be present as an official guest at the Coronation of one of his successors. A clear distinction could be drawn between the Coronation and the funeral of a member of the Royal Family, which it would be natural for the Duke of Windsor to attend.

The Cabinet endorsed the view expressed by the Prime Minister.

At their meeting on 20th November, the Cabinet were informed that the Duke of Windsor had accepted the Prime Minister's advice that he should not seek to be present at the Coronation. The Duke thought, however, that it would be necessary for him to say something on this point in reply to questions by Press correspondents. He proposed to say that it would not be in accord with constitutional propriety or usage that the Coronation of the Sovereign should be attended by any other Ruler or former Ruler. THE PRIME MINISTER said that he had commended the line which the Duke of Windsor was proposing to take in reply to Press enquiries on this point.

At their meeting on 18th November the Cabinet were informed that, while the Labour Government were in office, the Duke of Windsor had obtained permission to transfer from his own funds in this country a sum of £80,000 which he needed for the purchase or building of a property in France. It was understood...
that this sum had been found insufficient for the purpose and that the Duke would be seeking permission to transfer a further £40,000.

THE PRIME MINISTER said that, if the Duke raised this matter in conversation with him, he proposed to suggest that he should discuss it with the Chancellor of the Exchequer.

At their meeting on 20th November the Cabinet were informed that the Duke of Windsor had raised this question and was to discuss it with the Chancellor. In the course of a short discussion several Ministers expressed the view that, if it was in the public interest that the Duke of Windsor should make his home outside the United Kingdom, it was unreasonable that he should be denied facilities for transferring his own money from the United Kingdom to the country in which he proposed to establish himself. THE CHANCELLOR OF THE EXCHEQUER said that he accepted that view and would be guided by it in his conversation with the Duke of Windsor.
THE SECRETARY OF STATE FOR AIR said that H.R.H. The Duke of Edinburgh had now successfully completed the first stage of his flying training and was anxious to proceed to the next stage, with the ultimate object of being able to fly his own communication aircraft, e.g. a Dove or a Devon.

THE CHIEF OF THE AIR STAFF explained that two further stages would be needed before training was completed. In the first stage training would be in a Harvard aircraft, and in the next in an Anson. H.R.H. The Duke of Edinburgh had shown himself an apt and proficient pupil.

In discussion, the following points were made:

(a) The Duke of Edinburgh had said that he had no intention of learning to fly jet aircraft and that he would not at any time pilot an aircraft in which The Queen was a passenger.

(b) The Duke of Edinburgh would obtain no practical benefit from the elementary training which he had so far received on light aircraft. In the Harvard aircraft which it was now proposed he should learn to fly, there would also be an instructor and the risks were therefore no more than those already taken. If The Duke of Edinburgh ultimately wished to fly his own aircraft of the Dove or Devon type, he could have the assistance of a co-pilot.

THE FOREIGN SECRETARY said that he thought the Cabinet should raise no objection to the extension of the flying training to be given to H.R.H. The Duke of Edinburgh on the understanding, already given, that he would not fly jet aircraft and would not pilot an aircraft in which The Queen was a passenger. He suggested, however, that when the next stage of training in the Harvard aircraft was completed the Cabinet should review the matter again. He undertook to communicate the Cabinet's decision to the Prime Minister.
The Cabinet -
Agreed that no objection should be raised to
H.R.H. The Duke of Edinburgh undertaking an
extended course of training in Harvard aircraft;
and that the position should again be reviewed when
this stage of training was completed.

Cabinet Office, S.W.1.
7th January, 1953.
G. (53) 28th Conclusions
(21st April, 1953 - 11.00 a.m.)

THE PRIME MINISTER recalled that on 6th January, when he was in the United States, the Cabinet had agreed that H.R.H. The Duke of Edinburgh might undertake an extended course of training in a Harvard aircraft, but had asked that the position should be reviewed again when this stage of training was completed. He understood that this stage had now been reached, and that the Duke of Edinburgh was now due to fly an Oxford, a twin-engined training aircraft.

THE SECRETARY OF STATE FOR AIR said that it was also proposed that the Duke should fly a Harvard aircraft, under dual control, at night.

The Cabinet agreed that no objection need be raised to the Duke's undergoing this further stage of flying training. It was implicit in the Cabinet's original decision that he should complete the training which his instructors thought necessary to qualify him as a competent pilot. The Cabinet re-affirmed, however, their earlier view that the Duke of Edinburgh should not fly jet aircraft.
PUBLIC RECORD OFFICE

Group/Class CAB 128
Piece 40

CC (53) 48TH CONCLUSIONS

CLOSED FOR 50 YEARS
UNDER S. 5(1)

(date) 24/8/94
(Signed)
The Cabinet had before them an un-numbered memorandum by the Prime Minister covering a series of telegrams sent to the German Foreign Office in 1940 from the German Embassies in Madrid and Lisbon regarding the activities of H.R.H. the Duke of Windsor in Spain and Portugal in that year. These revealed that the Germans were at that time anxious to keep the Duke in Europe with a view to their making use of his services in securing peace between Germany and this country and that they would have been prepared, in return, to assist him to regain the Throne. These documents had been found in the archives of the German Foreign Office which came into the hands of the United States Army at the end of the war. General Eisenhower had then handed them over to the United States Ambassador in London, who in turn had passed them to the Foreign Office. It now appeared, however, that a microfilm copy of the document had been made before the originals were handed over to the British authorities and that this had passed into the control of the team of British, French and American historians who had been made responsible for the publication of the captured German documents. Under an agreement made between the three Governments in June, 1946, these historians were allowed complete freedom to select "on the basis of the highest scholarly objectivity" which of the captured documents should be published; and they proposed that this correspondence about the Duke of Windsor should be included in Volume X of the series of captured German documents which was to be published in 1954 under the official auspices of the British, French and United States Governments.

THE PRIME MINISTER said that he was not persuaded that there
was any historical need to publish this correspondence, at any rate during the lifetime of the Duke of Windsor. Its publication would certainly be damaging to the Duke and would cause him unnecessary distress. He had therefore written personally to President Eisenhower and M. Bidault asking if they would join with him in prohibiting official publication of the correspondence. President Eisenhower had promised full co-operation and the chief American historian had been instructed that, if his British colleague asked that these documents should, after all, be omitted from the forthcoming volume, he should acquiesce. On the other hand, it was not known whether the British historian, Miss Lambert, would be prepared to make such a request: indeed it had been suggested that, if this attempt were made to limit her discretion, she might feel obliged to resign her position. No reply had been received from M. Bidault. And the United States had warned us that the existence of the documents was widely known both in the United States and in this country; that copies of the actual documents might even be in private hands; and that intervention to prevent the inclusion of these documents in the official publication might provoke unofficial publication, at least of the substance of the documents and possibly of the actual texts. The Prime Minister said that it had been represented to him that, if this story was likely to be published in any event, it would be even more embarrassing if it could be said that the United Kingdom Government had attempted to prevent its publication. While he saw the force of this argument, he still considered that a determined attempt should be made to prevent the official publication of these documents.

THE LORD PRESIDENT said that the arguments for and against intervening to prevent official publication were nicely balanced. When he had first heard of this matter he had thought that every effort should be made to avoid official publication. But now that he had read the documents he was not sure that their publication would be so damaging to the Duke
of Windsor: they did little more than show that he had been flattered by evil counsellors into thinking that he might be able to be of assistance in securing a negotiated peace. He also attached importance to the warning that if official publication were prevented, the story might be disclosed from unofficial sources - with the added interest which it would gain from the fact that official publication had been prevented.

The Lord President said that he had seen the British historian, Miss Lambert, and he believed that she might be more accommodating than had been suggested earlier in the discussion. Certainly she would not welcome an attempt by one of the three Governments to limit the discretion which they had previously accorded to the historians to decide on objective historical grounds which documents should be published. But she had herself made the suggestion that publication of this correspondence might be delayed if the documents of the Weimar Republic were published in advance of the volume at present planned for publication in 1954. If it were decided that the Weimar papers should be published first, this might postpone the issue now under discussion for as long as five years.

In further discussion there was general support for the view that a determined effort should be made to prevent official publication of these documents during the lifetime of the Duke of Windsor. It was further agreed that, if publication could not be prevented, some official statement should be issued simultaneously with a view to reducing the damage which these messages might cause if released alone. This might include a report by the Minister of Labour on the mission to Portugal which he had undertaken in 1940 at the Prime Minister's request with a view to ensuring that the Duke and Duchess of Windsor left Europe without delay for the Bahamas. THE MINISTER OF LABOUR said that he would wish to prepare such a report and leave it on record for the future even if the documents were not to be published shortly; for there was much which he could say,
from the personal contacts which he had established at the time
with the persons principally concerned, which would put into
proper perspective the reports which the German agents
had written for their employers.

The Cabinet —

(1) Agreed that it was very desirable that these documents
regarding the approaches which German agents had made to
the Duke of Windsor in 1940 in Spain and Portugal should
not be published during the Duke's lifetime.

(2) Invited the Prime Minister and the Lord President to
arrange for a further approach to be made to the
British editor, Miss Lambert, with a view to delaying
the publication of these documents in the series of
captured German documents which was being published
under the official auspices of the British, French and
United States Governments.

(3) Took note that the Minister of Labour would prepare,
for publication simultaneously with the publication of
these documents, a report on his mission to Portugal
in 1940.

(4) Agreed that, if official publication could not be
prevented, the Duke of Windsor should be shown in
advance the documents which were to be published.

Cabinet Office, S.W.1.

28th August, 1953.
PUBLIC RECORD OFFICE

Group/Class  128
Piece       40

C.C (53) 80th CONCLUSIONS

RETAIENED BY DEPT UNDER SECTION 3(4)

(Late)  24/8/94
(Signed)

PRO DOCUMENT PUT IN PLACE
JK  24 AUG 1995
THE HOME SECRETARY recalled that, on his release from prison at the end of 1952, the then Home Secretary had undertaken not to leave this country for a period of 12 months. During that time, despite the efforts of the Ministry of Labour, no suitable employment had been found for him. His funds were now running low, and unless he could find work here, it was possible that in the New Year he might decide to go abroad. He had possibilities of suitable employment in India and in Scandinavia, but these were not considered to be the best places for him. It would be a shock to public opinion both here and in the United States if he left this country. In the public mind this would be a disaster that could not be reversed. In political circumstances, the Home Secretary considered that further efforts should be made to find suitable work for him in this country; but the Ministry of Labour and the Home Office were not satisfied that these would not be successful unless they could be assisted by some use of public funds. Suitable employment could be found if a grant of something between £500 and £2,000 a year might be required. The Home Secretary said that, while he disliked this course, he thought it was a lesser evil than allowing May to seek employment abroad.

THE LORD PIBIDENT said that he understood that the Minister of Labour shared the Home Secretary's view, but he himself found difficulty in accepting it. May's knowledge of atomic matters was now so out-of-date that it would be of no value to a potential enemy; and the objection to his proceeding abroad was one of appearances only. This could, if necessary, be publicly explained. It would be much more difficult to explain why a man who had been a traitor to his country should be given
employment by, or under the auspices of, a Government Department. He would be most reluctant to agree that May should be employed or subsidised by a Department under his control.

In discussion the Cabinet were assured that direct employment by a Government Department would not be necessary. Thus, there was a crystallographer in Cambridge who, being a Communist, was ready to give May employment if he could be assured of further expansion of the work which he was already doing for the Department of Scientific and Industrial Research; and, if the Department gave him a promise of further orders, no direct payment need be made to May from public funds. That particular plan was, however, criticised in the Cabinet's discussion on the ground that it would involve the Government in negotiations with a third party who, being a Communist, could not be expected to be reliable. It seemed preferable that, if any arrangement of this kind had to be made, it should be with May direct.

After some further discussion, the Cabinet reached the conclusion that it would be contrary to the public interest that May should go abroad in search of employment; that it would be justifiable to incur some modest expenditure from public funds for the purpose of securing his continued residence in this country, at any rate for another 12 months; and that the arrangements for this purpose should be made direct with May himself, the money being found from secret funds.

The Home Secretary undertook that Alan Mann May should be provided, from secret funds, with means which would enable him to remain in this country, at any rate for another 12 months.

Cabinet Office, S.W.1.
21st December, 1953.
THE CHANCELLOR OF THE EXCHEQUER said that he had been considering whether he should announce in his Budget Speech a Government decision to introduce the principle of equal pay in the non-industrial Civil Service. The Government were pledged to make a start on this "as soon as the economic and financial condition of the country permitted", and had in 1951 expressed the hope that it would be possible to take the first step during the lifetime of the present Parliament. Ministers would wish to be able to claim, in a General Election, that as a result of their policies there had been a marked improvement in the economic and financial condition of the country. The Labour Party had already pledged themselves to make an immediate start on the introduction of equal pay in the Civil Service if they assumed office after the next Election. The Government could hope therefore to secure some electoral advantage if they made a start with this before the Election. Apart from these political arguments, the Chancellor said that he himself believed that on the merits there was a strong case for applying the principle of equal pay in the Civil Service.

The scheme which he had in mind was that equal pay should be introduced gradually, by annual instalments, over a period of years, beginning on 1st October, 1954. On this basis the cost in the initial years would be relatively small - of the order of £2-3 millions in the first full year. If, however, as he expected, the principle was extended to the health service, teachers and other local government services, the eventual annual cost, when it was in full operation, would be £65.25 millions, of which £27.25 millions would fall on the Exchequer and £37 millions on the rates. Though he would prefer to spread the application of the scheme over a period of 7 years, he recognised that, once the process had started, there would be strong pressure to complete it within a shorter period. Whatever the basis on which it was originally announced, he thought it likely that it would be in full operation within
3-5 years. He also recognised that, once the principle had been applied to the non-industrial Civil Service, it was bound to be extended to teachers and to local government services generally.

In discussion the following particular points were made:

(a) THE MINISTER OF LABOUR said that, so long as it was not proposed to extend the principle to industrial civil servants, he could not object to the proposal. He would, however, be obliged to oppose most strongly any suggestion for extending it to industrial civil servants; for that would lead to its rapid and widespread extension throughout industrial employment.

THE COLONIAL SECRETARY said that it could be demonstrated that there was a clear distinction in this matter between the public service and industry. Equal pay was not applicable, as a principle, to industry. He believed that, if the proposal were confined to non-industrials in public service, it need not have repercussions on industry generally.

(b) THE MINISTER OF EDUCATION said that, if the principle were applied in the Civil Service, the Burnham Committees would be bound to recommend its application to teachers. This extension might, however, be delayed for about a year; and the Government would be in a position to prevent the adoption, for the teachers, of any scheme more generous or less gradual than that proposed for the Civil Service.

(c) THE MINISTER OF HEALTH said that, once the principle was conceded in respect of the Civil Service, it must be assumed that it would have to be applied in due course to the National Health Service. This extension might be delayed for a time; but he believed that equal pay would be in full operation throughout the Health Service within 3 years of its introduction in the Civil Service.

(d) THE MINISTER OF HOUSING said that the introduction of equal pay in local government services would involve additional expenditure from local rates of something between £3 and £9 millions. This would impose a heavier proportionate burden on the rates than it would on the Exchequer. This proposal would therefore strengthen the case which he had made, in C. (54) 111, for reform of the existing system of local government finance.
3-5 years. He also recognised that, once the principle had been applied to the non-industrial Civil Service, it was bound to be extended to teachers and to local government services generally.

In discussion the following particular points were made:

(a) THE MINISTER OF LABOUR said that, so long as it was not proposed to extend the principle to industrial civil servants, he could not object to the proposal. He would however be obliged to oppose most strongly any suggestion for extending it to industrial civil servants; for that would lead to its rapid and widespread extension throughout industrial employment.

THE COLONIAL SECRETARY said that it could be demonstrated that there was a clear distinction in this matter between the public service and industry. Equal pay was not applicable, as a principle, to industry. He believed that, if the proposal were confined to non-industrials in public service, it need not have repercussions on industry generally.

(b) THE MINISTER OF EDUCATION said that, if the principle were applied in the Civil Service, the Burnham Committees would be bound to recommend its application to teachers. This extension might, however, be delayed for about a year; and the Government would be in a position to prevent the adoption, for the teachers, of any scheme more generous or less gradual than that proposed for the Civil Service.

(c) THE MINISTER OF HEALTH said that, once the principle was conceded in respect of the Civil Service, it must be assumed that it would have to be applied in due course to the National Health Service. This extension might be delayed for a time; but he believed that equal pay would be in full operation throughout the Health Service within 3 years of its introduction in the Civil Service.

(d) THE MINISTER OF HOUSING said that the introduction of equal pay in local government services would involve additional expenditure from local rates of something between £3 and £9 millions. This would impose a heavier proportionate burden on the rates than it would on the Exchequer. This proposal would therefore strengthen the case which he had made, in C.(54) 111, for reform of the existing system of local government finance.
There was general agreement that, once the principle of equal pay had been applied to women in the Civil Service, it would not be practicable to delay the full application of the scheme for as long as 7 years. That being so, there was much to be said for the view that, if this project was to be launched at all, it should be presented from the outset as a scheme which would be completed within 3 or 4 years.

On the political aspect, it was argued that the proposal would be well received by the Women's Section of the Conservative Party, and some Ministers thought it might have electoral advantages. Others considered that it would not win votes at the next Election; indeed, it might even lose some; but it was recognised that the Conservative Party might be at some disadvantage electorally for not having introduced equal pay when in office — as compared with the Labour Party, whose spokesmen could maintain that they would have introduced it if they had been in power. In this connection the view was expressed that at the Election the Conservative Party would probably find themselves compelled to promise, if returned, to bring equal pay into full operation in the Civil Service at once and this, if it had to be done, would be more disadvantageous than to have begun before the Election its gradual application by a number of annual instalments.

Further discussion showed a general disposition to accept this as a necessary evil which, if it were not introduced by a Conservative Government, would inevitably be brought into operation as soon as the Labour Party came into office. That being so, some Ministers felt that the Conservative Party might take whatever political credit might be available for sponsoring the change. As against this, a few Ministers considered that the change would be both undesirable on its merits and of doubtful political advantage to the Party which introduced it.

THE PRESIDENT OF THE BOARD OF TRADE said that he would strongly deprecate the introduction of equal pay for women in the public service. The cost of the scheme, when in full operation, would be over £36 millions. No one could deny that the competitive power of British industry was being steadily undermined by the heavy burden of taxation, and that the national
interest demanded that the weight of this burden should be reduced. If the Chancellor of the Exchequer had £36 millions to spare, there were many ways in which it could be used to benefit British industry and, through it, the national economy as a whole. The Chancellor had, however, warned his colleagues that, if increased taxation was to be avoided, means must be found in 1954 of securing substantial reductions in Government expenditure in 1955. Was it logical or consistent, while seeking those economies, to embark on a project which would eventually involve a net addition to public expenditure of over £36 millions? These reductions could not be secured without changes in policy which would be unpopular and would have to be justified on the ground that the economic condition of the country was such that strict economy must be enforced. In these circumstances Ministers would not find any difficulty in explaining why the Government had failed to carry out their pledge to introduce equal pay in the Civil Service "as soon as the economic and financial condition of the country permitted". It was true no doubt that there was substantial political pressure for the introduction of equal pay. But there was nothing new in this. For years past Governments which had been committed to the principle of equal pay had contrived to avoid applying it in practice, even though proposals to do so would have been carried by a substantial majority in the House of Commons.

THE CHANCELLOR OF THE EXCHEQUER said that he would re-consider this matter in the light of the views expressed in the Cabinet's discussion and would take an opportunity for further consultation with his colleagues at a meeting of the Cabinet in the following week.

Cabinet Office, S.W.1.

24TH MARCH, 1954.
C.C. (54) 22ND CONCLUSIONS
(24th March, 1954 - 11.30 a.m.)

THE CHANCELLOR OF THE EXCHEQUER said that, in spite of the efforts made to reduce them, food subsidies were now running at the rate of £300 millions a year. Of this total, £200 millions were attributable to the support of home agriculture. This would be plain from the revenue accounts; and he would have to declare in his Budget speech his determination to find more effective means of limiting the Exchequer support for home food production. It would be helpful if he could indicate what particular means he proposed to apply for this purpose. There were two possibilities. One was to reduce the subsidies directly; the other was to apply the principle of levy subsidies. The main commodity to which this principle might be applied in the immediate future was flour. He would like to recover by means of a levy the cost of the guarantee on home-grown wheat estimated to be £14.6 millions in 1954/55. The levy would be imposed on all flour manufactured in the United Kingdom and on all imported flour and would result in the addition of just over 1d. to the price of a 3½ lb. loaf and of between ½d. and ¾d. to the price of 1 lb. of flour. These price increases would represent an addition of about 0.34 to the cost of living index figure. If this system were adopted, the levy could start to operate from 1st October, 1954 and the retail prices of bread and flour would go up from that date. This would entail legislation before the summer recess.

THE PRIME MINISTER said that the electors might find it difficult to follow the arguments about the relative merits of reducing the subsidy on bread or imposing a levy on flour. But an increase of 1d. in the cost of the 3½ lb. loaf was something which every elector could understand and most could criticise. It was a well-known political argument that an increase in the price of bread caused more bread to be
eaten by the poorest people and thus bore most hardly on the poor.
For when food prices rose, the poorest people ate less of the more
expensive foods and more bread. There could be no doubt about the
political disadvantages of increasing the price of bread.

In discussion the following points were made:

(a) However small the calculated increase in the cost of living
index figure, there was no doubt that the lowest paid workers would
press for increased wages if the cost of bread went up.

(b) Though there had been a levy on flour before the war,
it would be more difficult to defend such a system now when there was
an Exchequer subsidy on bread. It would not be easy to justify a
system by which the Government simultaneously exacted a tax and offered
a subsidy in respect of the same commodity.

(c) Some saving could be secured on the bread subsidy if,
as now seemed likely, there were a fall in the world price of wheat.
The benefit of this could be retained by the Exchequer and not passed
on to the consumer.

(d) It would be dangerous to indicate in the Budget speech
that a levy on flour was under consideration as one of the methods of
reducing the level of Exchequer support to British agriculture.
The Government would then be pressed to announce an early decision, and
in the meantime political capital would be made out of the fact that
they had even considered imposing a tax on the people's food.

THE CHANCELLOR OF THE EXCHEQUER said that he
would consider this problem further, in the light of
the Cabinet's discussion. It would be useful if the
Economic Policy Committee could also discuss some of the
more detailed aspects of the problem at their meeting
on the following day.

Cabinet Office, S.W.1.

24TH MARCH, 1954.
THE CHANCELLOR OF THE EXCHEQUER said that since the Cabinet's discussion on 24th March he had reviewed the various pledges given on behalf of the Conservative Party in respect of equal pay. There was no doubt that the Party was deeply committed; and, if they failed to make a start on this during their present term of office, it would certainly be very difficult to frame a suitable statement on the subject for inclusion in the Party Manifesto at the next general election. Ministers would then face the choice of repeating the formula used in 1951 or of saying that they no longer favoured the principle of equal pay; and neither of these alternatives was at all attractive. He had weighed very carefully the objections which had been put forward in the Cabinet's last discussion; but he was disposed to think that, on balance, the better course would be to make some move towards the adoption of a gradual scheme for the introduction of equal pay in the non-industrial Civil Service. By this means he thought that the Government could retain the initiative and would be able to control the pace of the development. If it were decided to go forward on this basis, he could make a balanced reference to this subject in his Budget speech, indicating his willingness to begin the application of the principle of equal pay in the non-industrial Civil Service on two conditions - first, that agreement was reached with the Civil Service Staff Associations on the details of the scheme, and, second, that the scheme would be brought into full operation by instalments over a period of five years, during which the Government would be able to consider the possibility of granting some compensating allowances to married men with large families. The cost of such a scheme in the Civil Service would be
about £2 millions in the first year, rising to about £13 millions when it was in full operation. It would then be for the Burnham Committees to consider the application of the principle to teachers, and there was good reason to hope that they would adopt a gradual scheme comparable to that introduced in the Civil Service.

He expected that this would start within a year. The application of the principle to the National Health Service would follow, perhaps a little later.

The main points made in the discussion which ensued may be summarised as follows.

On the political aspect there was general agreement that the introduction of the scheme outlined by the Chancellor of the Exchequer was not likely to win more votes than it lost at the next general election. In this connection it was recognised that the scheme would fail to give full satisfaction to the advocates of equal pay, partly because of its gradual application and partly because it was not to extend to industrial Civil Servants. On the other hand, some Ministers still felt that some votes might be lost at the election if by then the Government had taken no steps to redeem their pledge in respect of equal pay. And there was general agreement that, if no action were taken meanwhile, the Conservative Party would find it difficult to know what should be said on this subject in the Party Manifesto at the election.

The Cabinet accepted the view that a limited scheme of this kind could be introduced without any great risk that it would cause the principle of equal pay to be applied generally throughout industry. To that extent the proposal would not directly impose any new burden on industry.

On the other hand, THE PRESIDENT OF THE BOARD OF TRADE repeated his argument that, in so far as it increased public expenditure, this scheme would postpone the time when industry could hope to gain relief from the existing burden of taxation. He urged that this argument should be weighed, not in relation to the cost of
the first year's instalment (£2 millions) but to the much larger sum which the scheme would inevitably impose on the Exchequer and the rates when it was in full operation (£36.25 millions). Industry would have little confidence in the Government's will to reduce public expenditure if they embarked on such a scheme at the present time. And, unless substantial reductions could be made in public expenditure there was little hope of any reduction in taxation. It was his duty to warn the Cabinet that, unless the burden of taxation could be reduced, British industry would be unable to meet the increased competition which it was now encountering in world markets from Germany and Japan.

In further discussion reference was made to the possibility that the Government would find it necessary, during the next Parliamentary session, to make some improvement in old-age pensions. The suggestion was made that in that event there might be something to be said for delaying the introduction of this limited scheme for equal pay so that it could be brought in, together with an improvement in old-age pensions, in the last session before a general election. It was pointed out that the adoption of both these plans would increase the difficulties of securing any reduction in taxation before the next election.

THE PRIME MINISTER, summing up the discussion, said that there was certainly some risk that the Chancellor of the Exchequer might expose himself to a charge of inconsistency if he introduced this scheme for applying the principle of equal pay in the non-industrial Civil Service at a time when he was about to call for drastic reductions in the volume of public expenditure. But the Chancellor was in the best position to judge whether some reference to this scheme was necessary to round off the picture which he was to present
in his forthcoming Budget. He thought that the Cabinet would be content to leave it to the Chancellor of the Exchequer to take a final decision on this matter in the light of the views expressed by his colleagues in the Cabinet's two discussions on the subject.

THE CHANCELLOR OF THE EXCHEQUER said that it had been helpful to him to have these discussions with his colleagues, and he would reflect further on the views which they had expressed before reaching a final decision on this matter.

Cabinet Office, S.W.1.,

1ST APRIL, 1954.
THE FOREIGN SECRETARY recalled the Cabinet's decision of 25th August, 1953 that it was very desirable that the German documents dealing with the approaches which German agents had made to the Duke of Windsor in Spain and Portugal should not be published during the Duke's lifetime. In pursuance of that decision the Prime Minister had seen the British Editor (Miss Lambert) of the series of captured German documents which was being published under the official auspices of the British, French and United States Governments; and she had accepted the Cabinet's view that publication of these documents affecting the Duke of Windsor should be delayed.

The Foreign Secretary said that, if we were now to agree that the whole collection of German diplomatic documents which had fallen into Allied hands at the end of the war should be returned to the custody of the German Federal Government on the conditions set out in C. of (54) 109, we should make it a condition of our agreement that this particular file of papers relating to the Duke of Windsor should be retained in our custody in the United Kingdom. As the other Governments concerned were anxious to secure our agreement to the general proposition, there was a good prospect that they could be persuaded to accept this condition. He proposed to negotiate privately on that basis with the German Federal Chancellor and the United States Secretary of State.

The Foreign Secretary recalled that there was reason to believe that copies of some of these documents might already be in private hands, in the United States or elsewhere. His proposal would not therefore exclude all possibility of publication, but it should at least exclude publication under official auspices.

THE PRIME MINISTER said that he hoped that the Foreign Secretary would be able to persuade the German and the United States Governments to accept the solution which he proposed. For his part, he would be content if publication were deferred until after the death of the Duke of Windsor.
If necessary therefore he would be content with an arrangement by which this file of German documents relating to the Duke of Windsor were retained in British custody during the Duke's lifetime.

The Cabinet -

Endorsed the Foreign Secretary's proposal that this file of German documents relating to the Duke of Windsor should not be returned to the custody of the German Federal Government together with the other German diplomatic documents which had fallen into Allied hands at the end of the war, but should be retained in British custody, at any rate during the Duke's lifetime.

Cabinet Office, S.W.1.

1ST APRIL, 1954.
TOP SECRET

CABINET

CONFIDENTIAL ANNEX

CC(54) 47th Conclusions, Minute 4

(7th July, 1954 - 11.30 a.m.)

THE PRIME MINISTER said that in the private conversations which he had held with President Eisenhower during his recent visit to Washington he had again canvassed the possibility of an informal meeting of Heads of Governments, on a three-Power or four-Power basis. The President had at first seemed ready to give this serious consideration and had discussed the possibility that, if such a meeting were held in London, he might attend the opening, and perhaps the concluding, stages - being represented in the interval by the Vice-President and the Secretary of State.

Towards the end of the visit the President had been rather less forthcoming, possibly as a result of consultations with his Secretary of State, and had given the impression that it would be difficult for him to assent to such a meeting at the present time having regard to the state of public opinion in the United States. Nevertheless, at his Press Conference on 30th June, he had said publicly that on this question he differed more in emphasis than in substance from the views which had been publicly expressed by the Prime Minister. He had recalled that he had always expressed his readiness to confer with anybody if the deeds of the other side convinced him that there was sincerity there. He had also said that the United States were sincere in their search for peace and that, if there were any proof that the other side would keep their agreements, he thought that "all of us would be quite content to do almost anything to advance that cause".

The Prime Minister said that, while these conversations with the President had related to the possibility of a meeting on a three-Power or four-Power basis, he had formed the impression while in Washington that the President would not be surprised if he sought an opportunity for a bilateral meeting with M. Malenkov. When he had previously suggested this in May, 1953, the President had deprecated such a "solitary pilgrimate". But much had happened since then, and he believed that the President would not now seek to dissuade him from undertaking such a mission. On his journey home he had decided, after consultation with the Foreign Secretary, to send a personal message to M. Molotov asking how the Soviet Government would view the idea of a friendly meeting "with no agenda and no object but to find a reasonable way of living side by side in growing confidence, easement and prosperity". Such a meeting might be the prelude to a larger reunion, though he had no warrant to say this beyond his own hopes. The draft of his proposed message had been seen by the Chancellor of the Exchequer, who had suggested some valuable improvements; and the message
had been despatched to Moscow on 4th July (Foreign Office telegram to Moscow No. 873). On his return to London the previous evening he had received a friendly reply which included the statement that, in the view of the Soviet Government, such a personal contact might serve to pave the way for a broader meeting, if this were accepted by all the parties interested in easing international tension and in strengthening peace. Later in the evening he had discussed this exchange of messages with the Foreign Secretary, the Lord President, the Chancellor of the Exchequer and the Minister of Housing. With their agreement he had conveyed to President Eisenhower the substance of his message to M. Molotov and the text of the latter's reply and had invited an expression of the President's views (Foreign Office telegram to Washington No. 3209).

M. Molotov's message had been delivered in person by the Soviet Ambassador in London. The Prime Minister had taken the opportunity of making it clear to the Ambassador that his was a personal message on which the Cabinet had not yet been consulted, and also that it had been sent without specific prior consultation with President Eisenhower.

It would be for the Cabinet to decide, when President Eisenhower's views were known, what further message should be sent to M. Molotov. If a definite proposal for a meeting were to be made, place and timing would be important. The meeting could hardly be held before the proceedings of the Geneva Conference had been brought to a head, and this might mean that it could not take place before the middle of August. He would be reluctant to go to Moscow, and he hoped that the Russians might agree to come to Stockholm or Vienna. As regards a larger meeting, it was evident that the Americans would not assent to this unless the Russians gave some practical proof of their sincerity. It was his hope that they might be persuaded to indicate for this purpose a firm intention to conclude a peace treaty for Austria.

THE FOREIGN SECRETARY agreed that the Cabinet should now await the expression of the President's views. They should also take account of the probable reactions of this project upon public opinion in Europe. Such a meeting was likely to arouse particular apprehensions in Western Germany.

THE LORD PRESIDENT said that he had had an opportunity for reflection since seeing these messages on the previous evening. He was glad that the Cabinet were not being asked to express a final opinion that day, for he would certainly wish to reserve his opinion until President Eisenhower's views were available. If the President were critical of this project, that would weigh heavily with him. For in present circumstances he thought it more than ever important to avoid anything which might seriously impair the partnership between this country and the United States.

At the end of the discussion THE PRIME MINISTER said that the texts of his exchange of messages with M. Molotov and of his message to President Eisenhower would be circulated to members of the Cabinet for their personal information. He would also arrange for his Private Secretary to make available
to any member of the Cabinet who wished to see them the earlier messages which he had exchanged with President Eisenhower on this subject in 1953.

The Cabinet -

(1) Agreed to resume their discussion of this question as soon as the Prime Minister had received a reply to his message to President Eisenhower.

At the Prime Minister's request LORD CHERWELL gave the Cabinet a summary report of the discussions which had been held in Washington and Ottawa on atomic questions.

The Americans had indicated their readiness to co-operate more fully with us in future over the whole field of atomic energy development. For the moment this full co-operation was precluded by the terms of their legislation, but most of these barriers would be removed by the amending legislation which, it was hoped, would be passed before Congress rose for the summer recess. Meanwhile, the Americans had undertaken to provide us with full information of the effects of their hydrogen bombs. They were also ready to give us details of the dimensions and characteristics of their bombs, so that R.A.F. aircraft could be adapted to carry the United States type of bomb. They were anxious to collaborate with us in the interpretation of intelligence about atomic research and production in the Soviet Union. To the extent that this involved disclosure of their own atomic secrets, this had hitherto been precluded by the terms of their legislation; but it was now hoped that there could be closer collaboration in this when the amending legislation had been passed.

The Americans were anxious to proceed with their plan for an international pool of uranium for the development of the civil use of atomic energy, despite the refusal of the Soviet Government to co-operate in this scheme. In view of the extent to which the Americans were now prepared to assist us in the development of our atomic projects, it had been thought inexpedient to offer further opposition to the Atomic Bank Plan. We had therefore agreed that international discussions might go forward, but some time was likely to elapse before an effective international agreement was concluded.

The Canadian Government had undertaken to explore the possibility of providing us with supplies of tritium, which would enable us to expedite the production of atomic weapons in this country.

The Cabinet -

(2) Took note of this statement by Lord Cherwell.

Cabinet Office, S.W.1.

7th July, 1954.
The circulation of this paper has been strictly limited.
It is issued for the personal use of... CA.

TOP SECRET

CABINET

CONFIDENTIAL ANNEX

C.C.(54) 48th Conclusions
(8th July, 1954 - 11.30 a.m.)

THE PRIME MINISTER said that earlier that morning he had received President Eisenhower's reply to his message about the possibility of a bilateral meeting with M. Malenkov. This was read to the Cabinet (Washington telegram No. 1406). The Prime Minister said that he hoped that, if further explanations were given, a more favourable response might be elicited from the President; and he read to the Cabinet the text of a further message which he was proposing to send to him (Foreign Office telegram to Washington No. 3228). He suggested that the Cabinet should take no final decision until a further expression of the President's views was available. He made it clear, however, that he would not be disposed to accept an invitation to meet M. Malenkov in Moscow.

THE FOREIGN SECRETARY said that in the draft message to the President reference was made to the possibility of a meeting at Stockholm or Vienna. He hoped that the Prime Minister would also mention the possibility of a meeting at Berne. He himself believed that the meeting might have quite a different effect on opinion abroad if it were held at Berne immediately after the end of the Geneva Conference. This, in his view, would be more than a geographical difference. It would seem much more natural that he and M. Molotov should go from Geneva to Berne, at the end of the Conference, in order to confer there with the Prime Minister and M. Malenkov. THE PRIME MINISTER agreed to include, in his message to the President, a reference to the possibility of a meeting at Berne.

THE PRIME MINISTER said that some of his colleagues might think that the Cabinet should have been consulted before he had sent to M. Molotov the personal and private message embodied in Foreign Office telegram to Moscow No. 873. It had been his practice as Prime Minister, both during the war and since the present Government took office, to exchange personal messages with Heads of Governments and more particularly with the President of the United States. Most of these messages had been seen before despatch by the Foreign Secretary, who could always suggest that reference should be made to the Cabinet if he thought this necessary. The Prime Minister hoped that he would continue to enjoy the confidence of his colleagues in continuing a practice which, in his opinion, had proved beneficial in the conduct of public affairs.
THE LORD PRESIDENT said that he was glad that this opportunity had been given to discuss the constitutional aspects of this matter. He did not contest the right of a Prime Minister to determine policy. But, if a Prime Minister took a decision of policy which involved the collective responsibility of the whole Government without prior consultation with his Cabinet colleagues, any of his colleagues who dissented from the decision might thereby be forced to the remedy of resignation. The message which the Prime Minister had sent to M. Molotov, though framed as a personal enquiry, was in his opinion an important act of foreign policy; and it would have been preferable that the Cabinet should have been given an opportunity to express their views on it before it was sent.

THE LORD PRIVY SEAL said that he also regarded this as an important act of policy, on which the Cabinet should have been consulted. For, although it was presented as a personal enquiry, it was bound to commit the Government to some extent to the view that this was an opportune moment for a meeting of the kind suggested. For his part, if his view had been sought, he would have been inclined to advise against making such an approach at the present time.

THE PRIME MINISTER suggested that a distinction could be drawn between an informal enquiry and a formal proposal for a meeting. The latter could clearly not have been made without the approval of the Cabinet. But he had not thought that the Cabinet would be in any way committed by a personal and preliminary enquiry; and he had understood that the Foreign Secretary, whom he had consulted, was of the same opinion.

THE FOREIGN SECRETARY recalled that a draft of the message had been sent to the Chancellor of the Exchequer, and it had been in his mind at the time that the Chancellor would bring it to the notice of his Cabinet colleagues.

THE CHANCELLOR OF THE EXCHEQUER said that the draft had reached him during the afternoon of Saturday, 3rd July, when he was in Norfolk. The telegram embodying it had been addressed to him personally, and copies had at that stage been shown only to senior officials in the Foreign Office and to the Prime Minister's Private Secretaries at 10 Downing Street. There was nothing in the telegram to suggest that the views of the Cabinet were being invited. Indeed, before he had been able to despatch his own comments, which he had formulated after discussion with senior Foreign Office officials, a further telegram had been received from the Prime Minister enquiring whether the message had been transmitted to Moscow. This had confirmed his view that he had not been expected to invite the views of other Cabinet colleagues - and it would in any event have been very difficult for him to do so when Ministers were dispersed at the week-end.

THE LORD PRESIDENT said that the message had been despatched to Moscow on 4th July. The Prime Minister and the Foreign Secretary had arrived in London on 6th July and could then have held full consultation with their Cabinet colleagues. Was the message so urgent that its despatch could not have been delayed for three days?
THE PRIME MINISTER said that, in his anxiety to lose no opportunity of furthering the cause of world peace, he might have taken an exaggerated view of the urgency of the matter. There had seemed no reason to delay what he regarded as a personal and informal enquiry which could not commit his colleagues.

THE COMMONWEALTH SECRETARY said that in his view the constitutional position was clear. A Prime Minister was certainly free to conduct unofficial personal correspondence with Heads of other Governments. But, equally, in such correspondence a Prime Minister would take care to avoid committing the Cabinet to any act of policy without their prior approval. The practical question was whether any particular message, sent in the course of such personal correspondence, had the effect of committing the Cabinet. Though it was clear that this had not been intended on the present occasion, had it produced this effect?

THE LORD PRESIDENT said that in his opinion the Cabinet's freedom of action had to some extent been limited by the message which the Prime Minister had sent. When the Cabinet came to take a decision on the substance of the issue, they might wish to decide that it would be preferable not to go forward with this project for a meeting with M. Malenkov. But, if they so decided, and if the Russians then chose to give publicity to the messages exchanged between the Prime Minister and M. Molotov, the public would be left with the impression that the Prime Minister had wished to arrange such a meeting but had been deterred from doing so by his Cabinet colleagues. That consideration might now influence the Cabinet's eventual decision.

THE COLONIAL SECRETARY said that the constitutional position was as stated by the Commonwealth Secretary. The practical question was whether the collective responsibility of the Cabinet had in any way been involved by the informal approach which the Prime Minister had made to M. Molotov. For himself he did not think it could be denied that it was now more difficult for the Cabinet to decide that this was not an appropriate moment for a bilateral meeting of the kind suggested in that message. Nevertheless, he thought it was still open to the Cabinet to decide not to proceed further with this project.

THE PRIME MINISTER agreed with this view. It might well be that, when President Eisenhower had replied to his further message, he would be convinced that it would be preferable not to proceed further with this project. In that event he would not feel obliged to give M. Molotov any detailed reasons for his decision. It would suffice to thank him again for his cordial message and to say that we did not think it
practicable to proceed further with this project at the present time. This, however, must be left for consideration in the light of a further expression of the President's views.

The Cabinet -

Agreed to resume their discussion of this question when President Eisenhower had replied to the further message which the Prime Minister now proposed to send him.

Cabinet Office, S. W. I.

10th July, 1954.
THE PRIME MINISTER read to the Cabinet the text of a further message from President Eisenhower (Washington telegram No. 1425) and a draft of the reply which he proposed to send (subsequently despatched as Foreign Office telegram to Washington No. 3256). The greater part of the President's message was concerned with the situation in Indo-China and the representation of China in the United Nations. In his reply the Prime Minister proposed to press for a more definite expression of the President's views on some of the practical aspects of his proposal for a meeting with M. Malenkov. He intended to make it clear that he would not accept an invitation to meet in Moscow and that, although a meeting in Stockholm or Vienna would be acceptable, the best plan would be to meet at Berne after the Geneva Conference. He also proposed to make more plain his intention to ask the Russians to give some definite proof of their sincerity, as a preliminary to a wider meeting — e.g. an undertaking to ratify the Austrian Treaty and, perhaps, a promise to co-operate in the Atomic Bank Plan. He would urge the President to give him his views on these specific proposals before the Cabinet were asked to decide whether a formal proposal for a two-Power meeting should be submitted to the Soviet Government.

THE LORD PRESIDENT said that he wished to make it clear that he was opposed in principle to the idea of holding a high-level meeting with the Russians without the participation of the United States. He had explained this to the Prime Minister in a private letter which he had sent to him after his speech in the House of Commons on 11th May, 1953, and nothing which had since occurred had changed his opinion on this point. The projected meeting, if it took place, would be an important act of foreign policy and, if he remained in the Government, it would fall to him, as Leader of the House of Lords and spokesman for the Foreign Office in that House, to defend it publicly. This he would be unable to do. Therefore, as at present advised, he feared that he would have to resign from the Government if it were in the event decided that the Prime Minister should go forward with this project for a bilateral meeting with M. Malenkov.

THE PRIME MINISTER said that, in their further discussions on this question, the Cabinet would wish to keep in mind the view which the Lord President had expressed. For the moment, however, he preferred to await a further expression of President Eisenhower's views; and he was not proposing to ask the Cabinet that day to take a final decision on the matter.
In further discussion Ministers recognised that they could not take a final decision on the expediency of proposing such a meeting until they knew the outcome of the negotiations on Indo-China which were now to be resumed at the Geneva Conference. If those negotiations resulted in an agreement from which the United States Government expressly dissociated themselves, it was arguable that a bilateral meeting between the Prime Minister and M. Malenkov would at that moment give the impression that an even wider breach was being created between the United Kingdom and the United States. On the other hand it was arguable that in those circumstances - and, perhaps even more, if no agreement of any kind were reached at Geneva - it would be re-assuring to public opinion throughout the world that a further opportunity was being created for discussions with the Soviet Government which might yet avert the danger of world war. In either event it seemed clear that a final decision must await the outcome of the resumed negotiations at Geneva.

THE PRIME MINISTER suggested that the Foreign Secretary should take the opportunity, while at Geneva, to make it clear to M. Molotov that this project could not proceed further until the outcome of the Geneva Conference was known. He might also put to him the advantages of Berne as a possible meeting-place.

THE FOREIGN SECRETARY said that some thought should also be given to the questions which the Russians were likely to raise, if such a meeting were held. How would they react, for example, to the suggestion that they should give an undertaking to ratify the Austrian Treaty? Were they not likely to counter this by pressing the suggestion for a European security guarantee which they had put forward at the Berlin Meeting - a suggestion which, as Ministers would remember, was designed to prevent the establishment of a European Defence Community. As an alternative to the creation of that Community, they would probably suggest that a united Germany should be admitted to the North Atlantic Treaty Organisation, and that the Organisation should thereafter be widened to include the Soviet Union. As regards the project for a broader meeting, we must be prepared for them to press the suggestion that this should be on a five-Power basis, including Communist China. The Foreign Secretary suggested that further thought should be given to all these questions while he was in Geneva.

The Cabinet -

Agreed to resume their discussion of these matters at a later meeting.

Cabinet Office, S.W.1.

10th July, 1954.
THE PRIME MINISTER read to the Cabinet President Eisenhower's reply to his latest message (Foreign Office telegram to Washington No. 3256) regarding the proposed meeting with M. Malenkov. The President had said that this project would not create any difference between the Governments of the United States and the United Kingdom or alter his confidence in the Prime Minister's dedication to the principles which had united the two countries in time of peril and now constituted the best guarantee of world peace. Though he feared the effect on public opinion in the United States, he would do his best to mitigate any immediate unfavourable reaction. On more specific points, the President had welcomed the Prime Minister's statement that he would not be willing to meet M. Malenkov except on a basis of full equality. He had also been reassured by the Prime Minister's insistence that the Soviet Government should give proof of their sincerity by deeds as well as words; and he had agreed that it would help to re-establish public confidence if the Russians would undertake to ratify the Austrian Treaty and to co-operate in the Atomic Bank Plan.

The Prime Minister said that he was gratified by the terms and the tone of the President's message.

The Cabinet were also informed of a conversation which the Foreign Secretary had held with M. Molotov in Geneva, in pursuance of the Cabinet's discussion on 10th July. This was reported in Geneva telegram No. 898. M. Molotov had recognised that this project of a bilateral meeting could not proceed further until the outcome of the Geneva Conference was known. As regards the choice of meeting-place, the Foreign Secretary rejected a tentative suggestion by M. Molotov that the meeting might take place within the Soviet Union, and had suggested London or, as an alternative, Berne. M. Molotov had then said that his Government had not yet considered questions of time and place, but he would now communicate with them on this and would let the Foreign Secretary have their views in due course. The Foreign Secretary had deduced from this interview that, if it were finally decided to pursue this project, we need not exclude the possibility of persuading the Russians to accept London, or alternatively Berne, as the place for a meeting.

THE PRIME MINISTER said that he would not ask the Cabinet to reach decisions on this matter until after the Foreign Secretary had returned from the Geneva Conference.

Cabinet Office, S.W.1.
14th July, 1954.
THE PRIME MINISTER said that, now that the Geneva Conference was over, the Cabinet must decide what further communication should be made to M. Molotov in reply to his message of 5th July. After discussion with the Foreign Secretary he had prepared a draft telegram, which he read to the Cabinet. This suggested that it would be useful if, before an official proposal was made, agreement could be reached informally about the time and place for a meeting. It proposed that the meeting should not take place before the early part of September, and that it should be held in Berne, Stockholm or Vienna. It also threw out the suggestion that other Ministers, besides the Prime Minister and the Foreign Secretary, might attend.

The Prime Minister said that it might be convenient that he should carry this matter a stage further on a personal basis, and he asked whether the Cabinet would be content that he should send a personal and private message to M. Molotov in the terms of his draft.

In the discussion which followed it was argued that such a communication, though expressed as a personal message from the Prime Minister, must now be regarded as engaging the collective responsibility of the Cabinet. Since the Prime Minister's return the Cabinet had been fully consulted on this matter - indeed this was stated in the draft message - and any further communication must be taken as an expression of the Government's view.

This led to further discussion of the constitutional aspects of this matter which the Cabinet had considered at their meeting on 8th July.

THE PRIME MINISTER said that when, in the course of the return voyage from his visit to Washington, he had reached the conclusion that the time was ripe for suggesting such a meeting, he had thought it better that he should himself take the responsibility for making the first informal approach to the Soviet Government. He had thought it would be preferable that the Cabinet should not be in any way committed at that stage, and that he should first explore the possibility on a purely personal basis. He had thought, and still thought, that it was perfectly proper for him to do this without prior
consultation with the Cabinet. For the idea of such a meeting was not novel. It had been mentioned in his speech in the House of Commons on 11th May, 1953. More recently, in the debate in the House of Commons on 5th April, 1954, the Government had accepted an Opposition motion welcoming "an immediate initiative" by the Government to bring about a meeting between the Prime Minister and the Heads of the Administrations of the United States and the Soviet Union. The Prime Minister circulated a paper containing some extracts from speeches made in that debate, and drew particular attention to the Foreign Secretary's statement, in winding up the debate, that when the Government thought there was the least chance of such a meeting being fruitful they would not hesitate to go for it. In the light of this it had seemed natural that he should explore the possibility of proceeding with a project which, as his colleagues well knew, had been in his mind for some time past; and he was not prepared to admit that there was anything unconstitutional in the course which he had taken in making his preliminary approach to M. Molotov on a purely personal basis. Before sending his message he had discussed the matter fully with the Foreign Secretary and had gained the impression that, while he would not himself have initiated this project, he did not disapprove it. If he had disapproved, he could have insisted that the matter should be referred to the Cabinet.

THE FOREIGN SECRETARY said that it had been his view that the Cabinet should be consulted before the message was sent, and he had made this clear to the Prime Minister at the time.

THE CHANCELLOR OF THE EXCHEQUER said that when he had received the draft of the proposed message, he had understood that it had been sent to him for his personal comments only. It would have been possible, though very difficult, for him to have consulted the Cabinet at that stage, and he must accept personal responsibility for having decided not to do so. He had sent to the Prime Minister a full account of the circumstances in which he had received, and commented on, the draft message: this was on record and could be made available to any of his colleagues who wished to pursue that aspect of the matter.

THE PRIME MINISTER said that he would not be prepared to abandon the practice, which he had followed for many years, of conducting personal correspondence with Heads of other Governments, and he could not accept the view that the despatch of his original message to M. Molotov involved any constitutional impropriety. He was sure that there were many good precedents for actions such as this, in which preliminary enquiries or pourparlers had been carried out by a Prime Minister or a Foreign Secretary without prior consultation with all members of the Cabinet. Indeed, there must have been many occasions on which a Prime Minister or a Foreign Secretary had taken far more decisive action than this without the knowledge of all members of the Cabinet.
THE MINISTER OF HOUSING suggested that the Cabinet should now look to the future rather than the past. He himself shared the view originally expressed by the Lord President that the Prime Minister's message to M. Molotov was an important act of foreign policy which engaged the collective responsibility of the Cabinet and that the Cabinet should have been consulted before it was sent. There seemed, however, to be little profit in prolonging discussion of the constitutional aspects of the matter. What the Cabinet had now to consider was how they could best deal with the situation which now confronted them. THE LORD PRIVY SEAL, THE COMMONWEALTH SECRETARY and THE COLONIAL SECRETARY spoke in the same sense. There was general agreement that the Cabinet's discussion should now centre on the action to be taken in the situation which had now been reached.

THE LORD PRESIDENT said that, though he had been the first to raise the constitutional aspects of this matter, his main concern now was with the international consequences of going forward with this project for a bi-lateral meeting between the United Kingdom and the Soviet Union. Some believed that the greatest threat to world peace came from the Russians. He himself believed that the greater risk was that the United States might decide to bring the East/West issue to a head while they still had overwhelming superiority in atomic weapons and were comparatively immune from atomic attack by Russia. He considered that during that period the supreme object of our policy should be to preserve the unity and coherence of the Western Alliance. Could we expect the Americans to respect the unity of that Alliance if, without their agreement, we embarked on bi-lateral discussions with the Russians? Was there not a great risk that they would thereby be encouraged to pursue independent policies and to take less account of our views on international affairs? The Soviet Government had that morning published a long statement on the results of the Geneva Conference. Though they welcomed this as proof that outstanding international difficulties could, with goodwill, be solved by peaceful means, they had gone out of their way to contrast the attitude of the United States with that of the other Western Powers and to suggest that American policy had an aggressive purpose. In view of this it would surely be most inopportune and most damaging to Anglo-American relations to embark, without consultation with the United States Government, on bi-lateral discussions with the Russians. It was his view that no further approach should be made to the Soviet Government without full consultation with the United States and other members of the Western Alliance.

THE PRIME MINISTER said that his message had not been sent without any consultation with the United States Administration. While he was in Washington he had held many informal talks with President Eisenhower about the prospects of arranging a three-Power or four-Power meeting at the highest level, and he had also mentioned to him and to Mr. Dulles the possibility that he might propose a bi-lateral meeting with M. Malenkov as a personal reconnaissance with
a view to a later meeting on a broader basis. Though he had not said anything about the timing of such a bi-lateral meeting, they certainly had known that it was in his mind.

THE FOREIGN SECRETARY said that his colleagues were entitled to a clear expression of his views on this question. He did not himself believe that any good would come from a bi-lateral meeting with the Russians at the present time. On all the main topics for discussion at such a meeting there was no prospect that any agreement could be reached. On European questions there was no sign that the Russians were ready to modify the uncompromising attitude which they had adopted at the Berlin Conference. On Germany, in particular, their attitude was unyielding. The proposals which they were likely to put forward at such a meeting were quite unacceptable to us, e.g. their plan for the abolition of atomic weapons, their own security plan for Europe and the demand that the Chinese People's Government should at once be recognised as the proper representatives of China in the United Nations. It was evident from the report of the latest conversation which the French Prime Minister had had with M. Molotov (Foreign Office telegram No. 1781 to Paris) that on all these topics the Russians were still maintaining a wholly uncompromising attitude. On the other hand the Prime Minister was most anxious to make a personal attempt to discover, by conversation with the Russian leaders, whether a three-Power or four-Power meeting at the highest level would help to preserve world peace, and was convinced that some result might be achieved by this personal contact with the Russian leaders. As the Prime Minister, with all his long experience, felt so strongly that the attempt was worth making, the Foreign Secretary was ready to acquiesce - so long as the meeting was not held on Russian soil. For his part, therefore, he had not wished to raise objection to the despatch of a further message to M. Molotov in the terms of the draft which the Prime Minister had read to the Cabinet. But he agreed that, before any such message was sent, it would be wise to study the announcement which the Soviet Government had issued that morning on the results of the Geneva Conference. If the Russians were about to intensify their propaganda about the aggressive intentions of the United States, it might be more difficult to go forward with this project at the present time. It might be expedient that we should take the line that we could not attend a meeting with the Russians while they continued to use their propaganda machine for violent attacks on the policy of our American ally. For this reason he suggested that the Cabinet might defer their decision until he had had an opportunity to study more closely the announcement by the Soviet Government to which the Lord President had drawn attention.

There was general agreement in the Cabinet that there would be advantage in postponing a decision on this question until the following week, so that Ministers might have time to reflect further and to consider the significance of this statement by the Soviet Government.
In further discussion the following points were also raised:

(a) Reference had been made to the effect which a bilateral meeting with the Russians might have on Anglo-American relations. An account should also be taken of the effect of such a meeting on public opinion in Europe.

THE FOREIGN SECRETARY said that, if it were decided to go forward with this project, the French and German Governments would have to be told in advance of the line we proposed to take and of the results we hoped to achieve. These preliminary explanations to the French and the Germans would need very careful handling. There was little doubt that the meeting would be a shock to public opinion in these and other countries of Western Europe.

It would be specially important that French opponents of the European Defence Community (E.D.C.) should not be given the opportunity to use the meeting as a pretext for further delay in ratifying the E.D.C. Treaty. If the project went forward, no announcement of the meeting should be made until after the French Parliament had completed their proceedings on the Treaty.

(b) In considering what further reply should be sent to the Soviet Government, account must be taken of the possibility that the Russians would at some future date disclose the fact that the approach had been made or even publish the correspondence. We might be put in an embarrassing position if it were disclosed that, having made this offer, we had then withdrawn it. This seemed to be an argument for making a further suggestion to the Russians on the lines of the draft prepared by the Prime Minister.

(c) It was at least possible that, if a further offer were made on these lines, the Russians would decline it or would insist that the meeting-place should be within the Soviet Union. That being so, it was for consideration whether the next message to the Russians should not be a formal, rather than a personal, communication. For we might wish at some stage to disclose the reasons why this project had not come to fruition and we might feel precluded from publishing communications expressed as private and personal messages.

In this connection it was argued that the Government could not escape responsibility for these overtures on the basis that they had been made in personal correspondence between the Prime Minister and M. Molotov. Any further message which was sent would be sent after full discussion by the Cabinet and would engage the full collective responsibility of Ministers. In any event the Government would certainly be held responsible by public opinion, whatever the form of the correspondence.

(d) There was reason to believe that, since Stalin's death, power in the Kremlin had been shared by a number of Russian leaders. If this were so, it might increase the reluctance of MM. Malenkov and Molotov to attend a high-level
meeting outside the Soviet Union. It was with this in mind that the Prime Minister was proposing to say in his message that he might wish to bring with him to a meeting one or two other Ministers in addition to the Foreign Secretary. The Russians might perhaps be more willing to attend a meeting on neutral ground if it could be attended by others of their leaders in addition to MM. Malenkov and Molotov.

(e) Several Ministers said that, as this project had now been carried so far, the balance of advantage seemed to lie on the side of sending a further message to the Russians on the lines suggested by the Prime Minister. They agreed, however, that it was desirable that members of the Cabinet should have an opportunity to reflect further on the question over the week-end and should resume their discussion early in the following week.

The Cabinet -

Agreed to resume their discussion of this question at a further meeting on 26th July.
WASHINGTON TALKS

---

Proposed Meeting with M. Malenkov

(Previous Reference:
C.C.(54) 52nd Conclusions)

THE PRIME MINISTER said that, since the Cabinet had last discussed on 23rd July his suggestion of a bi-lateral meeting with the Russians, the Soviet Government had publicly proposed an early conference of all European Governments to consider the establishment of a system of collective security in Europe. This created a new situation, especially as it was clear from its terms that the Soviet Note had been drawn up after the end of the Geneva Conference. It was evident that the primary purpose of the Soviet Government, in making this public proposal at this time, was to influence the attitude of the French Parliament in their forthcoming discussion of the Treaty for the establishment of the European Defence Community. But he was satisfied that he could not proceed with his proposal for a bi-lateral meeting with the Russians while this suggestion of a much larger meeting of Foreign Ministers was being publicly canvassed. He had therefore prepared a revised draft of his proposed message to M. Molotov indicating that the larger meeting which the Soviet Government had now publicly proposed did not seem to accord with the plan for an informal bi-lateral meeting which he had previously had in mind, and asking whether this Soviet proposal was intended to supersede his plan. He proposed to include in this revised message a reference to the place and time which he had been intending to propose for a bi-lateral meeting; this would have the advantage of making it clear that he had not been prepared to attend a meeting in Moscow. The Foreign Secretary had independently prepared an alternative draft, which was similar in substance though somewhat different in wording. The Prime Minister read the two drafts to the Cabinet. He said that, if the Cabinet approved the substance of the proposed message, he could settle the wording in consultation with the Foreign Secretary.

In the course of a short discussion it was agreed that a new situation had been created by the publication of the Soviet Note of 24th July. Though it seemed unlikely that this Soviet proposal would be acceptable to the Governments of Western Europe, its recipients must be given time to consider it and the position must be reviewed again in the light of their response. Meanwhile,
it - as desirable that M. Molotov should be given to understand
that the Prime Minister's proposal for a bi-lateral meeting would
be held in abeyance while the Soviet Note was under consideration.

The Cabinet -

Took note that the Prime Minister would send a
personal message to M. Molotov making it clear
that his proposal for a bi-lateral meeting with
M. Malenkov must be regarded as held in
abeyance pending the outcome of the Soviet
proposal of 24th July for a conference of all
European Governments on the creation of a
system of collective security in Europe.

Cabinet Office, S.W.1.

26th July, 1954.
The Cabinet considered an unnumbered memorandum by the Foreign Secretary about the publication of captured German documents describing the approaches which German agents had made to the Duke of Windsor in Spain and Portugal in 1940.

When this question had last been discussed by the Cabinet on 31st March, 1954, the historians who were editing for publication a selection of captured German documents were willing to delay for a long time the publication of the volume containing this correspondence about the Duke of Windsor. In July, 1954, however, the United States and French editors had changed their minds, and had adopted a plan of work which would have the result that the volume containing this correspondence would be published in 1956. Efforts to dissuade them from this course had failed. The memorandum invited the Cabinet to consider (i) whether we should acquiesce in the course now proposed by the historians, but show the papers to the Duke of Windsor so that he might be prepared for the disclosure; or (ii) whether further representations should now be made to the United States and French Governments in the hope of securing their agreement that the proposed publication should be delayed.

THE PRIME MINISTER said that, since the Foreign Secretary's memorandum was written, he had taken an opportunity of discussing the matter informally with the Duke of Windsor. His Royal Highness was not specially disturbed at the prospect of this disclosure. While he thought it unfortunate that the historians should think it necessary to publish these papers, he was not anxious that further efforts should be made to prevent or delay publication. He would be ready to issue a personal statement as soon as the disclosure was made.

THE MINISTER OF LABOUR said that he had also had some recent conversations with the Duke of Windsor on this subject. His Royal Highness was satisfied that it would be preferable not to make any further attempt to interfere with the normal course of publication.

The Cabinet were also informed that the main facts of this story were likely to be disclosed in a forthcoming publication of the private papers of General Walter Schellenberg, the German agent primarily responsible for making the
approaches to the Duke of Windsor in 1940. It was expected that this book would be published, by a private publisher, in the spring or summer of 1956. It was likely therefore that the main facts would become widely known before the official publication of the German documents.

The Cabinet agreed that in these circumstances no further attempt should be made to delay the publication of the volume of captured German documents containing this correspondence. It was, however, important that Ministers should be warned well in advance of the date on which this volume was to be published, so that the Duke of Windsor might be advised to be ready with the personal statement which he was proposing to issue and so that any other practicable steps might be taken to induce responsible newspapers to put the disclosure in a proper perspective.

The Cabinet -

(1) Agreed that no further attempts should be made to delay publication of the volume of captured German documents containing the correspondence about the approaches made to the Duke of Windsor in Spain and Portugal in 1940.

(2) Instructed the Secretary of the Cabinet to arrange that Ministers should be warned well in advance of the date on which this volume was to be published.

Cabinet Office, S. W. 1.

10th December, 1954.
THE PRIME MINISTER said that he had discussed with some of his Cabinet colleagues, at informal meetings held on 11th May and 16th June, 1954, a suggestion that His Royal Highness the Duke of Edinburgh should assume the title "Prince of the Commonwealth". It had then been foreseen that this suggestion might give rise to some difficulties, and it had not been pressed at that time. The Queen had recently suggested however that, while the Commonwealth Prime Ministers were in London, the opportunity might be taken of ascertaining informally whether they would all be prepared to support such a proposal. He had therefore sounded some of them. The Prime Ministers of Australia, New Zealand and Pakistan had welcomed the suggestion; and the Prime Minister of India had said that he himself would favour it, though it might give rise to some criticism in his country. The Deputy Prime Minister of South Africa had said that he could offer no opinion without first consulting his Government. The Prime Minister of Canada had expressed misgivings: he thought that the assumption of such a title might raise awkward constitutional questions.

The Prime Minister said that The Queen would not wish to proceed with this suggestion unless it had the full support of all Commonwealth Governments. He thought that, if Canadian Ministers could be persuaded to support it, it might be possible to secure the agreement of South Africa.

THE LORD PRESIDENT said that this was a matter which directly affected the relations of Commonwealth Governments with the Crown. It would be unwise to proceed with the suggestion unless it commanded the unanimous support of all Commonwealth Governments.

There was general agreement with this view.

The Cabinet -

Took note that the Prime Minister would report to them the result of the further conversations which he was proposing to have on this question with the Prime Minister of Canada and the Deputy Prime Minister of South Africa.

Cabinet Office, S.W.1.

The Prime Minister said that he had now been informed that the South African Government would not be prepared to support the suggestion that His Royal Highness the Duke of Edinburgh should assume the title "Prince of the Commonwealth". The Canadian Prime Minister had also indicated that his Government would not be able to support this suggestion. As the suggestion did not command the unanimous support of all Commonwealth Governments, it would not be possible to proceed with it at the present time; and he had informed The Queen accordingly. Her Majesty accepted this position, but it was still her wish that some formal title should be conferred on the Duke of Edinburgh. She did not herself favour the title "Prince Consort" or "Prince Royal".

In a short discussion several alternatives were put forward. It was, in particular, suggested that the title "His Royal Highness the Prince" might be considered.

The Prime Minister undertook to consider this particular suggestion further and to take a suitable opportunity of mentioning it informally to The Queen.

Cabinet Office, S.W.1.

THE PRIME MINISTER said that in informal conversation with The Queen he had put forward the suggestion that the Duke of Edinburgh should assume the title "His Royal Highness The Prince". Her Majesty had been favourably disposed towards this. The next step would be to submit the suggestion to her more formally in writing.

In discussion the question was raised whether the assumption of this title would give the Duke of Edinburgh precedence over the Prince of Wales. It was the general view of the Cabinet that this was a point which could be left to be settled by Her Majesty at a later stage. There was general agreement that "His Royal Highness The Prince" was the most suitable title which could be devised for the Duke of Edinburgh.

THE COMMONWEALTH SECRETARY said that, as the title now suggested had no territorial significance, there would be no occasion to consult other Commonwealth Governments. It would, however, be desirable that they should be informed before any public announcement was made; and the appropriate channel for this communication would be from Her Majesty's Private Secretary to Governors-General.

THE LORD CHANCELLOR said that he had considered whether this was a matter on which the Sovereign should act on advice from Ministers. Though the point was open to argument, it was his view that this would be a personal decision of the Sovereign. Nevertheless, it would be expedient that Her Majesty should consult her Ministers before a final decision was taken. The point would be covered if the Prime Minister, in a formal letter to The Queen, commended the suggestion to Her Majesty.

In further discussion it was suggested that The Queen's Birthday would be a suitable occasion on which to announce the new title.
THE PRIME MINISTER invited the Lord Chancellor to submit to him a draft of a letter to The Queen commending the suggestion that the title "His Royal Highness The Prince" should be formally conferred on the Duke of Edinburgh. He also asked the Commonwealth Secretary to send him a note of the procedure to be followed in relation to other Commonwealth Governments. The matter would be brought before the Cabinet again, for final decision, when these documents were available.

Cabinet Office, S.W.1.

C.M.(55) 18th Conclusions
(28th June, 1955 - 11.00 a.m.)

THE SECRETARY OF STATE FOR AIR said that H.R.H. the Duke of Edinburgh now had to his credit a total of 276 flying hours, including nearly 40 hours of solo flying. He was a skilled and reliable pilot. He had recently asked if he might learn to fly a helicopter; and, with the Prime Minister's approval, arrangements had been made for him to receive his tuition from an experienced pilot of the Fleet Air Arm. He has also expressed a wish to fly as a passenger in a Canberra, and to take over the controls when the aircraft was at an appropriate altitude. This also was being arranged, on the understanding that an R.A.F. pilot would remain in charge of the aircraft throughout the flight.

In discussion some anxiety was expressed about the risks which the Duke of Edinburgh might run in piloting a helicopter. The Cabinet were, however, assured that, except on occasional solo flights in conventional training aircraft, His Royal Highness would always be accompanied, whether in an ordinary aircraft or in a helicopter, by a skilled pilot. There was no question at this stage of the Duke's flying solo in a helicopter.

The Secretary of State for Air confirmed that he remained personally responsible for all the flying activities of the Duke of Edinburgh, including flights in helicopters belonging to the Royal Navy.

Cabinet Office, S.W.1.
C.M.(55) 25th Conclusions
(21st July, 1955 - 11.30 a.m.)

THE SECRETARY OF STATE FOR AIR said that it was thought that H.R.H. the Duke of Edinburgh might wish to fly in a glider when he visited the National Gliding Championships meeting which was to begin at Lasham Airfield, Hampshire, on 23rd July, 1955. If the Chairman of the Royal Air Force Gliding Association decided that a suitable two-seater glider could be used and that an experienced pilot was available to accompany the Duke of Edinburgh, there would be no objection to his flying. If not, the Duke of Edinburgh would be dissuaded from flying in a glider.

The Cabinet approved of these arrangements.
THE PRIME MINISTER said that H.R.H. the Duke of Edinburgh had now had a substantial experience in flying helicopters, and was assessed as a first class helicopter pilot. He had expressed a wish to fly a helicopter from the deck of an aircraft carrier. There was no doubt of his competence to do this, nor was it regarded as a specially dangerous flight. His instructors had, however, thought it right to refer the suggestion to the Air Ministry, and the Secretary of State for Air had asked for the Cabinet's guidance on the point.

Discussion showed that it was the general view of the Cabinet that, although any extension of the Duke of Edinburgh's flying activities increased the risks which he was accepting, there were no sufficient grounds for objecting to this particular proposal. The Prime Minister might take a suitable opportunity to ascertain whether The Queen herself was concerned at the additional risk involved in a flight of this nature; but, unless Her Majesty felt anxiety about it, it would be preferable that no objection should be raised to it.

The Cabinet -

Agreed that, subject to this informal consultation with Her Majesty The Queen, no objection need be raised to the suggestion that H.R.H. the Duke of Edinburgh should fly a helicopter from the deck of an aircraft carrier.
CABINET

C.H.(56) 39th Conclusions
(5th June, 1956 - 11.00 a.m.)

THE PRIME MINISTER said that, in view of one or two particular instances which had come to his notice, it would be necessary for him to issue some general guidance on the question whether a Minister, while holding office, could properly continue to participate in the pension scheme of a firm with which he was associated before he took office. In deciding that general guidance should be given on this point he would find it helpful to know what personal problems of this kind had actually arisen. He would therefore be glad if any member of the Cabinet who had had occasion to consider what action he should himself take about pension rights of this kind would send to him, through the Secretary of the Cabinet, a note of any arrangements which he had made to deal with such a situation. The Leaders of the two Houses of Parliament and the Chief Whip were making similar enquiries of Ministers of Cabinet rank and of junior Ministers. The Prime Minister said that, when all the relevant information was available, he would decide what general guidance should be issued.

THE LORD PRIVY SEAL said that he hoped it would be found possible to cover the type of case in which it was desired that contributions to a firm's pension scheme should continue to be paid, both by the Minister and by the firm, while the Minister held office. From the enquiries which he had already made, it seemed likely that, if this type of case could be covered, few difficulties would arise.
CM(56) 97th CONCLUSIONS

CLOSED FOR 50 YEARS UNDER S. 5(1)

(date) 24/8/94

(Signed)
IRON AND STEEL INDUSTRY

(Previous References: C.C.(53) 2nd Conclusions, Minute 11 and C.H.(56) 37th Conclusions, Minute 10)

TOP SECRET

MOST CONFIDENTIAL RECORD

THE PRIME MINISTER said that three-quarters of the productive capacity of the iron and steel industry had now been de-nationalised. The remaining quarter included the Steel Company of Wales, with assets of £144 millions. Conditions were now favourable for the sale of the equity of this Company. This operation would entail no interruption of the development of the steel industry, for the Iron and Steel Realisation and Holdings Agency had undertaken to arrange to finance as necessary the approved development plans of the Company.

The de-nationalisation of this large Company might revive political controversy about the steel industry generally. It was, however, in accordance with the Government's declared policy; and it was unlikely that a postponement of the sale would influence the Opposition to abandon any intentions they might have of re-nationalising the industry. In these circumstances, he proposed that the sale should be authorised.

The Cabinet -

Agreed that the Iron and Steel Realisation and Holdings Agency should now be authorised to dispose of the equity of the Steel Company of Wales.

Cabinet Office, S.W.1.,
16th February, 1957.
THE FOREIGN SECRETARY said that H.M. Ambassador at Washington had reported (in Washington telegram No. 628) that the United States Government had been informed by the French Government that the French military authorities were concerting plans with the British authorities to provide air cover for Israeli troops if Israel reoccupied Gaza and if Egypt, with Russian help, bombed Israeli cities. The United States Government considered that any assurances of support for Israel might encourage the Israeli Government to take premature action and were anxious that we should refrain from giving any undertakings of this kind.

So far as we knew, there was no foundation for these reports; but before framing our reply to the United States Government it would be wise to ascertain from the French Government how they had originated. H.M. Ambassador in Paris had been instructed to make the necessary enquiries as a matter of urgency.

The Cabinet -

Took note of this statement.

Cabinet Office, S.W.1,

14th March, 1957.
THE PRIME MINISTER recalled that selected documents from the captured archives of the former German Ministry for Foreign Affairs were being published under the authority of the Governments of the United Kingdom, United States and France. Volume X of this series was to include a number of documents describing the approaches which German agents had made to the Duke of Windsor in Spain and Portugal in 1940. In 1954 the Cabinet had decided that it would be impracticable to prevent or to delay the publication of these documents; but Sir Winston Churchill and Sir Anthony Eden had subsequently agreed, at the suggestion of the Duke of Windsor, that at the time of publication the Government should issue a statement designed to put the documents in proper perspective. The relevant Volume was to be published on 29th July, both in the United States and in the United Kingdom.

The Prime Minister said that, after going into the matter afresh, he and the Foreign Secretary were both satisfied that it would be right for the Government to issue a statement on the lines previously contemplated. He read to the Cabinet a draft of the proposed statement.

In discussion there was general agreement that a statement on these lines should be issued on the Government's behalf at the time when this Volume of the captured German documents was published. Some minor adjustments of the draft were suggested. The Prime Minister said that on these he would seek the views of Lord Monckton, who was advising the Duke of Windsor in this matter.
The Cabinet -

(1) Agreed that, on the publication of this Volume of captured German documents, a statement should be issued on behalf of the Government on the lines of the draft which had been read to them.

(2) Invited the Prime Minister to settle the final terms of this statement after consultation with Lord Monckton.

(3) Took note that steps had already been taken to inform The Queen, the Queen Mother, the Duke of Windsor and Sir Winston Churchill of the impending publication of this Volume and of the terms of the Government statement which it was proposed to issue at the time of its publication.

Cabinet Office, S.W.1.

12th July, 1957.
The Cabinet had before them a note by the Prime Minister on the situation in Syria, together with Foreign Office telegram No. 3370 of 28th August to Washington and telegrams No. 1728 and 1729 of 5th September from Washington.

The Prime Minister informed the Cabinet that, in the light of their earlier discussion of this situation, he had sent a personal message to the United States Secretary of State, Mr. Dulles, outlining the implications of the alternative policies of retrieving the situation by direct intervention or attempting to contain it by preventing Communist infiltration from spreading beyond the borders of Syria. Mr. Dulles had subsequently made it clear that, in the opinion of the United States Government, a policy of containment would be liable to be ineffective and that, unless more effective steps could be taken to remedy the situation, Syria's immediate neighbours would probably fall in rapid succession, while Turkey would be left in a dangerously isolated position. He therefore inclined to the view that action should be taken now to retrieve the situation before it was too late, despite the difficulties and dangers which such action would involve. He intended to discuss this proposal with President Eisenhower on the following day and had asked for a very early indication of our own views.

There could be no question of the Cabinet's reaching a final decision on this matter at the present time. It would first be necessary to obtain from H.M. representatives in the countries concerned an independent assessment of recent developments in the Middle East, and to explore in greater detail with the United States Government the form of the action which might be taken and the possible
consequences for the West. It would be important, however, that these discussions should not reflect any reluctance on our part to take advantage of this opportunity to establish between the United States and ourselves a unity of policy and action in the Middle East. Such an opportunity might not recur for a very long time, and it would be unwise to neglect it, provided that the implications of the action envisaged had been thoroughly explored in advance and that both Governments were convinced of the wisdom of the joint policy.

Mr. Dulles appeared to be acting at the moment largely on his own initiative; and it was not clear how far his policy would command the approval of President Eisenhower and the support of his colleagues in the United States Government. It was important, therefore, to establish whether President Eisenhower was prepared to endorse this policy with his personal authority.

In discussion there was general agreement that it was becoming increasingly urgent to arrest the process of Soviet subversion in the Middle East. Recent experience had, however, shown that it was difficult for a democracy to implement its policy by force without incurring the condemnation of world opinion; and the United States Government should not be encouraged to suppose that an act of intervention in Syria would be accepted by the United Nations as readily as they appeared to expect. Moreover, it would be important to agree with the United States Government the ultimate objective of any action to retrieve the situation in Syria and the form of the permanent settlement of the Middle East which should result from such action. In any event it might be desirable that, as a preliminary, the Middle Eastern States should be encouraged and assisted to establish a cordial understandings round Syria, and that Nuri-es-Said should if possible, resume the leadership of the Government of Iraq. The situation might be further reinforced if the United States could be persuaded to become a full member of the Baghdad Pact. If and when it
was agreed that further action should be undertaken, it would be necessary to consider carefully the occasion and the means, and the possible reaction of the Soviet Union. It would also be necessary to decide how far it would be expedient that the United Kingdom should be actively involved.

THE PRIME MINISTER said that, in the light of this preliminary discussion, he would send a further message to Mr. Dulles indicating that, if his proposals represented the approved policy of the United States Government, we ourselves would be disposed in principle to support them, but that, before the Cabinet could be expected to reach a firm decision, it would be necessary for them to be explored in more detail. United Kingdom representatives would be ready to proceed to Washington for this purpose in the near future. It might subsequently be desirable that he should himself discuss the matter with President Eisenhower.

The Cabinet —

(1) Took note that the Prime Minister would send a further message to the United States Secretary of State on the lines which he had indicated.

(2) Took note that the Prime Minister would arrange for H.M. representatives in the countries concerned to be instructed to furnish, as a matter of urgency, their own appreciation of recent developments in Syria and the probable consequences if no action was taken to arrest the increasing Soviet penetration of that country.

(3) Invited the Commonwealth Secretary to consider how far, and at what point, it would be desirable to consult certain other members of the Commonwealth on this matter.

Cabinet Office, S.W.1.

7th September, 1957
The Cabinet had before them telegrams No. 1745 of 7th September, 1756 of 8th September and 1764 to 1769 of 9th September from Washington together with Foreign Office telegrams No. 3546 and 3547 of 9th September to Washington.

THE PRIME MINISTER said that the United States Government had now elaborated their Middle East policy in the form of the memorandum contained in Washington telegram No. 1745. If they could be assured of our support for this policy, they proposed to instruct their representatives in Turkey, Iraq, Israel, Lebanon and Jordan to communicate orally to the Governments of those countries the action which the United States would be prepared to take in certain eventualities. Their proposals envisaged financial and military assistance for these States in the event of either overt or subversive action by Syria designed to destroy their independence, together with an undertaking to meet any request for the use of United States armed forces in the event of intervention by the Sino-Soviet bloc either directly or through the organisation of "volunteers".

In consulting us about these proposals the United States Government had shown an encouraging desire to re-establish the close Anglo-American co-operation which had existed during the war. It was clearly in our interests to encourage this tendency. As a result of the Cabinet's previous discussion the United States Secretary of State had been informed that we were in principle in agreement with the general policy which the United States intended to adopt. It was now necessary to consider the terms in which the United States proposed that, this policy should be communicated to the Governments of the
Middle East States concerned, particularly in those cases in which they intended to say that we had been consulted and were in complete agreement with their proposals.

The extent to which it would be necessary for the United Kingdom to be actively associated with the implementation of these proposals would be a matter for subsequent discussion with the United States Government. They had agreed that their memorandum should be regarded merely as a working paper and had at no time enquired what action we should be prepared to take ourselves in the event of hostilities breaking out in the Middle East. We should undoubtedly be asked, however, by the Middle East Governments concerned, particularly Turkey and Iraq, how far we were prepared to give active support to the United States policy and what form this support might take.

The three main issues on which the Cabinet should reach clear decisions were, therefore, whether we should support the United States proposals as elaborated in their recent memorandum; whether we endorsed the terms in which these proposals were to be communicated to the Middle East Governments concerned; and to what extent we should commit ourselves to participate in implementing them.

The Foreign Secretary said that the main choice lay between attempting to contain the situation in Syria or retrieving it by more direct action. An effective policy of containment would be difficult in view of the weakness of the neighbouring States which would be primarily responsible for carrying it out. The right course, therefore, would be to support the United States preferences for direct action. It was encouraging that the United States were prepared to interpret the definition of aggression under Article 51 of the United Nations Charter as including acts of subversion by Syria and the employment of Sino-Soviet "volunteers" in any hostilities which might develop. In the proposed communication to the Turkish Government, however, the United States undertook to support Turkey if the latter felt compelled...
to react to armed provocations which implied a serious threat to her own national integrity and independence. This offer made the effective decision largely, if not wholly, dependent on an act of judgment by the Turkish Government themselves. They would certainly wish to know whether we were prepared to give a comparable undertaking.

In discussion the following points were made:

(a) The United States instructions to their representatives in the Middle East countries concerned contemplated that only in the case of Turkey, Iraq and Lebanon would it be explicitly stated that the United States had consulted the United Kingdom and that we were in complete agreement with their policy. There were certain advantages in not disclosing too widely the extent to which we were acting in full collaboration with the United States Government in this matter. It would be open to us to take separate action in Jordan and Israel to indicate our general support of the United States proposals without revealing the extent of our earlier consultation with the United States.

(b) The United States memorandum of policy (Washington telegram No. 1745) indicated that, if any of Syria's Arab neighbours, responding to provocation, took action under Article 51 of the Charter of the United Nations, the United States would, upon request and pursuant to the Middle East Resolution approved by Congress, extend to such countries economic and military assistance. It was arguable that this conceded the initiative too far to countries which could not necessarily be trusted to act with a due sense of responsibility and that it would be desirable that the decision on the circumstances which would justify the provision of such assistance should be reserved more strictly to the United States and ourselves. On the other hand, the terms of the United States draft communication to the Governments concerned indicated that the United States intended in the event of local hostilities between Syria and one or more of the neighbouring States, to confine their assistance to military supplies and that their
commitment to use United States armed forces would be limited to circumstances in which the Sino-Soviet bloc had made a direct attack on any of the countries concerned or had organised the provision of "volunteers" for this purpose. In these circumstances the United States statement of intention could probably be accepted. But, although the initial intervention of the United States might be confined to the supply of arms, it would be impossible for them, once they were engaged to this extent, to allow the countries at war with Syria to be defeated, even if this required the active participation of United States forces. Although the United States Government did not believe that the Soviet Union would deliberately seek to extend a Middle East conflict into a global war, a progressive extension of the area of hostilities was a risk which we must take into account in formulating our own policy.

(c) It was essential that the position of the United Kingdom and the United States should, from the outset, be clearly stated in terms of international law. We should jointly maintain that a State was not necessarily precluded from taking action to defend itself until its enemy had openly resorted to the use of force. Aggression could rightly be interpreted as including a clear intention on the part of the enemy to take imminent aggressive action. It could also be interpreted as including internal subversion no less than external attack. The proposed United States undertaking to Turkey to provide assistance if the Turkish Government felt compelled to react to armed provocation should, therefore, be construed as requiring the Turkish Government to satisfy the United States and ourselves that they were genuinely the victims of provocation; and to this extent the terms in which the United States proposed to communicate their intentions to the Turkish Government would not give the latter an unfettered discretion to invoke United States assistance.
The ultimate consequences of the United States policy were unpredictable. It was perhaps unlikely that any of the neighbouring States would regard the United States proposals as an open invitation to embark on hostilities with Syria. Those proposals might, indeed, result in little more than a containment of Syria. On the other hand, in the event of hostilities breaking out, the Soviet Union might react by direct intervention and open warfare between the United States and the Soviet Union might result. It could not be assumed that in this event the United Kingdom, if unreservedly associated with the United States, would have the unanimous support of the Commonwealth or that the Soviet Union would refrain from attacking this country. For these reasons it would be desirable that our support for the United States should, as far as possible, be described to the countries concerned in terms of our intention to fulfill our obligations under the North Atlantic Treaty Organisation (N.A.T.O.) and the Baghdad Pact. It would, however, be important that we should not appear to be half-hearted in our endorsement of the United States policy; and H.M. representatives in the countries concerned should make it clear that that policy had our full support, although we should need to take political considerations into account in deciding the form which that support might take at any particular juncture.

The public presentation of our case would need careful consideration in due course. The draft of a suitable public statement should be prepared and agreed with the United States Government. This would afford a convenient opportunity for emphasizing the extent to which our endorsement of action by the United States would be in conformity with our obligations under N.A.T.O. and the Baghdad Pact.

The reaction of the Soviet Union to the United States policy might take the form of fomenting disturbances in areas other than the Middle East. An assessment should be made of the possibilities of such action.

-5-

TOP SECRET
The Cabinet —

(1) Took note that the Prime Minister would inform the United States Government that, subject to amendment on points of detail, the statement of United States policy in Washington telegram No. 1745 of 7th September was endorsed by Her Majesty's Government.

(2) Invited the Foreign Secretary to arrange for H.M. representatives in the Middle East countries concerned to convey orally to the Governments to whom they were accredited an assurance that the United States policy had our full support, although the form which this support might take at any particular juncture would need to be decided in the light of the political considerations relevant at the time.

(3) Invited the Foreign Secretary to circulate an appreciation of the possible reaction of the Soviet Union to this United States policy in areas other than the Middle East.

Cabinet Office, S.W.1.
10th September, 1957
THE PRIME MINISTER said that there had been a general welcome, in the Middle East countries concerned, for the communications about the joint policy of the United States and the United Kingdom for dealing with the situation in Syria which the Cabinet had approved in earlier discussions. The first steps towards containing the situation in Syria had thus been taken. The development of any further plans for retrieving this situation depended on discussions which were taking place between the Foreign Secretary and the United States Secretary of State in New York.

Following discussions in this country Nuri-es-Said had agreed to return to Bagdad with a view to entering the Iraqi Government, either as Minister of Defence or as Deputy Prime Minister. He had also agreed that, in certain circumstances, it would be desirable that he should himself assume the leadership of the Iraqi Government.

The Cabinet -

Took note of the Prime Minister's statement.
THE PRIME MINISTER suggested that the Cabinet should review the political situation. The Government had done well to weather the political storms of the past year. But they - and the country - were now confronted with a difficult and baffling situation. He could not remember a time when a Government was faced with so many intractable problems.

On the home front the Government's popularity was waning - as was natural after six years in office. They would have a difficult time in the forthcoming by-elections - not because of any revival of Liberalism, but because of the widespread feeling of frustration and indifference among Conservatives. It was arguable that the Government should go to the country and put their position to the test. The long-term interests of the Conservative Party would certainly not be served if the Government appeared to be clinging to office, without certainty of purpose, as Balfour's Government had done in the days before the great Liberal victory of 1906. Some people were already saying that it would be better for the Government to resign now, before they lost further ground, so that they might be in a stronger position to win the next Election but one after a further period of Labour rule.

The international scene was equally grim. In this country public opinion in favour of a meeting of Heads of Government was gathering force. But the diplomatic exchanges in preparation for it were not going forward as quickly or as constructively as they might. We could not alone secure that the meeting took place - and our Allies were less favourably disposed towards it than we were. In the Middle East the situation was worsening. King Saud, on whom the United States Government placed so much reliance, seemed likely to prove a broken reed. We ourselves were compelled by circumstances
to lend our support to regimes which were obsolete, decadent and reactionary
and, on the other side, the tide of nationalism was running fast. In Asia
the situation in Indonesia was deteriorating. Events there suggested that the
United States had been mistaken in pressing the Dutch to withdraw too soon
and too fast. In North Africa we faced a dilemma. If we persuaded the French
to withdraw prematurely, as the United States wished, Communism might gain
a foothold there, as it had in Indonesia. If, on the other hand, we
encouraged the French to stay, they might well pursue reactionary policies
which would provoke a violent reaction. In Europe we had no certainty of
being able to maintain our forces in Germany; and, if we were obliged to
withdraw them, the North Atlantic Alliance would crumble. Finally, in
our Colonial Empire, we faced intractable situations in Cyprus and in Malta.

The Government had two political alternatives - to persevere until
the end of the present Parliament; or to seek a fresh mandate from the
electorate, and risk political defeat. He himself favoured the first course.
But, if the Government were to follow it, they must do so in the confidence
that their policies would succeed and that some at least would bear fruit
before the end of the present Parliament. On the important issues they
must show resolution and certainty of purpose. At the same time, however,
they must be ready in other matters to avoid unnecessary unpopularity.
They must make greater efforts to secure a wider measure of popular support.

The Home Secretary said that he had no doubt that the right course
was for the Government to persevere under the Prime Minister's leadership.
They were at present passing through a difficult transitional stage: they
needed another year in order to get over the worst period of the Rent Act
and the Agriculture Bills. Similarly, in economic affairs, they needed
time in order that their policies might bear fruit. Concessions could then
be made in the Budget of 1959. On defence policy and disarmament they must
either succeed in obtaining some easing of international tension or, if that
could not be secured, they must bring public opinion round to face, unitedly,
the military risks. For that again more time was needed.

The Lord Chancellor agreed with this view. He believed that the
Government's policies were sound, and time would prove this. In economic
affairs we now had a better chance than ever before to achieve a period of
stability in wages and prices. The Rent Act would, in time, be shown to
be a sound measure. In foreign affairs we needed time in which to wear down present hysterical mood of pacifism. Balfour's Government, to which the Prime Minister had referred, was divided on a great question of principle: but the Ministers who had resigned from the present Government had gone on matters of detail. On all questions of principle the Government were united. They were at one in their confidence in the policies which they were pursuing.

THE COMMONWEALTH SECRETARY, while agreeing with this, said that the Government must use all the techniques of publicity to convince the public that their policies were sound. He also made the point that, although the Government's popularity was waning, there was no evidence of any increasing desire for a Socialist Government - at recent by-elections the majority of votes had been cast in favour of anti-Socialist candidates. But the results of future by-elections were likely to be unfavourable and, as a result of the recession in the United States, the level of unemployment in this country might well rise in 1959. Therefore, if useful results flowed from the forthcoming Commonwealth Economic Conference or from a meeting of Heads of Government, he would not himself exclude the possibility of seeking a fresh mandate from the electorate before the end of the present Parliament. That being so, he was inclined to think that the Government should, from now on, lose no opportunity of increasing their popularity in the country.

THE CHANCELLOR OF THE EXCHEQUER said that we were now on the verge of getting the national economy into a sounder state than it had been at any time since the end of the war. It would be wrong to throw that chance away by adopting "popular" policies too soon. The purchasing power of consumers was still high; and, if existing policies were reversed too soon, a further inflation might easily be started. He was satisfied that the risks of relaxing too soon were much greater than those of relaxing a little too late. He agreed that the Government would be in political difficulties in the months ahead. Resentment at the result of the current review of farm prices would continue for some months. The Agriculture Bills, on the other hand, were likely to cause more difficulties in Parliament than in the country.
THE LORD PRESIDENT said that the Government would certainly be in rough water in the months ahead. Six months ago he had hoped that public opinion would by now have begun to swing in favour of the Government. It was now clear that there was no prospect of such a swing in 1958. Some argued that the position of the Conservative Party would be strengthened in the long-term if the Government went to the country without further delay. This, in his judgment, was a mistaken view. The international situation made it essential for the present Government to remain in office, even if this involve some risk to the long-term position of the Party. If an Election were held now, he believed that the Labour Party would win it, even though the majority of the total votes cast were anti-Socialist. Such a result would, in his opinion, be most damaging to the national interest - first, because of its effect on the international situation; and, secondly, because confidence in sterling would be so greatly shaken that the Labour Government would be obliged to introduce extreme measures of economic control. For these reasons he strongly supported the Prime Minister's view that the Government's duty was to continue in office until near the end of the present Parliament.

THE PRESIDENT OF THE BOARD OF TRADE said that the national economy was in a healthier state than was generally supposed. When the time came to relax restrictive policies, the right course would be to do so on a selective basis. It was worth considering whether it would not be advisable for the Government to announce in advance what specific relaxations would be made if a deflationary situation developed. These should, in the main, be measures directly related to local unemployment. Such an announcement would have a reassuring effect and would help to convince the public that the Government were in control of the situation. It might also be useful if the Government could take a new initiative towards the removal of strategic controls on trade with the Soviet bloc. An imaginary move in that direction might give a lead to public opinion throughout the Free World and might help to divert public attention from the controversy about nuclear weapons. Finally, he suggested that the Government should decide whether it was to
their advantage that an agreement on the establishment of a European Free Trade Area should be reached before the next Election. If the negotiations were to be brought to a conclusion before then, it might be necessary for us to find some means of resolving our political difficulties with the French (over North Africa) and the Germans (over support costs).

THE COLONIAL SECRETARY said that it would be highly undesirable for the Government to go to the country at the height of the controversy over agricultural policies and at a time when no solution of the Colonial problems in Cyprus and Malta was yet in sight. This, in his view, ruled out the possibility of an Election in 1959.

THE MINISTER OF TRANSPORT agreed that the Government must continue in office until nearer the end of the Parliament. But, if they were to do so, they must make further efforts to unite their supporters, in Parliament and in the country. With this in view he had three suggestions to make. First, it would be useful if the Cabinet could hold further frank discussions of the political situation from time to time. Secondly, all Ministers in charge of departments might be asked to consider whether there were any practical measures within their sphere of responsibility which might help to encourage and unite the Government’s supporters. Thirdly, the Government should avoid being forced into a defensive position: their supporters would be greatly encouraged if they went over to the offensive and took a more aggressive political line.

THE MINISTER OF DEFENCE said that, as he saw it, there were only two possible solutions which would justify an early Election - (i) if the Government achieved some outstanding success in the international sphere; or (ii) if it became clear that there would be widespread unemployment in 1959. He was concerned at the wave of pacifist feeling which was sweeping over the country. He believed that this could only be checked by convincing the public that the Government were sincerely and purposefully seeking international agreement on disarmament. A conclusive reason for deferring an appeal to the electorate was the growing influence which the Prime Minister himself was exercising on public opinion. This was one of the Government’s most valuable assets. Time was needed to allow it to develop to the full.
THE MINISTER OF POWER said that there were no signs of any increased desire for a Socialist regime. The Government could gain in strength if they took the offensive against Socialist policies.

THE SECRETARY OF STATE FOR SCOTLAND supported this suggestion. More speeches might also be made about the value of the Commonwealth, and the role of the United Kingdom in it. These could be founded on the success of the Prime Minister's Commonwealth tour, which had made a deep impression on public opinion.

THE MINISTER OF EDUCATION said that the Government's standing in the country was suffering at the moment as a result of an unusual aggregation of unpopular measures. Restrictive economic policies naturally had a depressing effect. On the other hand it was desirable that the Government should not go to the country until some time after the point at which relaxation became possible. The Government must have time to develop the theme of an expanding economy before the next Election. This was a strong argument for deferring the Election until nearer the end of the Parliament.

THE MINISTER OF LABOUR agreed that it was the Government's duty to continue in office. In international affairs the Prime Minister's special relationship with the leaders of the United States Administration was a most valuable asset, and it was important that he should be able to continue to use his personal influence at this critical time. On the home front, the position was not so bad as many people thought. Public opinion was still pre-occupied with the dangers of rising prices and disturbed industrial relations; but, in fact, prices were not now rising and industrial relations were better than they had been for some time past. The swing of opinion against the Government was not among people in the higher income groups; it was among the skilled workers and lower middle classes. It was these sections of opinion which had become discouraged, especially since the restrictive economic measures of September, 1957. It should not be forgotten that, to win an Election, the Conservative Party needed the support of about 3 million trade unionists and their families. Therefore, both in foreign and in economic affairs, the Government must seek to rebuild the sense of hope for the future, and of confidence in Conservative policies, which these people formerly had.
THE CHANCELLOR OF THE DUCY OF LANCASTER made two points. First, he suggested that the real reason for the swing of public opinion against the Government was the general sense of fatigue and frustration which had steadily gained ground in the last eighteen months. To counteract that, some emotional success was needed. The Prime Minister's Commonwealth tour had already made a contribution towards this. Secondly, it was important that the Government should show confidence in their own policies. Signs of indecision or wavering did much harm. Ministers should show no hesitation in defending the Rent Act and the Government's defence policy.

THE MINISTER OF AGRICULTURE supported this view. In all the circumstances it was surprising that the Socialists had not gained more ground in the last year. If the Government showed firmness and resolution and confidence in their policies, they could recover the ground which they had lost.

THE PRIME MINISTER said that he was grateful for the support which his colleagues had given him in the course of this useful discussion. He himself had no doubt that the Government must hold firmly to their purpose and policies, and he was glad to be assured that this was the united view of the whole Cabinet. He would reflect on the suggestions which had been put forward in the course of the discussion and would consider what practical steps could be taken to strengthen the Government's authority in the months ahead.
CABINET

C.C.(59) 54th Conclusions
(20th October, 1959 - 11.00 a.m.)

THE SECRETARY OF STATE FOR AIR said that H.R.H. The Duke of Edinburgh had recently been interested in the extension of the activities of flying clubs and in that connection had shown particular interest in a single-seater light aircraft known as the Rollason Turbulent. He had expressed a wish to fly this aircraft himself from a suitable airfield - not as a means of transport from one point to another, but in order to gain first-hand experience of its operation. The Secretary of State for Air said that this proposal involved no new principle, as the Duke of Edinburgh had flown solo in a number of different aircraft in the past. Subject therefore to the views of the Cabinet he saw no reason to raise objection to this proposal, provided that suitable safety precautions were observed. For example, the flight would be limited to an area within sight of the airfield, as the aircraft carried no radio; it should take place when the weather was clear and not liable to sudden deterioration; and no other flying would be allowed at the airfield while the Duke of Edinburgh was in the air.

Discussion showed that there was general agreement in the Cabinet that no objection need be raised to this proposal.

The Cabinet -

Authorised the Secretary of State for Air

...
A memorandum by the Home Secretary about the name of the Royal Family was handed round to the Cabinet.

The Lord Chancellor said that, in accordance with the Prime Minister's wish, he had discussed with The Queen a proposal to alter the surname of certain of Her descendants. At present, by virtue of the Proclamation and Letters Patent of 1917 and of the Declaration in Council which The Queen had made on 9th April, 1952, the surname of Windsor was to be used by those members of the Royal Family who were not entitled to the style of Royal Highness and the titular dignity of Prince or Princess and who were not female members who had married or their descendants. The Queen had now indicated it to be Her wish that those members of the Royal Family who would have to use a surname in this way should use the surname of Mountbatten-Windsor. The Queen had no desire to alter the name of the Royal House and Family of Windsor. This was a matter on which it was proper for The Queen to take the advice of Her Ministers. If the Cabinet agreed, effect could be given to The Queen's wishes by a Declaration in Council.

The Home Secretary said that, in the normal course of events, a surname would not be required to be used by The Queen's descendants until the birth of grandchildren in the male line of the Prince of Wales (other than his eldest living grandson), or, until the birth of grandchildren in the male line of the next son born to The Queen. The Queen had made it clear, however, that it was Her wish that if any of Her descendants, including children, other than female members...
who had married or their descendants, should cease to enjoy the style of Royal Highness and the titular dignity of Prince or Princess, they should then bear the surname of Mountbatten-Windsor.

In discussion it was pointed out that The Queen's subjects were in general strongly attached to the name of Windsor, and it had to be recognised that any change, even though the practical effect of it might be remote, would be subject to criticism in certain quarters. Nevertheless, there was general agreement that in the circumstances The Queen should be advised to give effect to Her wishes by means of a Declaration in Council. The Declaration should make it clear that The Queen and Her Children would continue to be styled and known as the House and Family of Windsor.

THE HOME SECRETARY said that he would formally advise The Queen to make a Declaration in Council to give effect to the wishes She had expressed. It was proposed that a Council should be summoned for this purpose on Monday, 8th February. The other Commonwealth Governments would be informed of this decision in the appropriate way.

The Cabinet -

Invited the Home Secretary to advise

The Queen to make a Declaration in Council to give effect to the wishes She had expressed.

Cabinet Office, S.W.1.

9th February, 1960.

[No circulation given to this document.]
THE PRIME MINISTER informed the Cabinet that Princess Margaret desired to marry Mr. Anthony Armstrong-Jones, and that The Queen proposed to give her consent to the marriage under the Royal Marriages Act, 1772.

The Cabinet expressed their pleasure at the news that Princess Margaret intended to marry. There was general satisfaction that The Queen proposed to give her consent to this marriage.

Discussion then turned on the question whether it was necessary that, in giving her consent to the marriage, The Queen should act on the advice of Ministers. The Royal Marriages Act, 1772, was an obscure and unsatisfactory statute. It was by no means clear whether the Sovereign's action under it should be taken on the advice of Ministers. Consent to the marriages of persons covered by the Act but remote from succession to the Throne had often been given without Ministerial advice; and it had sometimes been argued that the question whether Ministerial advice was required turned on the nearness of the person concerned to the succession. On the other hand, it was the fact that assent to the marriage of the present Queen had been given without Ministerial advice, though she was at the time the Heir Apparent. The Cabinet had been informed in advance, but no formal advice had been tendered by Ministers.

The precedents therefore suggested that, while the Sovereign was under no obligation to seek Ministerial advice before consenting to the marriage of a member of the Royal Family, the Cabinet would normally be informed in advance of the proposed marriage of a person close in succession to the Throne. This, moreover, was something more than a courtesy; for Ministers had a duty
to safeguard the succession to the Throne and to protect the Sovereign from unfavourable comment, and it was right that they should have an opportunity to consider whether it was their duty to tender negative advice in such a matter. On the whole it seemed likely that the proper view of the constitutional position under the Act of 1772 was that the Sovereign could act under it without Ministerial advice but that Ministers could expect to be given an opportunity to tender negative advice, if ever the occasion arose to do so, on a proposed marriage by a person close in the succession to the Throne.

The Cabinet recognised that these considerations would affect the form of the submission which the Prime Minister should make on this occasion to The Queen. It would be inexpedient that this should be so phrased as to appear to constitute a precedent for tendering formal affirmative advice under this Act. On the other hand, it seemed desirable that it should not appear to exclude the possibility that Ministers might tender negative advice on some future occasion. Ministers had a duty to protect the Sovereign, and they should preserve their right to do so if occasion should ever arise.

THE PRIME MINISTER said that in all the circumstances he would propose to inform The Queen, in writing, that he had acquainted the Cabinet of the proposed marriage and of Her Majesty's intention to give consent under the Act of 1772. He would then go on to advise that The Queen should be pleased to cause her consent to be signified under the Great Seal and to be declared in Council in accordance with the Act. Finally, he would say that arrangements would be made, subject to The Queen's approval, for the necessary steps to be taken in due course.
The Cabinet agreed that a submission on these lines would reflect their view of the constitutional position.

The Cabinet —

(1) Expressed their pleasure at the forthcoming marriage of H.R.H. Princess Margaret.

(2) Took note of the terms of the submission which the Prime Minister proposed to make to The Queen about the formalities under the Royal Marriages Act, 1772.

cabinet Office, S.W.1.

11th March, 1960

[ Circulated to The Queen and Prime Minister only. ]
THE HOME SECRETARY said that the Duke and Duchess of Gloucester would celebrate their Silver Wedding on 6th November. He had discussed with the Prime Minister how the Cabinet could best recognise this occasion. Their provisional conclusion was that the Prime Minister should send a telegram of congratulation to Their Royal Highnesses on behalf of the Cabinet.

In discussion it was suggested that it might be more suitable if flowers were sent to the Duchess with a letter of congratulation signed by the Prime Minister on behalf of the Cabinet as a whole. There was general support for this suggestion. THE HOME SECRETARY undertook to submit a recommendation in this sense to the Prime Minister.

Cabinet Office, S.W.1.

6th October, 1960
THE COMMONWEALTH SECRETARY said that he was himself the subject of some of the rumours to which the Prime Minister had referred. In one respect the allegations in question might involve him in some difficulty; for the rest he completely denied them. He realised, however, that in the present situation his presence in the Government might embarrass his colleagues; and he therefore proposed to discuss with the Prime Minister whether the circumstances required him to tender his resignation.

THE PRIME MINISTER said that, as he had emphasised in the recent Parliamentary debate, he had sought, and would continue to seek, to deal honourably, justly and prudently with the difficult personal issues which confronted him. He had never taken action against a colleague on the basis of rumour alone; and he would refuse to accept any Minister's resignation on the grounds of unsupported allegations. If, however, a Minister judged in his own discretion that his right course was to resign, he might feel compelled to accept that resignation. He would discuss the circumstances further with the Commonwealth Secretary, who had acted both wisely and honourably in being prepared to take his colleagues into his confidence on a personal and private matter.

The Cabinet -

Took note that the Prime Minister would give further consideration, in consultation with the Commonwealth Secretary, to the latter's personal position in relation to an enquiry of this kind.

Cabinet Office, S.W.1.

20th June, 1963
RESIGNATION OF
THE SECRETARY
OF STATE FOR
WAR

CABINET

The following should be read in conjunction with C.C.(62) 40th Conclusions, (Printed Version)

THE COMMONWEALTH SECRETARY said that he had now discussed with the Prime Minister the circumstances in which his own name had become linked with the current allegations. He proposed to send the Prime Minister a letter, requesting that the specific allegations against him should be referred to Lord Denning for investigation. He felt that this would be a proper, and sufficient, discharge of his responsibility in this connection.

Cabinet Office, S.W.1.
21st June, 1963
Mr. Iain Macleod's Article in the 'Spectator'

Cabinet

Most Confidential Record
C.M.(64) 5th Conclusions
(17th January, 1964 - 10.30 a.m.)

At the opening of the Cabinet's discussion, the Foreign Secretary (Mr. R.A. Butler) made a short statement about an article by Mr. Iain Macleod, M.P., which had appeared in the edition of the 'Spectator' published that day. This article had contained Mr. Macleod's version of the events immediately preceding the appointment of Sir Alec Douglas-Home as Prime Minister in October, and it had been sharply critical of certain aspects of the manner in which, as Mr. Macleod saw it, this appointment had taken place.

The Foreign Secretary said that he had seen the article but had refused to make any public comment upon it. He hoped that all members of the Cabinet would adopt the same attitude. He did not propose to offer any observations to the Cabinet on the substance of the article; and he felt that the Cabinet's right course was to reaffirm their support for the Prime Minister in his efforts to lead the Government forward to the General Election.

The Prime Minister thanked the Foreign Secretary for these remarks. There was no further discussion.

Cabinet Office, S.W.1.

17th January, 1964