1 - British Transport Commission: Increase in Charges. Memorandum by the Minister of Transport and Civil Aviation.

2 - Use of Foreign Television Films by Television Stations. Memorandum by the President of the Board of Trade and the Postmaster-General.

3 - Persian Oil. Memorandum by the Secretary of State for Foreign Affairs.

4 - United States Project to Associate Military Aid to Pakistan with Middle East Defence. Memorandum by the Secretary of State for Foreign Affairs.

5 - Supply of Tanks and Aircraft to India. Memorandum by the Secretary of State for Commonwealth Relations.

6 - Middle East Policy. Memorandum by the Secretary of State for Foreign Affairs.

7 - Atomic Energy - Commonwealth Co-operation. Memorandum by the Lord President of the Council.

8 - A National Occupational Health Scheme. Memorandum by the Minister of Labour and National Service.

9 - Middle East Defence. Memorandum by the Chiefs of Staff.

10 - The Problem of Security in Europe. Memorandum by the Secretary of State for Foreign Affairs.

11 - The Legal Position in Egypt. Note by the Secretary of State for Foreign Affairs.

12 - Persian Oil. Memorandum by the Secretary of State for Foreign Affairs.

13 - Prospects for the Berlin Meeting. Memorandum by the Secretary of State for Foreign Affairs.

14 - Anglo-Egyptian Negotiations - American Request for Text. Memorandum by the Secretary of State for Foreign Affairs.

15 - Select Committee on Nationalised Industries. Memorandum by the Lord President of the Council.

16 - Crichel Down. Memorandum by the Secretary of State for the Home Department and Minister for Welsh Affairs.

17 - Stationing of British Forces in Jordan. Memorandum by the Secretary of State for Foreign Affairs.

18 - Trade with the Soviet Bloc: Security Export Controls. Memorandum by the Secretary of State for Foreign Affairs.

19 - East/West Trade. Memorandum by the President of the Board of Trade.

20 - The United Kingdom's Association with the European Coal and Steel Community. Memorandum by the Secretary of State for Foreign Affairs.

21 - Wages and Prices. Memorandum by the Minister of Labour and National Service.


23 - Relations with Yugoslavia. Memorandum by the Secretary of State for Foreign Affairs.
24 - Proposal to Invite the Chinese to Attend the British Industries Fair. Memorandum by the President of the Board of Trade.


26 - Middle East Re-deployment: Move of Joint Headquarters to Cyprus. Memorandum by the Minister of Defence.

27 - The Attorney-General and Public Prosecutions. Memorandum by the Lord Chancellor.

28 -

29 - Egypt: Defence Negotiations. Memorandum by the Minister of State.

30 - Japan: Trade with the Sterling Area. Memorandum by the President of the Board of Trade.

31 - The European Defence Community. Memorandum by the Secretary of State for Foreign Affairs.

32 - Pay of the Armed Forces. Memorandum by the Minister of Defence, the First Lord of the Admiralty, the Secretary of State for War and the Secretary of State for Air.

33 - Egypt: Defence Negotiations. Note by the Secretary of the Cabinet.

34 - Employment of Coloured People. Memorandum by the Secretary of State for the Home Department and Minister for Welsh Affairs.

35 - Concessions to Married Service Men Overseas. Memorandum by the Secretary of State for War.

36 - Relations with the Soviet Union. Note by the Secretary of State for Foreign Affairs.

37 - Recruitment of Coloured Persons to the Civil Service. Memorandum by the Chancellor of the Exchequer.

38 - Pay of the Armed Forces. Memorandum by the Chancellor of the Exchequer.

39 - The Royal Tour of Ceylon. Note by the Prime Minister.

40 - British Transport Commission: Increase in Charges. Memorandum by the Minister of Transport and Civil Aviation.

41 - Report of the Royal Commission on Betting, Lotteries and Gaming. Memorandum by the Secretary of State for the Home Department and Minister for Welsh Affairs.

42 - The National Food Survey. Memorandum by the Minister of Food.

43 - Weights and Measures Legislation: Definition of the Yard and the Pound in Terms of the Metre and the Kilogramme. Memorandum by the President of the Board of Trade.

44 - Relations with the Soviet Union. Note by the Secretary of State for Foreign Affairs.

45 - Egypt. Memorandum by the Lord Chancellor.

46 - East/West Trade. Note by the Prime Minister.

47 - Tobacco Smoking and Cancer of the Lung. Memorandum by the Minister of Health.
48 - The Royal Tour of Ceylon, Note by the Secretary of the Cabinet.

49 - The Royal Tour of Ceylon, Memorandum by the Secretary of State for Commonwealth Relations.

50 - Kenya: Detention of Supporters of Mau Mau, Memorandum by the Secretary of State for the Colonies.
BRITISH TRANSPORT COMMISSION: INCREASE IN CHARGES

MEMORANDUM BY THE MINISTER OF TRANSPORT AND CIVIL AVIATION

The British Transport Commission have applied for my authority to increase as from 1st February existing railway freight, dock and canal charges by 10 per cent., subject in the case of railway freight charges generally to a limit of 10s. a ton.

2. They propose to announce this on Tuesday next. By the Transport Act, 1947 I am required to refer any such application to the Permanent Members of the Transport Tribunal, acting as a Consultative Committee, for their advice. This I have done.

3. The case of the Commission is based on increases in expenses already incurred and on other increased charges that will arise this year. These include £6 million for the recent Wages Award of 4s. a week. These estimates take no account of increases in wages which are certain to result from the current talks between the Commission and the Unions.

I attach without comment a paper setting out in greater detail the case as presented by the Commission.

4. I will submit a further paper as soon as I have received the advice of the Transport Tribunal.

A. L-B.
ANNEX

The British Transport Commission have applied for my authority to increase, as from 1st February, existing railway freight, dock and canal charges, by 10 per cent., subject, in the case of railway freight charges generally, to a limit of 10s. a ton. This would, in broad figures, increase railway freight charges from 130 per cent. to 153 per cent. above pre-war, the principal dock charges from 154 per cent. to 179 per cent. above pre-war and the principal canal charges from 122 per cent. to 144 per cent. above pre-war. The net yield is estimated at £23 million from railways and £1.5 million from docks and canals.

2. The Commission estimate that, in a future year, they will have to meet central charges of £55.5 million and that, at present charges but allowing for the 4s. a week wages increase, their net receipts will be only £30.3 million. The increase in charges applied for is to meet this short-fall of £25.2 million.

3. The Commission have given a possible target allocation of central charges. Taking together their services other than railways, docks and canals, they estimate that net receipts at present charges will be about £1.5 million less than the amount allocated for central charges. The estimated receipts from docks and canals would be £0.7 million less than the amount allocated for central charges. On all services other than railways, therefore, the short-fall would be £2.2 million and of this £1.5 million would be made good by the proposed increase in dock and canal charges. The Commission are also considering whether additional revenue can be obtained from London Transport. On railways, however, the estimated net receipts at present charges are £16.5 million, the amount allocated for central charges is £39.5 million and the short-fall is £23 million.

4. When charges were last increased, it was estimated that the net receipts from railways would be £37.9 million in a year. The amount allocated to railways for central charges was £37.5 million out of a total of £54 million. This total has now been increased to £55.5 million because the Commission's cash resources are rapidly diminishing and provision has been made for a substantial issue of Commission stock early in 1954 with a consequential increase in interest payable. There has also been an adjustment in the allocation of central charges, particularly to meet the progressive disposal of the bulk of the Commission's road haulage undertaking. As a result of these factors, the amount allocated to railways for central charges has been increased by £2 million, making £39.5 million in all.

5. The following increases in expenses have already occurred:

<table>
<thead>
<tr>
<th>Item</th>
<th>£ Million</th>
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<tbody>
<tr>
<td>Increase in coal and steel prices</td>
<td>4.3</td>
</tr>
<tr>
<td>Other variations in prices</td>
<td>2.0</td>
</tr>
<tr>
<td>Increase in depreciation due mainly to higher prices</td>
<td>1.0</td>
</tr>
<tr>
<td>Effect of charging to revenue actual maintenance expenditure on</td>
<td>6.0</td>
</tr>
<tr>
<td>locomotives and carriages</td>
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<td></td>
<td>13.3</td>
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There have, however, been improvements in efficiency and other factors affecting expenditure, and in traffic. The Commission have allowed, in their future estimates, £4.4 million for the former and £5.2 million for the latter, a total of £9.6 million. The net deterioration is therefore £3.7 million.

6. The position in 1954 will be adversely affected by the following additional items:

<table>
<thead>
<tr>
<th>Item</th>
<th>£ Million</th>
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<tbody>
<tr>
<td>Cost of pension scheme (£2.5 million in full year)</td>
<td>1.2</td>
</tr>
<tr>
<td>Cost of December 1953 wages' award</td>
<td>6.5</td>
</tr>
<tr>
<td>Abolition of &quot;standard charge&quot; for maintenance as from 1st January,</td>
<td>10.0</td>
</tr>
<tr>
<td>1954</td>
<td></td>
</tr>
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<td></td>
<td>17.7</td>
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7. The effect of the various items in paragraphs 4, 5 and 6 is to convert an estimated surplus of £0.4 million into an estimated deficit of £23 million.

8. The increased charge arising from the abolition of the “standard charge” for maintenance calls for explanation. Since the Commission began operations in 1948, there has been substantial abnormal expenditure on maintenance, which could not be separated from normal maintenance expenditure. The Commission have therefore followed the practice, adopted during Government control of railways, of charging to revenue a “standard charge” based on the expenditure in pre-war years suitably adjusted, and charging the excess of actual expenditure incurred against their Abnormal Maintenance Fund of £150 million provided by the Government at the end of the war. It is estimated that this Fund is now less than £50 million and this in the opinion of the Commission is required for other purposes. The Commission had already decided and stated in their Report for 1952 that in future they would charge to revenue all maintenance expenditure as incurred. The additional burden may be as much as £15 million next year, but the Commission have based their estimates on the lower figure of £10 million.

9. The Commission regard their estimates as optimistic and provisional. They assume a continuation of the present high levels of traffic, in spite of road competition. They make no allowance for increases in prices due to wage increases in other industries, or for the extent to which the Commission may be unable to recoup, out of increased economy and efficiency, the further increases in wages to be granted to their own workers. They make no allowance for the substantial trading losses which might be incurred by the Commission’s road haulage services during the disposal period or from any losses arising out of the disposals. The Commission think, therefore, that they may be obliged—perhaps by the middle of 1954—to apply for a further increase in charges.

10. The Commission see little hope of any substantial contribution from passengers on British Railways. They may be able to reduce services which are poorly patronised, to change the form of operation on secondary lines and to make selective increases in local fares. Long-distance fares cannot, however, be increased in the face of road competition. Indeed such fares may have to be reduced to meet that competition and the effect of such reductions may offset the benefits of the local measures indicated above.
USE OF FOREIGN TELEVISION FILMS BY TELEVISION STATIONS

MEMORANDUM BY THE PRESIDENT OF THE BOARD OF TRADE AND THE POSTMASTER-GENERAL

There is a distinct danger that unless we take protective measures a large proportion of the material broadcast on film by commercial television stations here may be of foreign (mostly American) origin. Popular American television programmes which have covered their enormous production costs in the home market could be offered to the programme companies at prices well below those charged for the cheapest British product. The B.B.C. consider it their responsibility to give their programmes a strong British flavour, but commercial stations might want to use American material on a fairly large scale since much of it is likely to be of good quality, cheap and popular; and there is accordingly a danger that commercial television here might become "Americanised." A number of interested bodies (notably the Cinematograph Films Council; the association representing producers of short films; and trade unions of actors, musicians and authors) have expressed their anxiety on this subject, and are clearly afraid of the danger that the entertainments industry in this country will be hard hit as television grows.

2. We feel sure our colleagues will agree that television programmes here should derive their inspiration and material mainly from British sources, while keeping a proper place for foreign programmes and performers of outstanding merit.

3. Accordingly, we have studied various possible methods of achieving this end and have concluded that the best course would be to use some kind of quota system broadly comparable with the arrangements for cinematograph films. This could be done consistently with our obligations under the General Agreement on Tariffs and Trade. The responsible Minister could make regulations (if possible, under the Act setting up the competitive television system) which would limit the use of foreign films by the programme companies (and by the B.B.C.) according to the quantity of British films shown. The quotas themselves would of course be variable from time to time.

4. Although such a scheme could be imposed through the new Corporation's contractual arrangements, statutory backing seems to us desirable to avoid undue influence on the Corporation, to relieve it of the associated administrative burden, and to provide for sanctions other than those available to the Corporation for dealing with programme companies failing to attain the required quotas.

5. The fixing of the appropriate percentage quota of British films to be shown depends on several factors, namely, (i) the maximum amount of foreign films which can be allowed without affecting the British character of the programmes; (ii) the amount of British television films which are likely to be produced; and (iii) the availability of British films other than those made specially for television showing. At the moment it looks as though the daily programme on commercial
television will last for about five hours or more. We cannot yet say with any certainty how much of that time will be taken up by showing films. We consider, however, that the percentage quota should be determined on a sliding scale related to the time devoted to foreign and British films in total; and should be so arranged that, with a daily programme of not less than five hours, the maximum time during which foreign films could be shown would be half an hour per day on average.

6. The system described above would not compel programme companies to show any films at all, though it will give some incentive to the film industry by providing that foreign films could only be shown if a specified minimum amount of British films was also shown. Some of the performers' unions would like a limit set to the use of films, but we think the division between films and "live" material (that is performances or events televised direct to viewers) is a matter best left to negotiation between those concerned without intervention by the Government.

7. We do not suggest any quota restriction for "live" programmes because there is not the same risk of an excessive use of foreign performers and there are already arrangements for regulating the entry of foreign performers into this country.

8. We therefore seek the approval of our colleagues for:

(i) the principle that British television programmes should draw their material mainly from British sources;
(ii) the scheme of regulation designed to safeguard that principle and described in paragraphs 3 and 5 above;
(iii) a public announcement about the Government's intention in this respect, including an indication that the Government had in mind a quota which would permit foreign films for a maximum of half an hour a day on average.

P. T. D.

31st December, 1953.
MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

The brief with which Her Majesty's Chargé d'Affaires at Tehran, Mr. Wright, was provided set out a line of argument which had as its objective a direct settlement between the Persian Government and the Anglo-Iranian Oil Company, (A.I.O.C.); that, from the point of view of Her Majesty's Government, would be the most satisfactory outcome. In any case, Her Majesty's Government required to be able to form their own judgment of the chances of such a solution, and that judgment would be based to some extent upon the Persian Government's response to such a line of argument.

2. All earlier indications, however, had been that a direct settlement between the Persian Government and the A.I.O.C. could not be achieved. Recognising this, the Company recently invited representatives of other companies with major oil interests in the Middle East to join them in discussions, on a hypothetical basis, about the problems that would arise when Persian oil should again flow into its traditional markets. The companies represented at these exploratory talks were Shell, the five major American oil companies and the Compagnie Française des Pétroles. Mr. Hoover, Oil Adviser to the United States State Department, was present.

3. The upshot of the talks was that it would probably be feasible to form a group of companies to go into Persia on the following basis: —

(a) the A.I.O.C. would have a share as close to 50 per cent. as the Persians could be brought to accept;

(b) the other companies, including Shell (half British) would buy their interest in the group, paying the A.I.O.C. either in capital, in revenue or with free oil;

(c) Persia would pay the A.I.O.C. compensation for that part of the value of their concession that was not covered by the purchase consideration mentioned at (b) above, such payment probably taking the form of free oil;

(d) the representatives of the group would negotiate an agreement with the Persian Government to manage production and marketing on terms similar to other Middle East oil agreements; and

(e) satisfactory arrangements would be made in regard to the currency in which payments were made to the Persians.

4. There was also some discussion about the part that the International Bank might play in an oil settlement. The attitude of the American companies towards this was that the Bank might well play the part of intermediary in the early stages of negotiation, should the Persian attitude make this necessary; but the Americans were not anxious that the Bank should play a permanent part in the Persian oil industry.

5. Her Majesty's Chargé d'Affaires has now reported that he has begun to speak to his brief in regard to the A.I.O.C. The Persian Foreign Minister, Mr. Entezam, replied that he was certain that public opinion in Persia would not tolerate the return of the Company, and that any attempt by the Persian Government to bring it back would greatly embarrass them and Anglo-Persian relations. Mr. Entezam went on to say that he fully accepted the importance of our principles that the A.I.O.C. should receive compensation and that Persia could not expect to do better out of her oil than her neighbours out of theirs. He then said that although
the Persian Government had not yet made up their minds, they were thinking along the lines of a solution whereby:

(i) the marketing of oil would be done by a consortium of foreign companies in which no single company should have a predominant share;
(ii) the extraction and refining of oil would be carried out by a Persian company, with some foreign assistance; and
(iii) the International Bank might act in some way as an intermediary, since this might make any solution more acceptable to Persian public opinion.

6. The above represents only a first exchange of views and Mr. Wright is hoping shortly to talk with the Persian Prime Minister himself. But it seems improbable that the Prime Minister's attitude towards the A.I.O.C. will differ from that of his Minister for Foreign Affairs or that either can be persuaded to modify their views. We may therefore expect Mr. Wright shortly to advise us that there is no hope of the A.I.O.C.'s returning to Persia alone. Although the company have hitherto been loth to accept this, I think it likely that they may in fact prefer to share with others the risks of returning to Persia.

7. Meanwhile, we should not allow Persian ideas to harden; and there is another important time factor, in that the emergency aid granted by the United States Government to Persia is rapidly running out. We cannot at this stage formulate a precise plan for a multi-national solution, since such a plan can only be the result of further and more definite talks between the oil companies. It seems certain, however, that those companies will insist on effective control of extraction and refining as well as of marketing.

8. As to the method of negotiating such a multi-national solution with the Persian Government, it would be difficult for Her Majesty's Chargé d'Affaires, even in collaboration with the United States Ambassador and Mr. Hoover, to negotiate so complicated and technical an affair on behalf of a multi-national consortium which includes French and Dutch, besides British and American, interests. On the other hand, there is the danger that the American companies in direct negotiations might seek to push the Persians too hard or farther than we and the United States Government should think wise towards accepting foreign control of the Persian oil industry; and the more parties there are to the Western side of the negotiations, the greater the risk that the Persians would succeed in driving wedges between them. To my mind, a decision whether to negotiate on the governmental or business level can only be taken after careful discussion with the United States Government.

9. I accordingly recommend that, if Mr. Wright shortly confirms (as I fear he will) that the Persian Government are unalterably opposed to the return of the A.I.O.C.:—

(a) We should adopt a policy of working towards a multi-national consortium of oil interests as set out at paragraph 3 above, with some form of participation by the International Bank if the United States Government and the companies themselves agree that it is desirable.
(b) We should consult with the A.I.O.C. and invite them, on the assumption that they accept the position that a direct settlement between them and the Persian Government cannot be achieved, to co-operate in this policy and for that purpose to resume forthwith their discussions with the other oil companies.
(c) The United States Government should be informed of the position.
(d) Once the discussions in (b) were on the point of resumption, we should authorize Mr. Wright to tell the Persian Government that Her Majesty's Government had noted their inclination towards a solution based on a multi-national consortium and that in fact discussions between the A.I.O.C. and other oil companies were now being resumed in order to discover whether such a consortium could be formed.
(e) We should (simultaneously with (d) above) consult the United States Government about the best method of negotiation—i.e., whether it should be governmental or by representatives of the prospective consortium, perhaps with governmental observers present and in consultation with the Governments concerned.
(f) Mr. Wright would then be instructed to inform the Persian Government of the outcome of (e).

A. E.

Foreign Office, S.W.1,
4th January, 1954.
CABINET

UNITED STATES PROJECT TO ASSOCIATE MILITARY AID TO PAKISTAN WITH MIDDLE EAST DEFENCE

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

In October 1953 the Pakistan Commander-in-Chief succeeded in convincing the United States authorities that there was a strong case for granting a limited amount (about $25 million) of United States military aid to Pakistan. In spite of advice from Her Majesty's Government in the United Kingdom on the need for secrecy, this project soon became public knowledge and created great resentment in India, where it was represented as involving the Indian sub-continent in the cold war. Indian resentment was probably heightened by groundless rumours that Pakistan would give the United States bases and possibly an alliance in return for this aid. The Indian Government have recently been conducting a major campaign against the project and have made representations to the United States Government, Her Majesty's Government and other Commonwealth Governments. China and the Soviet Union have also protested to Pakistan.

2. Surprised and embarrassed by the intensity of Indian hostility, the United States Government have been seeking ways of mitigating Indian resentment. Their latest idea, on which they have acted without prior consultation with Her Majesty's Government, is an attempt to link their offer of military aid to Pakistan with the initiation of some kind of military collaboration between Pakistan and Turkey, which might develop into some system of collective defence in the Middle East. The U.S. Ambassador in Ankara has told the Turkish Government of the proposed military aid for Pakistan and suggested that the Turks should propose military conversations to Pakistan. What is suggested is not a treaty of alliance, but some form of joint planning in which other Middle Eastern states, particularly Iraq and eventually Persia, might later take part but from which the United States and other Western powers would be excluded. The State Department hope that the Governments of Turkey and Pakistan might announce their decision to start such military conversations. Such an announcement would provide the United States Government with a suitable occasion for announcing their own decision to grant military aid to Pakistan. The Turkish Prime Minister's initial reaction to this suggestion is understood to have been favourable.

3. Her Majesty's Government are, of course, much concerned to promote an effective system of Middle Eastern defence, but the State Department's project seems unlikely to have useful or practical results. Indeed, for the following reasons, it would probably be positively harmful:

(a) It explicitly excludes Western participation and thus makes no real contribution to the security of the region.

(b) It will raise doubts about the rôle which the West (and Britain in particular) can be counted on to play in the defence of the area, and make the Middle East states less ready to accept realistic proposals.

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(c) Turkey and Pakistan are too far apart for effective military co-operation and their natural rôle is to defend entirely separate sectors of the global front.

(d) Only planning, without an alliance or commitments, is envisaged. This will not of itself effectively strengthen Middle Eastern defences and will only be ostentatiously provocative to the Soviet Union in an area where she is traditionally sensitive. If Persia were later to be included, she would only be a liability and an increased provocation.

4. I would accordingly suggest to my colleagues that the United States Government should, if possible, be discouraged from pursuing this project in its present form. I propose to instruct H.M. Ambassador in Washington accordingly.

A. E.

Foreign Office, S.W. 1,
4th January, 1954.
SUPPLY OF TANKS AND AIRCRAFT TO INDIA

Memorandum by the Secretary of State for Commonwealth Relations

In my paper D. (53) 62 about India's request for a cruiser I said that a further paper would be submitted on the question of the supply of tanks and aircraft to India.

2. The Indian Government are pressing us to let them know whether we can supply some 300 tanks. They are thinking of either Centurions or Charioteers and have mentioned the possibility of taking them at the rate of 80 tanks a year over a period of four years. They have also enquired of Hawkers for a licence to assemble Hunter fighters in India from 1956 onward - with complete engines from the United Kingdom - preceded by the delivery of 25 complete aircraft in 1955. I understand that, from the point of view of supply and production, we can meet these requirements.

3. I explained in D. (53) 62 the general considerations we must bear in mind at the present time in examining requests from India for defence equipment. We must assume that the motives of the Indian Government are mixed and are not wholly unrelated to the possibility that Pakistan will receive military aid from the United States.

4. On the other hand:

(a) These are genuine requirements on the part of the Indian Army and Air Force. It is only prudent and realistic that they should be thinking now of planning a re-equipment programme. The Army are at present equipped with out-of-date Sherman tanks and the Air Force will be ready for Hunter class fighters by 1955/56.

(b) Apart from the money involved, acceptance of the Indian orders would help us from the point of view of maintaining essential defence production.

(c) It now seems certain that in some form or other the United States will grant military aid to Pakistan. This will undoubtedly put a strain on Indian relations with Pakistan and with the United States. Our High Commissioner has warned us that there will also be very sharp reactions against us if we make available, as we shall wish to, United Kingdom equipment for off-shore purchase under United States military aid for Pakistan. It is very desirable to avoid putting a further strain on Indian feelings. A refusal to supply tanks or aircraft would be
known to be deliberate and Indian reactions would be correspondingly bitter. We could not conceal from India that tanks are available to countries other than the "old" Commonwealth and the North Atlantic Alliance; we are selling Centurions to Sweden and the possibility of supplies to Switzerland and the Argentine is under consideration. It is well known that Hunters will be in full production by 1955/56.

(d) Apart from financial and production advantages, there are general benefits to us in keeping India to United Kingdom equipment. The French are keen to supply aircraft and last year were successful in securing an order from India for Ouragan fighters. It is doubtful whether the Indians could secure immediate supplies of tanks from elsewhere, but the United States will shortly have a large disposable surplus, and might very likely jump in with an offer. Refusal would certainly encourage the Indians to go elsewhere for other supplies where we are in competition with foreign countries.

5. The Pakistanis told us some time ago that they would be interested in the supply of some 350 Centurions over a period of three years from 1955/56, and we told them that there should be no difficulty in our meeting such an order. We have heard nothing further from Pakistan, possibly because they are not certain that they can find the money for such a large order. I would expect their interest to be renewed if and when they secure aid from the United States. We have agreed to Pakistan purchasing Swift fighters with deliveries at the rate of one a month from November, 1955, to February, 1957, and thereafter at the rate of two a month.

6. We have in India and Pakistan two actual and potential customers for arms and equipment who are both members of the Commonwealth, and both of whom we should like to see well equipped from United Kingdom sources on a scale related to the areas they must defend, their population and their ability to buy. The principle of "broad parity of treatment" in responding to requests for supply, based as it is upon the jealousy and enmity existing at present between these two members of the Commonwealth, is extremely difficult to apply in the face of these disparities in comparative financial strength. If we supply these substantial Indian requirements we should be morally committed to making supplies available to Pakistan from off-shore purchases based on American aid and could properly ignore any Indian protests. It is very important that India and Pakistan should both look to the United Kingdom for military equipment; and the more they rely on us for this, the more likely we are to maintain our position as the principal supplier of their civil requirements as well.

Recommendation

7. My conclusion is that we should tell the Indians that we can meet their requirements (paragraph 2 above). If we do not we shall be laying ourselves open to the accusation of attempting to cripple the Indian Army and Air Force, and the Indian Government will probably obtain supplies elsewhere. The order for tanks, however, would presumably be accepted on the basis that, for production reasons, actual deliveries would not start for, say, six months and would proceed at the rate of approximately eighty a year. As between Centurions and Charioteers the Supply Departments should decide which would better suit our interests.

SWINTON

Commonwealth Relations Office, S.W.1,
6TH JANUARY, 1954.
At the Cabinet meeting on 29th December (C.C. (53) 81st Conclusions, Minute 1), I proposed to circulate a memorandum on our policy in regard to Egypt, explaining the advantages and disadvantages of the various courses now open. I have in this paper endeavoured to do so; the Chiefs of Staff are, I understand, preparing another memorandum showing the military picture.

Anglo-Egyptian Negotiations
2. We entered into negotiation with the Egyptian Government in order:—
   (i) to obtain an agreement which would provide for the satisfactory maintenance of the Suez Canal Base and give us the right of re-entry in war. The Chiefs of Staff consider that wherever we deploy our Middle East forces in peace-time, a base in the Canal Zone area and access through Suez and Port Said are of great value for the support of forces in the Middle East in war;
   (ii) to settle the dispute arising out of the Egyptian purported abrogation of the Anglo-Egyptian Treaty and the presence of British forces in the Canal Zone;
   (iii) to try to associate Egypt, and with her the other Arab States, with the West in arrangements for the defence of the Middle East against outside aggression.

3. Since the negotiations started, the situation has changed. We are not now expecting war with the Soviet Union in the immediate future. Therefore the problem confronting us is largely that of meeting our peace-time commitments, while we must retain a right to such facilities as we may need in war. (Both our peace-time and war-time requirements are set out in more detail in the memorandum on the military picture.)

4. Whatever the manner of settlement, the Egyptian question cannot be considered in isolation from our relations with the other Arab States. A satisfactory settlement would improve our relations with them and create a better atmosphere for discussion of our future strategic requirements in these countries. It would help us to secure in war-time the Eastern flank of the North Atlantic Alliance. In the present cold war situation, it is through a settlement with Egypt that we could best secure our interests in the area, including our oil interests and the use of the Suez Canal, and assist in ensuring the stability of the area, thus preventing the spread of communism or neutralism.

Reduction of Forces
5. My colleagues will be aware that the Chancellor of the Exchequer has asked for a saving of £180 millions on our defence expenditure by 1955-56, and that efforts are being made to secure substantial economies in the man-power required for the Services. Examination of our main military commitments overseas has led to the conclusion that the bulk of the reduction must come either from
Germany or the Middle East. Any substantial reduction in Germany would have a disastrous effect on the North Atlantic Treaty Organisation and deal a fatal blow to the European Defence Community. A treaty with Egypt, accompanied by a redeployment which would show that we have no intention of abandoning our interests in the Middle East, while it would release some of our forces, need not diminish our influence. It is clear that, if substantial cuts are to be made, the Middle East is the least dangerous theatre in which to make them.

Courses if We Fail to Reach Agreement

6. If we fail to obtain an agreement with Egypt, three courses remain open:—

(a) to stay on indefinitely in the Canal Zone despite Egyptian hostility and attempts to remove us by international action;

(b) to announce that we shall liquidate the base, evacuate the Canal Zone and deploy elsewhere in the Middle East the forces which we consider necessary, making it clear that we will do so in our own time, but aiming to complete the operation by December 1956;

(c) to state that:

(i) the maintenance of the present base is impossible in view of failure to reach agreement with the Egyptians and their present attitude, therefore we intend to alter our arrangements in the Middle East and to wind up this base; that will take two or three years to do; the less the Egyptians interfere with the process the shorter time it will take;

(ii) the removal of the base will not deprive us of our rights under the 1936 Treaty;

(iii) so far as our future relations with Egypt in war are concerned we are prepared for revision of the 1936 Treaty according to its terms: as it is clear that agreement on that revision with the Egyptians will be impossible, we are prepared to go to arbitration upon the terms of such revision in accordance with the Treaty;

(iv) as regards the defence of the Canal (and "the liberty and entire security of navigation") and the stationing of British troops in peace-time in the vicinity of the Canal under Article 8 of the Treaty, as agreement with the Egyptians upon this will also be impossible we are prepared to go to arbitration upon it in accordance with the terms of the Treaty;

(v) if the Egyptian Government agree, Her Majesty's Government are prepared to enter into immediate discussions with them with a view to submitting these issues to arbitration.

7. If we choose alternative (a) we should have to maintain our position against growing Egyptian hostility. We should have to face, in addition to this opposition, dangerous international repercussions. The Egyptians might invoke international action and we might have to ignore the resulting decision. There would be no possibility of effecting economies or a reduction in our Middle East forces, and we should probably end up by having to increase them. There would be a further progressive deterioration of the base.

8. Course (b) has the serious disadvantage that we abandon our position in Egypt without any provision for a base there. This would be a great disappointment to our friends and allies and would be inconsistent with the emphasis which we have constantly placed in our public utterances on the value of the base. Turkey would be concerned for the security of her Southern flank in war-time and might regard it as a sign of weakness in us. Australia, New Zealand and South Africa would be even more reluctant than they are at present to enter into definite commitments regarding the defence of the Middle East. Israel would be concerned, even more than she is at present, with the change in the balance of military advantage as between herself and the Arab States. There would be a serious effect upon our prestige in the Middle East and our chances of obtaining facilities in other Arab countries. It would seem to me an almost impossible task to put up an effective defence of this course before British opinion.

9. If course (b) were to be adopted, we should at any rate require the co-operation of the Egyptians in maintaining law and order and providing the necessary labour and use of communications. Lack of co-operation of this nature
would lead to greater expense and man-power and money and to heavy loss of stores. The evacuation would then be delayed and might become an undignified scramble.

10. As regards (c), if the Egyptians accept arbitration, we shall have attained our end and be able to redeploy. If they refuse, we may expect serious trouble, but our position will be easier to justify in the eyes of the world. The economies could be effected under better conditions than under those of course (b). On the other hand, it would mean a loss of the base in war and therefore the need to replan entirely our defensive strategy. This could cause similar disappointment to our friends and allies to that caused by course (b).

Redeployment

11. Our present plans, which involve primarily the co-operation of Iraq, Jordan and Libya, are based on the assumption that we shall reach an agreement with Egypt. If we get no agreement and are forced to redeploy in the circumstances of (b) our position with those States will be much weaker. It is for consideration, therefore, whether we should not reverse or modify our policy of basing our defence plans on Arab alliances and instead seek to develop co-operation with Israel and Turkey. Both are more stable, militarily more efficient and have expressed readiness to co-operate in the defence of the area. Turkish co-operation would be compatible with further attempts at working with the Arabs.

12. We sent an exploratory military mission to Israel in 1952. This reported that the Israelis would welcome an exchange of information about defence plans and were willing to concert with us in drawing up joint plans under which their forces would co-operate with our own in war. They would also be glad to give us facilities for the pre-positioning of stores providing that we would make funds available for the development of port facilities and communications in Israel, which would be available for our use on the outbreak of war. They have not offered to accept the stationing of British troops in Israel in peace, and would be unlikely to do so. Owing to the lack of funds for their development projects and to the need to avoid antagonising the Arabs, we have not followed up these discussions pending the outcome of the Anglo-Egyptian negotiations. The disadvantages of a policy of concentrating our resources on Israel would be:

(i) it would not serve the purpose in war of holding the North-East frontier of Iraq;
(ii) it would alienate the Arab States, from whom we shall continue to want facilities and co-operation; this would be detrimental to our interests in those States, including oil, and would increase the danger of their taking up a neutralist position;
(iii) it would do little to assist us towards the fulfilment of our commitments in peace;
(iv) it is very unlikely that Israel forces could be used in the Arab countries even in the face of a Soviet attack.

For these reasons we must, I think, abandon any idea of basing our Middle East defence policy wholly or mainly on co-operation with Israel.

13. From talks which have been held recently between representatives of Middle East Land Forces and the Turkish staff about Middle East defence it appears that the Turks are in principle willing to offer us facilities for the pre-stocking of equipment at Mardin, should we request them. In return they will expect that we should reveal to them our plans for the defence of North-East Iraq, in which the Turks are of course keenly interested in view of the dependence upon those plans of their own southern flank, and that we should definitely commit ourselves to the forward “outer ring” strategy. It is not clear whether or not they would be willing to accept the stationing of British troops in peacetime.

14. Reports from Ankara show that it would have a very favourable effect upon Turkey if we were to proceed with the Mardin plan and the “outer ring” strategy. It would also have an excellent effect with regard to our difficulties in Iraq.

(i) by demonstrating to the Iraqis that we were in earnest about the defence of their country;
(ii) by making us less dependent on the facilities in Iraq which we enjoy under the Anglo-Iraqi Treaty and which are increasingly being called in question by the Iraqis.

15. I am informed that redeployment to Gaza, which looks at first sight attractive since it would place British forces between Egypt and Israel, is impracticable on military and financial grounds. There is no deep-water harbour, inadequate drinking water, and the Arab refugee population could not be adapted to provide the labour force needed. A scheme combining use of Gaza and the Negev, including the Israel port of Elath, must similarly be rejected. It would involve a large outlay of money on port facilities and communications.

Conclusions

16.—(i) From the above considerations I have drawn the conclusion that our best course is to strive for an agreement with Egypt on our present terms. If we do not succeed, we are in a bad position. We must either remain in the Canal Zone indefinitely by force, a policy which, among other things, would not enable us to meet the Chancellor of the Exchequer's demands, or we must leave Egypt of our own volition. However we do this it will look more or less as if we are running away.

(ii) If we fail to reach an agreement, I would prefer course (c) rather than (b) of the alternatives set out in paragraph 6 above. Course (c) would at least be defensible to our friends and allies. Though it might well involve difficulties with the Egyptians, our international position in our dispute with Egypt would certainly be improved.

(iii) Courses (a) and (b) would, and course (c) might, weaken our position with the other Arab states.

(iv) Obtaining facilities in Turkey is compatible with further attempts to co-operate with the Arab countries other than Egypt; in negotiating with Iraq, for example, our hand would be strengthened if we could conclude arrangements with Turkey for the use of facilities at Mardin. We should therefore try to do this.

(v) Basing our defence arrangements on Israel would be incompatible with further attempts at Arab co-operation.

A. E.
CABINET

ATOMIC ENERGY—COMMONWEALTH CO-OPERATION

MEMORANDUM BY THE LORD PRESIDENT OF THE COUNCIL

In C (53) 303 Lord Cherwell reported on his visit to Australia and the outcome of his discussions with Australian Ministers. Possible lines of action have been examined by officials and their conclusions are incorporated in what follows.

2. The object of Lord Cherwell's visit was to follow up the policy approved by the Cabinet in April (CC (53) 28th Conclusions, Minute 5) and to seek an agreement with the Australian Government providing for an assured supply of uranium from Australia to the United Kingdom and the placing of our technical information on the industrial use of atomic energy at the disposal of the Australian Government.

Uranium Supplies

3. Lord Cherwell was not able to secure any definite undertaking about supplies of uranium. A number of factors contributed to this attitude on the part of the Australian Government:

(a) There is much greater uncertainty than we had expected about the extent and prospects of uranium deposits outside the area already committed to the Combined Development Agency (C.D.A.). Moreover, owing to physical difficulties, development will be slow and it will be some years before any supplies are likely to become available. The Australian Government therefore took the view that, since it was still impossible to assess what Australia's uranium resources really are, it was not yet possible for them to enter into firm commitments.

(b) The Australian Government hope that private capital, if offered the inducement of a free market, will flow into uranium mining in vast amounts. Both Lord Cherwell and United Kingdom officials regard this as most unlikely in view of the heavy risks and very slow returns on capital invested in uranium mining. But it will take time before practical experience convinces the Australians of this.

(c) The press campaign against any further commitments of Australian uranium resources made Australian Ministers very nervous of any agreement at this stage.

4. I am convinced that for the present we cannot hope to come to a firm agreement with the Australians over uranium supplies. They will not be willing to touch this (for them) delicate issue until after their Elections in July of next year. Even then it may be some time before they feel that knowledge of their resources has sufficiently advanced to enable them to come to firm agreements.
5. Although we have not secured the assured uranium supplies we sought, Lord Cherwell's visit was of considerable value. The Australians are fully aware of our interest in securing supplies outside those at present committed to the C.D.A.; and, although his Cabinet were very careful to make no promises, Mr. Menzies has himself gone further and has expressed to us his personal intention that the United Kingdom shall be a preferred customer when an exportable surplus becomes available—which will not be for a few years. We may reasonably expect that the Australians will give us priority over the Americans.

Technical Co-operation with Australia

6. We are faced with the question whether we should now go ahead and meet the Australian request that we should release to them all the technical information and assistance they may need for their own industrial atomic energy work.

7. On the one hand we had hoped to use an offer of the technical assistance as an inducement to the Australians to meet us over supplies. Moreover our technical discoveries have cost us many millions and there is a natural reluctance to give them away free.

8. On the other hand there are strong arguments in favour of going ahead now on the technical side without any definite *quid pro quo* over supplies:

(a) The long-term advantages to us if we take the lead in Australia may be very substantial indeed. There will be direct advantages in having Australian atomic energy developments based on United Kingdom equipment and methods. In the next generation or two atomic energy is likely to become an important, if not the main, source of electric power; from the broad economic, political and defence points of view we ought therefore to do what we can to link up Australia closely with ourselves.

(b) If the Australians are effectively tied in with us on the technical side our prospects of securing uranium supplies when they become available will be much enhanced.

(c) If we withhold technical information the Americans may step in instead. There are already signs that they are planning to amend their legislation so as to enable them to offer technical information to uranium-producing countries. The concept of the international exchange of information on peaceful uses of atomic energy runs through President Eisenhower's speech to the United Nations. The possibility of wider co-operation on these lines—which may prove to be remote in time and is in any case uncertain—should not, however, interfere with our plans for looking after our own interests in the Commonwealth.

(d) On the defence side the Australian Government has not so far expressed any direct interest in the manufacture of atomic weapons. But if and when Australia develops a power plant of her own, and if this plant were constructed to run so as to produce military plutonium, this plutonium would, in the view of the Chiefs of Staff, be a valuable strategic source of supply for the United Kingdom. We shall continue to be dependent on Australian goodwill for facilities for testing our own weapons if, as seems likely, a place near Emu Field proves to offer the only feasible Commonwealth site.

South Africa

9. The South African Government are also now seeking technical co-operation from the United Kingdom. The permanent head of their Mines Department was sent here last month on an exploratory mission at the personal instance of the South African Prime Minister, Minister of Finance and Minister of Mines. The South Africans are unlikely to have an atomic programme of their own for some time. But South Africa will soon be, and is expected to remain for many years, the main supplier of uranium and in the long run will need to develop atomic energy for industrial uses. The South Africans are therefore anxious to make a start and to take the only practical step which is open to them at this time—the training of key personnel—in the very near future. Although they have no direct *quid pro quo* which they could offer us now (all their uranium supplies are committed to the C.D.A. up to 1964), it is clearly in our long-term interest to play in
with them and to encourage in every way their present desire to look to us for help. We should therefore follow up the South African initiative by offering to receive South African technicians for training here.

**Approach to the Americans and Canadians**

10. We need to take action under the *modus vivendi* to obtain United States concurrence for passing information of non-United States origin to a Commonwealth country. Her Majesty’s Ambassador at Washington has been consulted on this and, while of course he cannot be categoric about American reactions, is confident that he will in fact be able so to handle matters as to secure American acceptance. The Canadians are likely to be well-disposed to our ideas.

**Recommendations**

11. Officials have recommended that:—

(a) the United Kingdom Government should be ready to make technical information of non-United States origin available to Australia and South Africa according to the requirements of the latter countries, and the Australian and South African Governments should be so informed at an early date;

(b) Her Majesty’s Ambassador, Washington, should be authorised to clear the way with the Americans after the further exchange of communications with Australia proposed in (d);

(c) it would be fruitless to attempt at this stage to tie the Australians down about uranium supplies, but we should put on record with them our understanding of discussions so far, develop a good atmosphere with them and prepare the way for further discussions as soon as there is a favourable opportunity;

(d) to this end the first step would be to authorise the United Kingdom High Commissioner, Canberra to make a communication as at Annex to the Australians in such manner as he thinks appropriate; thereafter, and subject to any reply from Australia, we should proceed forthwith to clear the way with the Americans and Canadians and then to arrange exchanges of information with Australia and South Africa.

12. I endorse these recommendations. It is a pity that we cannot yet expect assured supplies of uranium from Australia. But we should only court a rebuff if we pressed them further now. I am sure that we shall be well-advised to go ahead with technical co-operation with Australia and South Africa without seeking to impose bargaining conditions. To a large extent it will be a case of casting our bread on the waters. But we are at the beginning of major developments on atomic energy and we have an opportunity to start a great Commonwealth effort in this field if we go forward with confidence.

Office of the Lord President,
2nd January, 1954.

S.

**ANNEX**

**INFORMAL COMMUNICATION TO THE AUSTRALIAN GOVERNMENT**

(It is intended that the precise manner in which this communication is made to Australia should be left to the discretion of the United Kingdom High Commissioner at Canberra.)

We have received and studied a report from Lord Cherwell on his exploratory discussions with Australian Ministers.

2. We are glad to note the interest of the Australian Government in technical information about atomic energy for industrial use and in the question of uranium being made available to meet the developing requirements of the United Kingdom for our industrial atomic programme.
3. The United Kingdom Government are very willing that their technical information in regard to all aspects of the industrial application of atomic energy should be made available by them to the Government of Australia as may be required by the progress of Australia's atomic energy programme. This procedure will include the exchange of scientific personnel and it is envisaged that, when the time comes to build power reactors in Australia, we should, so far as our resources permit, assist with the design and operation of these plants and the supply of special materials that may be required for them—such as uranium fuel elements and graphite. It is suggested that the scientific officers of the Australian Atomic Energy Commission should as necessary get into touch with their opposite numbers in this country in order to discuss and identify their requirements. It will be necessary for agreed arrangements to be made to ensure that appropriate security safeguards operate on a common basis in regard to classified information exchanged, and it is proposed that details should be discussed between the appropriate United Kingdom and Australian authorities at an early date.

4. As the Australian authorities know, it is necessary for us to approach the United States Government before we can release classified information about atomic energy to Australia. The United Kingdom Government are prepared to make such an approach at an early date and instructions will be issued to the United Kingdom Ambassador in Washington accordingly. It is, however, necessary that he should be able to pick his time for making the approach and it is important that there should be no premature action which might hamper him in obtaining American agreement.

5. The Australian Government made it clear to Lord Cherwell that they are at present unable to enter into any precise assurances as to supplies of uranium which might be made available to the United Kingdom outside those already committed to the Combined Development Agency. We understand from Lord Cherwell that the extent of these possible supplies is not yet known but that the Australian Government intend to use their best endeavours to establish knowledge of their uranium resources in the shortest possible time. We appreciate that the Australian Government need to ensure that certain requirements can be met from Australian uranium supplies; the possible uranium supplies in which the United Kingdom is interested may accordingly be expressed as those which are not required to meet Australia’s own needs and are thus available for export, which are beyond the contemplation of the Australian contract with the C.D.A., and which the Australian Government will not be obliged, owing to considerations of overriding military necessity, to make available for defence purposes. While we recognise that the Australian Government have entered into no commitments in regard to the uranium in which the United Kingdom is thus interested, it is our understanding that they wish to make available to the United Kingdom as much uranium as they can and, when the time comes for practical arrangements to deal with non-C.D.A. uranium supplies from Australia, the Australian Government will be prepared to consult further with the United Kingdom Government about the possibility of the United Kingdom having an option on uranium supplies as expressed above for purchase at some fair price to be agreed upon. We should be glad if detailed consideration of the necessary practical arrangements could be jointly undertaken whenever the Australian Government feel that this would be convenient to them. We shall accordingly await suggestions as to this from the Australian Government.

6. The United Kingdom Government are confident, in the light of Lord Cherwell’s report, that arrangements can progressively be made, which will be mutually advantageous to our two countries, both in the field of technical cooperation, and in regard to the development and supply of uranium. They believe that, in the foregoing, they have recorded the present stage reached in the discussions on these subjects between the two Governments.
A NATIONAL OCCUPATIONAL HEALTH SCHEME

MEMORANDUM BY THE MINISTER OF LABOUR AND NATIONAL SERVICE

The time has come to promote a National Occupational Health Scheme as a major piece of Government policy. This is desirable in itself, and would, in my opinion, also have political advantages.

2. I am being strongly pressed by the Trades Union Congress (T.U.C.) not only to extend existing measures but also to take steps to co-ordinate what is being done in agriculture, the mines, transport and docks, factories, shops and offices, and to develop a comprehensive scheme. There is no doubt about the strength of the T.U.C.'s feeling that the health of the worker in his place of employment has not received the attention it deserves, and about their intention to press this issue as one on which, they will say, the Government has failed.

3. Proposals for an Occupational Health Service were also discussed at the Labour Party Conference and the Opposition's interest in the extension of these measures was indicated in the debate on the Address.

4. The British Medical Association has recently submitted to me proposals for the development by the Government of a co-ordinated occupational health scheme which follow in many respects the proposals in this paper.

5. At the time of the introduction of the National Health Service, the White Paper of 1944 (Cmd. 6502) made clear that this was only one part of the provision for health—that supervision of industrial conditions with appropriate medical participation was another sphere of great importance intimately bound up with industrial organisation and welfare. It said that a comprehensive health service—

"has to comprehend all kinds of personal health treatment and medical advice. But that does not mean that there should be no other Government or private activity involving the use of the medical expert or having any bearing upon health. There are many specialised and separate forms of undertaking such as the supervision of industrial conditions which may affect health and which may require the medical expert as much as they require the engineering or legal or any other expert, but which cannot simply for that reason be regarded as necessarily part of the personal health service...

From the point of view of industrial organisation, of working conditions in factory, mine and field, there is a continuing and specialised need for enlisting medical skill in ensuring a proper working environment, a proper allocation of types of work to the individual worker's capacity, a proper standard of working hygiene and a general protection of the worker's welfare. The enlistment of medical help for these purposes is part of the complex machinery of industrial organisation and welfare and it belongs to that sphere more than the sphere of the personal doctor and the care of personal health which centres on the individual and his family and his home."

It was envisaged that developments in this sphere would take their proper place in post-war reconstruction, and it is clear that such an occupational service would have to be correlated with the National Health Service.
6. Again the Dale Committee on Industrial Health Services (Cmd. 8170 of 1951) said in paragraph 26: “The industrial health services which make a call on medical man-power are part of the general preventive health service connected with work and work-places. Industrial health services are indeed not wholly medical in character but they are bound up with the carrying out of certain functions largely non-medical at the place of work.”

7. Internationally this subject was dealt with at the 1953 International Labour Conference from which there emerged a Recommendation on the protection of the Health of workers at their places of employment whose scope embraced:

(i) Technical measures, including cleanliness, space, lighting, ventilation, sanitation, washing facilities, clothing, accommodation for meals, reduction of noise, storage of dangerous substances, regulation of hazardous processes, control of dust and fumes, protective clothing.

(ii) Medical examination in occupations involving special risks.

(iii) Notification of occupational disease with a view to prevention and protection, and investigation of working conditions.

(iv) Provision for First Aid and emergency treatment at the place of employment.

8. These pronouncements confirm that provision for occupational health consists of environmental measures to ensure that workers carry on their occupations in physical conditions of sanitation, heat, light, ventilation, atmosphere and cleanliness which are conducive to good health; of protection against risk of disease and poisoning from the nature of materials and processes used; of medical supervision including periodical examination by a doctor experienced in occupational health for young people and those exposed to special risk, to ensure initial and continued fitness for the employment concerned; of limitation of the hours of work of women and young persons, and, finally, of first aid should an accident or injury occur at work.

9. Much is already being done in the field of occupational health under the Factories Acts, Mines and Quarries Acts and other legislation; much remains to be done. The recommendations of the Gowers Report for legislation for shops and offices, agriculture and railways are being worked out. The Dale Committee’s recommendations for the development of industrial health services remain to be implemented; international recommendations await consideration. These responsibilities are spread amongst a number of Departments and need pulling together.

10. I should now like to take a major step forward and place a scheme on the following lines before the National Joint Advisory Council and other interested bodies for their consideration—

(1) The establishment, under my chairmanship, of an Occupational Health Advisory Council to advise Ministers on all aspects of occupational health services and their development.

   This Council would consist of representatives of the British Employers’ Confederation, the nationalised industries, the T.U.C., medical and nursing organisations and Local Health Authorities with representatives of Government Departments in attendance.

(2) The establishment of an Inter-departmental Co-ordinating Committee of the various Government Departments concerned (see Appendix) to—

   (i) co-ordinate Government policy on matters of occupational health;

   (ii) keep under review the progress of legislation in the sphere of occupational health;

   (iii) review from time to time the efficacy of existing legislation and the prospect of further measures in the light of international regulations and agreements, available resources and the evidence as to the need for such development;

   (iv) arrange as may be desirable for Regional or Local surveys experiments or other developments which cover the needs of more than one Department.

11. Among the immediate matters on which early action should be taken are:

(i) The intensification of present environmental measures to secure improvement in health in places of work.
(ii) The pressing forward with the necessary consultations in connection with the recommendations in the Gowers Report relating to shops and offices, agriculture and railways.

(iii) The stimulation of the voluntary provision of occupational health services by employers in industrial and non-industrial occupations as recommended by the Dale Committee, and with this in view, the carrying out of surveys to determine the kind of work places and the particular work places which, by reason of the existing conditions, are most in need of a works' doctor and/or nurses either full time or part time; also the carrying out of experiments with a view to evolving a satisfactory group service to provide medical supervision for small work places within a localised area.

12. The cost of the main proposal for an occupational health scheme would be limited to the small additional administrative costs of the co-ordination work and the servicing of the two Committees proposed. Other costs would depend upon decisions of policy to be made as to progress under the various items listed as of current concern, though it would be necessary to recognise that there would be a certain impulse towards quicker progress.

13. I ask for authority to proceed with what I believe will be regarded as a signal advance in our social services.

W. M.

Ministry of Labour and National Service, S.W.1.
7th January, 1954.

APPENDIX

Government Departments to be Represented on the Interdepartmental Co-ordinating Committee Proposed in Paragraph 10

Ministry of Labour (in the Chair).
Ministry of Agriculture.
Department of Agriculture for Scotland.
Ministry of Fuel and Power.
Ministry of Health.
Home Office.
Ministry of Housing and Local Government.
Lord President's Office.
Ministry of Pensions and National Insurance.
Scottish Department of Health.
Scottish Home Department.
Ministry of Transport.
MIDDLE EAST DEFENCE

Memorandum by the Chiefs of Staff

We have been invited to comment on the military aspects of the proposals contained in the memorandum on Middle East policy, by the Secretary of State for Foreign Affairs.

Importance of securing agreement with the Egyptians

2. We are convinced that, wherever we re-deploy our Middle East forces, a base in the Canal Zone - with double entry from the Mediterranean and Red Sea - will be not only of great value, but indeed essential for the support of our own and Allied forces in the Middle East in war. We could only maintain our forces there through an alternative base or bases in the Eastern Mediterranean so long as Turkey and the Straits were held. If the first phase of the war should go badly for us, our sea communications through the Mediterranean may well become so precarious as to be useless for this purpose. Such bases would not therefore be a satisfactory alternative to the base in the Canal Zone.

3. Our ability to develop the defences of the Middle East in peace, to ensure its defence in war, and to maintain our air communications will depend on our being able to get facilities and co-operation in Iraq, Libya and Jordan. We believe that failure to secure an agreement with Egypt will seriously affect our relations with these countries, and, in particular, will prejudice our ability to obtain Iraqi agreement to the use of their airfields and to pre-stocking equipment and ammunition in that country.

Military implications of failure to secure agreement

Re-deployment

4. We intend, in any case, to reduce the Middle East garrison to one armoured division and 8 R.A.F. squadrons and to re-deploy them as shown in the Appendix. If the Canal Zone base is not available, we shall need to pre-stock elsewhere war equipment and sufficient war reserves to enable our forces to fight in the opening phase of war. We shall need also to develop a port in the Eastern Mediterranean, and a small advanced base.

5. We agree with the Foreign Secretary that we cannot base our Middle East defence policy mainly on co-operation with Israel. We might, however, obtain from Israeli facilities for oil storage and the repair of heavy equipment.
6. The Foreign Secretary has suggested that we might follow up the Turkish suggestion for pre-stocking equipment at Mardin and the "outer ring" strategy. We would emphasise that the "outer ring" strategy is only practicable if we succeed in developing the Iraqi forces, are able to deploy and maintain our own forces in support of them, and are assured of a sufficiency of air forces. Present resources are not sufficient for this strategy. We agree, however, that the Turkish suggestion should be further examined as a partial solution of our problems in case we should be denied the use of the Canal and the Canal Zone Base. We should require port facilities at Alexandretta and a line of communication forward to Mardin.

**Naval Implications**

7. The loss of the combined facilities of Alexandria, Port Said and Suez would, in war, seriously limit naval operations in the Eastern Mediterranean.

**Air Communications**

8. The loss of military air transit facilities in Egypt would seriously affect our air communications with East Africa and the Far East. If, in addition, the other Arab States denied us staging and overflying rights, these communications would be completely disrupted. Egypt is at present agreeable to granting these rights, but if they were to be withdrawn owing to failure to reach an agreement there is a grave risk that the other Middle East States would follow suit.

**Military Aspects of alternative courses proposed by the Foreign Secretary**

**Course (a): To stay on indefinitely in the Canal Zone**

9. If this course was adopted, we could expect Egyptian opposition to become increasingly more violent. We should probably have to send reinforcements to the Canal Zone; and, unless British civilians were evacuated from the Delta, we might ultimately be forced to carry out Operation Rodeo.

**Course (b): To withdraw in our own time, completing the operation by December 1956**

**Course (c): To begin to wind up the Base, whilst submitting the continuation of the 1936 Treaty to arbitration**

10. If we have to wind up the Base, it is important to get Egyptian co-operation. If we have to face Egyptian non-co-operation and increased terrorist activity, we can do little more than re-deploy the combatant troops and their unit equipment; we might have to abandon the bulk of the stores. We believe that withdrawal in these conditions would be regarded as a victory for Egypt and would prejudice our chances of obtaining satisfactory agreements with the other Arab states. With Egyptian co-operation, our withdrawal could be carried out smoothly and more economically. If we failed to obtain an agreement and are forced to wind up the Base, whichever course would be more likely to secure Egyptian co-operation would seem to be preferable from the military point of view.
Conclusion

11. We believe that failure to secure an agreement with Egypt would have the most serious effects on our whole strategic position in the Middle East and would in particular prejudice our ability to obtain the facilities we require in the Arab countries which are essential to our re-deployment and defence plans.

12. Geographically there is no site in the Middle East suitable as an alternative to the Canal Zone for the establishment of a main base to support our own and Allied forces in war. We have always realised that an agreement with the Egyptians on the terms now proposed would have serious military disadvantages. But we consider it so important from the general strategic point of view to reach an agreement that we are prepared to accept these disadvantages. If it would tip the scales in favour of an agreement, we would be prepared even to go further on the question of uniform; and, in the last resort, to accept that our troops should wear a special uniform, provided that it was clearly Her Majesty’s uniform, and that officers, Warrant Officers and N.C.O.'s carried badges of rank and that all were allowed to carry personal weapons.

(Signed) R. McGrigor
J. Harding
W.J. Dickson

Ministry of Defence, S.W.1.,

8TH JANUARY, 1954.
APPENDIX

A. Proposed Deployment of the Middle East Armoured Division

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Libya</td>
<td>Armoured Brigade Group less one armoured regiment</td>
</tr>
<tr>
<td>Jordan</td>
<td>One armoured squadron possibly built up subsequently to one armoured regiment</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Headquarters Armoured Division Infantry Brigade Group Certain Divisional Troops</td>
</tr>
</tbody>
</table>

B. Proposed Deployment of the Middle East Air Force

<table>
<thead>
<tr>
<th>Location</th>
<th>Aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Habbaniya</td>
<td>3 Day Fighter/Ground Attack Squadrons</td>
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<tr>
<td>Jordan</td>
<td>1 Day Fighter/Ground Attack Squadron</td>
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<td>Cyprus</td>
<td>1 Fighter Reconnaissance Squadron 2 Medium-Range Transport Squadrons</td>
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<td>Aden</td>
<td>1 Day Fighter/Ground Attack Squadron</td>
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11TH JANUARY, 1954

CABINET

THE PROBLEM OF SECURITY IN EUROPE

Memorandum by the Secretary of State for Foreign Affairs

General Considerations

This will be one of the main subjects raised by the Russians in the general setting of preventing the revival of German militarism. The three Western Governments have given much thought to the problem since the Prime Minister's speech of 11th May and are prepared to discuss it in a general way but without entering into detailed negotiation until the Russians show themselves ready to discuss seriously the problems of German reunification. The course proposed below was generally agreed at the Bermuda meeting in December.

2. The Russians have built up a most effective security system of their own in Eastern Europe. Their basic objective now is the withdrawal of the U.S.A. from Europe. Their position has therefore been (i) that the German settlement should lead to the withdrawal of Western armed forces, and particularly American forces, from Germany; (ii) that all foreign bases should be eliminated; and (iii) that the European Defence Community (E.D.C.) and the North Atlantic Treaty Organisation (N.A.T.O.) should be abandoned. The Russians are likely to pose as the champions of 'Europe for the Europeans', including themselves but not the Americans.

3. Despite the N.A.T.O., the Western Powers have not yet completed an equally effective security system of their own. It must be completed by associating Western Germany in the common effort and so denying the potential resources of a reunited Germany to the Soviet Union and preventing a reunited Germany from playing off the Western Powers against the Russians or vice versa. We realise however that the completion of our own security system might disturb the Russians and we are therefore ready to consider further assurances which could be given to the U.S.S.R. These would be additional to the existing assurances (a) in the United Nations Charter, (b) in the essentially defensive character of the N.A.T.O. and the E.D.C., and (c) in the Anglo-Soviet and Franco-Soviet Treaties.

4. Discussions with the Russians on the basis of a new pact of mutual assistance or of non-aggression might arouse false hopes in the West. They would give the Russians the opportunity to put forward unacceptable counter-proposals and thus to drag out and confuse the negotiations. In present circumstances therefore the best and safest course of action would be a unilateral declaration at the proper time defining the general policy we intend to pursue.
Proposed Declaration

5. We have sought to make this as far reaching as possible and to leave no doubt of the sincerity of our intentions. We have in mind a declaration by the German Federal Government (Annex A) together with a Declaration by the Governments of the United States, United Kingdom and France, endorsing that of the German Government (Annex B). Dr. Adenauer has stated that he is prepared to make a Declaration in the terms suggested and has no objection to the Draft Declaration to be made by the three Governments. The only outstanding issue is the reluctance of the Americans to go as far as we and the French consider desirable in Section (2) of the last paragraph of the tripartite Declaration.

Tactics

6. The use to be made of the proposed Declaration must depend on the course of the Berlin meeting. The advantage of a Declaration in this form is that no negotiation is required. It can be used independently of Soviet reactions, either at Berlin or at a later stage. While we must make our general position clear at Berlin, i.e., that we intend to complete our own security system but on a purely defensive basis, we should avoid getting too deeply involved in the security question at the start of the conference. We should only reveal our position in more detail if the Russian attitude shows that they are genuinely prepared for a German settlement on acceptable terms.

7. If the Russians propose a formal pact we should point out that this could only follow on a German settlement which had defined Germany's eastern frontiers. We should resist any Soviet proposal for the demilitarisation of Germany, since this would leave a vacuum in Central Europe and would involve the withdrawal of Allied forces from Germany and the abandonment of the E.D.C. and the N.A.T.O. We should equally resist any proposals for partial demilitarisation, e.g., the withdrawal of Soviet troops behind the Oder-Neisse line and of Anglo-American troops behind the Rhine, or for limitation of forces in Germany, as these would not solve any of our basic political problems and would have grave military disadvantages for the West. If the Russians propose quadripartite control of German re-armament, we could point out that past experience shows that an imposed control system is unlikely to be effective. A solution could only be sought in the context of a broader agreement on the limitation and reduction of armaments. Meanwhile, the E.D.C. provides the most acceptable safeguard. In general we should avoid allowing ourselves to be put on the defensive. If the Russians make their usual accusations against the N.A.T.O. and the E.D.C., we should point to the network of alliances imposed by Russia on the Satellites and to the rearming of Eastern Europe, including Eastern Germany.

A.E.

Foreign Office, S.W.1.,

10TH JANUARY, 1954.
ANNEX A

DECLARATION BY THE GERMAN FEDERAL GOVERNMENT

The German Federal Republic undertakes to accept the obligations of the Charter of the United Nations and in particular of Article 2 thereof;

Considering that the provisions of the Treaty establishing the European Defence Community relating to the integration of forces and pooling of resources and armaments of the member States on the European continent preclude any individual armed action in Europe on the part of these States;

Undertakes to refrain from any action likely to revise or impair either these provisions or the strictly defensive character of the European Defence Community of which the forces cannot be employed except against an armed attack;

Undertakes in consequence in no case to have recourse to force and to resolve by peaceful means any disputes which may arise between the Federal Republic and other States.

ANNEX B

DECLARATION BY THE GOVERNMENTS OF THE UNITED STATES, UNITED KINGDOM AND FRANCE

The Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the French Republic,

Being resolved to devote their efforts to the strengthening of peace in accordance with the Charter of the United Nations and in particular with the obligations set forth in Article 2 of the Charter

(i) to settle their international disputes by peaceful means in such a manner that international peace and security and justice are not endangered;

(ii) to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State or in any other manner inconsistent with the purposes of the United Nations;

(iii) to give the United Nations every assistance in any action it takes in accordance with the Charter, and to refrain from giving assistance to any State against which the United Nations may take preventive or enforcement action;

(iv) to ensure that States which are not Members of the United Nations act in accordance with the principles of the Charter so far as may be necessary for the maintenance of international peace and security;
Having regard to the purely defensive character of the Atlantic Alliance which is manifest in the North Atlantic Treaty, wherein they reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all Governments, and undertake to settle their international disputes by peaceful means in accordance with the principles of the Charter and to refrain, in accordance with those principles, from the threat or use of force in their international relations;

Considering also that the very structure of the European Defence Community provides assurances that its forces cannot be used for purposes of aggression, and that the provisions of the Treaty establishing the Community, which relate to the integration of forces and the pooling of resources and armaments of the member States on the European continent, preclude any individual armed action in Europe on the part of these States;

TAKE NOTE that the Federal Republic of Germany has, under Article 3(l) of the Convention on Relations between the three Powers and the Federal Republic signed at Bonn on May 26, 1952, agreed to conduct her policy in accordance with the principles set forth in the Charter of the United Nations and by a declaration dated has undertaken in no case to have recourse to force contrary to those principles, but to resolve by peaceful means any disputes which may arise between her and other States;

DECLARE THAT

(1) in their relations with the Federal Republic they will follow the principles set out in Article 2 of the United Nations Charter;

[United States version -

(2) they will regard any recourse to force in violation of the undertakings noted above as a threat to the integrity and unity of the European Defence Community, and consequently to their own security. They will therefore act in accordance with Article 4 of the North Atlantic Treaty in particular with respect to withholding support from the Government concerned; and, to the extent that they consider necessary to this end, will regard themselves as released from their commitments to it.]

[United Kingdom-French version -

(2) they will regard any recourse to force in violation of the undertaking noted above as a threat to their own security. Any Government having recourse to force in this manner, in violation of the undertakings under the E.D.C. Treaty, will be deprived by the three Governments of any form of military support and aid; and they will regard themselves, to the extent that they consider necessary to this end, as released from their commitments to that Government. Finally, they will act in accordance with Article 4 of the North Atlantic Treaty with a view to taking any other measures which they may deem appropriate.]

(3) will act similarly in case a unified Germany should have recourse to force to modify the frontiers settled by the treaty of peace;

(4) they will use their best efforts to obtain the association of the other member States of the North Atlantic Treaty Organisation with this declaration.
LEGAL POSITION REGARDING THE ANGLO-EGYPTIAN TREATY OF 1936

Present Position

Egypt's purported repudiation of the Treaty in 1951, on the ground that it was negotiated under duress, gave us the right to terminate the Treaty; we elected not to exercise that right and consequently the Treaty, which contains no provision for unilateral denunciation, remains in full force.

2. It follows that if Egypt seeks to rely on the provisions of the Treaty, Her Majesty's Government cannot refuse to comply with its terms on the ground that it has been repudiated by Egypt.

3. The numbers of Her Majesty's land forces are by the Annex to Article 8 of the Treaty limited to 10,000, and of the air forces to 400 pilots, together with the necessary ancillary personnel for administrative and technical duties. The present numbers very largely exceed those limits and are in the region of 80,000.

The retention in the Zone of forces such as these can be justified, if at all, only on the ground that their presence is necessary to preserve our rights under the Treaty. There is grave doubt whether before any International Court or body we should succeed in this plea.
4. The Treaty contains no provision for negotiations for revision before 1956 except by mutual consent. While Her Majesty's Government are not therefore under any obligation to enter into negotiations for the revision of the Treaty before 1956, there is nothing to prevent our doing so and nothing to prevent Egypt from requesting that we should negotiate before then.

Position in 1956

5. The Treaty does not come to an end in 1956. After the expiration of twenty years, i.e., after 26th August, 1956, the high contracting parties are bound at the request of either of them to enter into negotiations "with a view to such revision of its terms by agreement between them as may be appropriate in the circumstances as they then exist".

If no such request is made and no revision takes place, the Treaty continues in force in its present form.

6. Egypt could now or at any time ask us to enter into negotiations for a new treaty but they could not in 1956 request a revision of the present Treaty without recognising its continued existence and admitting that it was not terminated by their unilateral denunciation.

In view of the loss of face that such a request would involve, it is almost certain that Egypt will continue to maintain that the Treaty is at an end and to demand our withdrawal from the Zone.

The Treaty provides that in the event of agreement upon revision not being reached, or if the parties are unable to agree upon "the question whether the presence of British forces is no longer necessary owing to the fact that the Egyptian Army is in a position to ensure by its own resources the liberty and entire security of navigation of the Canal", the matter shall be submitted to the Council of the League of Nations or to such other arbitral body as the parties may agree upon.

It would be difficult for Egypt to request arbitration upon these matters without recognising the continued existence of the Treaty.

Legally there is no automatic devolution of the functions of the Council of the former League to the Security Council of the United Nations, but we could not well oppose the suggestion that the latter body should arbitrate.

7. In the unlikely event of Egypt invoking the Treaty and requesting arbitration either as to the revision of the Treaty or as to the presence of British troops being no longer necessary or both, we could contend that as Article 16 does not provide for termination but only for revision, it is not open to the arbitral body to decide that the Treaty should be terminated.

If Egypt asserted that the presence of British troops was no longer necessary the onus would be on her to establish the fact. The arbitral body might not be very ready to find that the presence of British troops on Egyptian soil against the will of Egypt was necessary for the purposes specified, particularly if it was proved that Egypt possessed an
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army of some size reasonably well equipped with modern arms. We might then have difficulty in advancing and establishing the argument that the reason why British troops were still necessary was the lack of fighting quality of Egyptian troops.

9. If Egypt, maintaining that the Treaty was at an end and consequently that we had no right to remain in Egypt, referred the matter, without invoking the Treaty, to the Security Council as a matter affecting peace and security or as "a situation which might lead to international friction" (Article 34 of the Charter), the question whether the Treaty was still in force would have to be determined and the question whether we had complied with its provisions might also have to be decided. Egypt may allege that when the aftermath of war was over and before our rights under the Treaty were threatened, we still kept in the Zone troops in excess of the agreed numbers and that it was this breach on our part that led to their repudiation and threats. They may further contend that we cannot now justify the retention of numbers in excess of those agreed on account of their repudiation and threats since their conduct was a consequence of our breach. We have dealt with the question in paragraph 3 above.

We might secure that these questions were referred by the Security Council to the International Court for decision; but if the Security Council did not take this course and treated the matter as a dispute, we should lose our vote and consequently our veto under Article 27 (3) of the Charter as regards any conclusion arrived at by the Council. We should retain our veto as regards any further action by the Council directed towards enforcing its conclusion, but would not be able to avoid the conclusion itself as an expression of the Council's view. This view is likely to be strongly influenced by the considerations set out in the second part of paragraph 8 above.
MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

On 7th January my colleagues approved the policy recommended in my memorandum C. (54) 3 (C.C. (54) 1st Conclusions, Minute 5).

2. The following day I saw Sir William Fraser, Chairman of the Anglo-Iranian Oil Company. Our conversation is recorded in the annex.

3. I should be grateful if my colleagues would study it before the Cabinet meeting to-morrow when I shall make a further report on the position.

4. It will be seen from the annex that I deferred to Sir W. Fraser's suggestion that as a first step Mr. Wright, Her Majesty's Chargé d'Affaires at Tehran, should be asked his opinion of the expediency of asking the Persian Government to agree that two or three representatives of the Company should go to Tehran for a few days in order to form their own judgment. Mr. Wright has replied that he thinks it most undesirable from all points of view that he should put such a request to the Persian Government.

5. Officials will to-day be considering the possibility of getting the basis for negotiations clearer with the Persians before we go further towards forming a consortium. I shall hope to have some recommendations to make to my colleagues on this point to-morrow.

A. E.
Sir William Fraser, the Chairman of the Anglo-Iranian Oil Company, came to see me to-day. Mr. Neville Gass, a Director of the Company, and Sir Pierson Dixon were also present. Sir W. Fraser earlier in the week had asked to see me. Subsequently the meeting was put off owing to his indisposition. It was at my request that he came to-day, since I was anxious to consult him about the conclusions reached by myself and my colleagues in regard to future steps in the Persian oil question.

2. I gave your telegrams Nos. 15 and 18 to Sir W. Fraser and Mr. Gass to read. After reading them, Sir William said that he noted your view that our next move should be to inform the Persian Government as quickly as possible that we are prepared to forgo insistence on 100 per cent, return of A.I.O.C. and are ready to participate in a consortium provided that A.I.O.C. have a major part in it. It would be a very serious step to abandon the full claim of A.I.O.C. The step was serious not only for the Company but also for Her Majesty's Government. You had only been in Tehran a very short time. Was it not premature to come to the conclusion that there was no hope of A.I.O.C. getting back? Ought we not to take more time and make more investigation before coming to so serious a conclusion?

3. Sir W. Fraser went on to propose that, as a next step, the Persian Government should be asked whether they would agree that representatives of the Company should go out to Tehran to form their own judgment on the possibilities of A.I.O.C. returning and the prospects for the forming of an international consortium if this did not seem possible.

4. I agreed that it would be a serious step both for the Government and for the company to abandon the claim of A.I.O.C. to go back 100 per cent. to Persia. From a prestige point of view the latter would of course be ideal. I wondered whether, however, from a practical point of view it was so desirable. Did the company really want to go back into Persia alone? Would it not suit them better to share the responsibility with other major oil companies having interests in the Middle East provided that they could obtain a 50 per cent. share and adequate compensation? The Cabinet, with whom I had had a preliminary discussion yesterday, felt that an arrangement on these lines would be politically acceptable on the assumption that it would be impracticable for A.I.O.C. to return 100 per cent.

5. Sir W. Fraser said that he was prepared to admit to me privately, though he begged that this should go no further, that he would prefer an arrangement such as I had described. The question, however, was how we could best attain it. If we threw away our cards too quickly we was afraid that we should not get there. He was confident that his American oil colleagues would agree that A.I.O.C. participation in a consortium should be 50 per cent. or something near it. He did not feel the same confidence with regard to the State Department or even Mr. Hoover. He anticipated great pressure from that quarter. Then there was the question of our negotiating position with the Persians. At present, he thought, this was unsatisfactory. There was no basis of agreement on the essentials for a consortium. The oil companies would certainly insist on effective management of production: your conversations with Persian Ministers indicated, however, that the Persians were far from conceding this. Further, and this was the point which worried Sir William most, the whole negotiation, as things stood at the moment, would proceed from the assumption that the A.I.O.C. were “bad boys.” All these considerations led him to consider that more time should be spent on educating the Persians and trying to prepare a more satisfactory basis for a possible consortium. It was with this in view that he was anxious that, as a next step, representatives of the company should visit Tehran.

6. I said that I saw the value of Sir William's proposal. But everything we had heard from you, and earlier from Mr. Henderson, indicated that, however unjustly, the A.I.O.C. was still very unpopular in Persia. Dr. Musaddiq and his ideas still had a powerful following, and the Shah was only too prone to pay attention to them. The Persian Government, who were not popular in the country,
would in my view certainly refuse to accept a mission from A.I.O.C. for fear of its effect on the internal situation. Even to put the proposal to them might be a mistake, since they might well interpret it as a change of policy on our part, and if they refused the request great damage might be done, not only to Anglo-Persian relations, but to the prospects for an oil settlement. Sir W. Fraser agreed that it would be a mistake to court a rebuff. The chief point was that the Persians should accept in advance that it was the A.I.O.C. who would take the initiative with the other companies in forming the consortium. It was also desirable to know in advance that the Persians would agree to A.I.O.C. taking a prominent part in the negotiations for a consortium.

7. I told Sir W. Fraser that I saw this point and was inclined to agree that we should be well advised to get the basis for the negotiations clearer. We might perhaps, in addition to the points mentioned by Sir William, try to get prior Persian agreement to the A.I.O.C. share being 50 per cent., though this was largely a matter of tactics, and it might be better to confine ourselves to getting Persian agreement to the A.I.O.C. having a major share. Another point on which, of course, it would be useful to obtain prior Persian agreement would be to a survey of Abadan.

8. I suggested that you might be asked for your opinion on the likelihood of the Persian Government agreeing to representatives of the Company visiting Tehran, and failing that, whether it would be possible to bring the Persians to agree to something on the following lines: supposing that we were willing to work for a consortium, do the Persians accept that A.I.O.C. will take the initiative in forming such a consortium and would they be willing to negotiate with the consortium? You could also be asked your opinion on the possibility of obtaining prior Persian agreement to the further range of questions which we had discussed.

9. Sir W. Fraser agreed with my suggestion, although he would prefer to ask you the first question (about a visit to Tehran by representatives of the A.I.O.C.) before putting the second to you. I accepted this and said that I would despatch an immediate telegram to you on the first question. We agreed that as soon as your reply was received, the Foreign Office and the other Departments concerned would consider it in consultation with the A.I.O.C. and, if it proved negative, would consult on the drafting of the second question.

10. In conclusion, I said that it seemed to me that it would be desirable at an early stage for the Company to resume their conversations with the other oil companies. Sir W. Fraser agreed, though he seemed to think that it would not be possible at the moment to make any advance arrangements.
11TH JANUARY, 1954.

CABINET

PROSPECTS FOR THE BERLIN MEETING

Memorandum by the Secretary of State for Foreign Affairs

General Background

My colleagues will wish to know how I view the prospects for the meeting of the four Foreign Ministers in Berlin on 25th January. There has been careful consultation and preparation between the three Western Governments and also with the German Federal Government and the Austrian Government. This has revealed basic agreement on policy and tactics.

2. Soviet and Western policies on Germany, the North Atlantic Treaty Organisation (N.A.T.O.) and the European Defence Community (E.D.C.) were analysed by the Lord President of the Council in C. (53) 187 which my colleagues considered before the Washington Talks (C.C. (53) 39th Conclusions, Minute 2) and with which I am in full agreement. This paper brought out the grave dangers of any solution of the German problem based on neutralisation. There is no reason to suppose that Soviet policy has altered since in any important respect.

Soviet objectives in Europe

3. For the Soviet Government, the principal obstacle to their plans in Europe is the presence of American troops and American influence on the Continent. The military and political strength of the United States in Europe will be consolidated if Germany is drawn into the Western system and raises forces to assist in Western defence. Soviet policy in Europe thus has two main purposes:

(i) To obtain American withdrawal from Europe, thus fatally weakening the Western alliance;

(ii) to prevent the resurgence of a strong united Germany integrated with the West.

Western objectives in Europe

4. The most important requirement for the Western Powers, on the other hand, is to reach agreement on the reunification of Germany as a free, democratic State looking towards the West and able and willing to associate itself with the West in the E.D.C., etc. When we originally
proposed a meeting of Foreign Ministers at the time of the Washington Talks, it was our intention that the E.D.C. would be in existence before the opening of any conference. Our task would then have been to reach satisfactory arrangements with the Russians in the light of this fait accompli. But the hesitations of the French Parliament, which may be partly ascribed to the Soviet Union's less intransigent international behaviour, have prevented this.

**Handling of the German problem at Berlin**

5. The main positive Western objectives in Berlin will be to make progress towards a German Peace Treaty and to conclude the Austrian Treaty. An important negative objective will be to ensure that French ratification of the E.D.C. treaty is not further delayed by the Berlin Conference. We must avoid creating the impression that we (and more particularly the Americans) are in such a hurry to get on with the E.D.C. that we are not aiming at serious negotiation on Germany and Austria. We must therefore establish the position that we, unlike the Russians, have a practical plan for German reunification, which would produce a representative all-German Government with which alone a peace treaty can be negotiated. This must be based on free, all-German elections as the essential first step.

6. We should then be able to counter the Soviet thesis that a peace treaty should be negotiated without delay but with an unrepresentative Provisional all-German Government selected from the existing Federal Government and the discredited Soviet Zone régime. The subsequent organisation of elections would be left entirely to these two groups of Germans, without any outside supervision. This Soviet approach is designed (a) to build up the waning prestige of its puppets in the Soviet Zone and (b) to create an unrepresentative all-German Government, including Soviet Zone Communists, which would be prevented from aligning Germany with the West and would be under increasingly strong Russian influence. The Western approach has the support of all the major political parties in the Federal Republic and in Berlin, who regard the Soviet alternative as completely unacceptable.

7. We must also resist any Soviet proposals aiming at German neutralisation or at a return to four-Power control of Germany. In short, we must adhere firmly to the principles (i) that an all-German Government with which we can negotiate a peace treaty can only emerge from free elections, and (ii) that this all-German Government must be able to choose its own international associations provided that they are not inconsistent with the United Nations Charter. This policy is in line with that pursued by the three Western Governments at the last four-Power Ministerial meeting with the Soviet Government in 1949 and with the provisions of the Bonn Conventions, which I signed in 1952. On these principles there can be no compromise.

**Tactics**

(i) **Introductory**

9. At the outset, and if possible before the probable wrangle on the agenda has begun, the Western Powers propose to take the initiative by giving in broad outline their views on Germany, Austria and the problem of security, and so leading up to our practical proposals. The Russians, whose tactics are likely to be to divert us from realistic
consideration of the German and Austrian problems, would presumably set out their thoughts on five-Power talks, causes of international tension, the N.A.T.O., the E.D.C. and United States bases, European security (including German rearmament), and possibly also atomic questions and disarmament. We are committed to listening to the Russians on such topics, but not to negotiating upon them at Berlin. Our first problem will therefore be to avoid spending too much time on these issues in the main Conference and to bring the more detailed discussions to Germany and Austrian and European Security in the context of a German settlement.

(ii) Germany

Our general approach has been described in paragraph 5 above. The Western Powers have prepared, in agreement with the Federal Government, practical proposals for the organisation of free all-German elections and for the establishment first of an all-German National Assembly and then of an all-German Government. We believe that a minimum of effective precautions, e.g. four-Power preparation and promulgation of an electoral law, guarantees of freedom of movement for candidates, voters and press, and above all supervision of the voting and counting of votes by reliable commissions, preferably including neutral representatives, should enable the East Zone population to register their votes freely. The formation of the all-German Government and, above all, the phased-out of the existing Federal Government and the East Zone regime raise greater difficulties, since we wish to avoid a period during which there is no responsible German authority capable of undertaking the international rights and obligations of the existing Federal Government, e.g. membership of the Council of Europe, the Coal and Steel Community and possibly of the E.D.C., and the execution of the Bonn Conventions and of the German Debts Agreements. Our general idea is that, while certain minimum four-Power controls must be retained until the Peace Treaty, e.g. in respect of the security of the forces in Germany, the timing of this transfer of powers and of German participation in peace treaty negotiations must be left mainly to the future all-German National Assembly.

(iii) The Problem of Security in Europe

If we are to convince the world that we are not making German reunification dependent upon conditions obviously unacceptable to the Russians, we must make it clear that the all-German Government which results from free elections must be free to decide its own international relationships consistent with the United Nations Charter. We must show that we are not trying to make the adherence of a united Germany to the E.D.C., an absolute condition of our plans for German reunification. Mr. Dulles and Dr. Adenauer, and perhaps M. Bidault, may be a little hesitant on this. But we should only be following the terms of the Bonn Conventions themselves, to which all four Governments are committed.

While we must make a further attempt to convince the Russians of our peaceful intentions and of our desire to achieve a European settlement acceptable to all, we cannot allow the basic principles of our own security to be called into question. We shall however be ready to consider what further assurances we can give to the Soviet Union in respect of its own security. If the atmosphere is favourable we can develop the general ideas set out in the paper on the problem of security in Europe (C. (54) 10).
(iv) Austria

12. We shall press for early discussion of the Austrian question by the Foreign Ministers with a view to the early conclusion of the long overdue Treaty. We shall refuse to admit that this should be dependent upon progress towards a German Peace Treaty. The Russians, however, who want a quid pro quo in Germany for concessions in Austria, may continue to argue that this should be discussed through diplomatic channels.

(v) Five-Power Conference

13. The Russians will press this issue. It is not suitable for discussion in Berlin. The best and, given the realities of the American position, the only practical way to bring about such a meeting in the near future is through the proposed Political Conference on Korea. Our own position, and that of the French, is more flexible than that of the Americans, but we must maintain a united front on the above basis. How we handle this issue in detail at Berlin must depend upon developments at Panmunjom between now and then. It seems that the Communists are preventing progress in order to help the Russian hand at Berlin.

(vi) Possibilities of Breakdown

14. It should be clear after two to three weeks whether any progress is possible or whether the Russians are only playing for time in order to hold up the E.D.C. and the entry into force of the Bonn Conventions. If a break is inevitable, it should be on the basic issue of free elections in Germany and the formation of a free all-German Government. The Russians would no doubt prefer it to be on the issue of German rearmament or even American bases. It is impossible to lay down at this stage how this difficult problem is to be handled. In particular, we must avoid any impression that the breakdown is caused by American hustling or that we have come to the meeting only to get over an awkward hurdle in the way of the E.D.C. This would be disastrous to E.D.C. prospects in France.

Conclusions

15. This analysis may seem rather sombre. But I do not wish to leave my colleagues under any misapprehension over the difficulties and dangers of this meeting, desirable though it is as a contribution to the reduction in world tension and to a less abnormal relationship with the Soviet Union. Even if we do not succeed in our immediate objectives, we should be able to give and receive some assurance regarding our own and Soviet intentions, and it is probably in the Soviet as well as in the Western interest to maintain contact and to avoid any aggravation of the cold war after Berlin. But this must not be allowed to prevent the West from completing its own security system rapidly through the ratification of the Bonn and E.D.C. Treaties. Above all Western unity must survive the Conference unimpaired.

A.E.

Foreign Office, S.W.1,
11th January, 1954.
ANGLO-EGYPTIAN NEGOTIATIONS—AMERICAN REQUEST FOR TEXT

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

Mr. Dulles has asked for a draft text of the Heads of Agreement which sets forth our proposals on the items which have not been agreed. He already knows the substance of our proposals. Her Majesty's Ambassador at Washington thinks that this request may imply that if the Americans are now given such a paper they may be inclined to press the Egyptians to accept it without further argument.

2. Our delegation in Cairo prepared a text before the meeting of 21st October. I attach at Appendix A this text in its completed form as given in Foreign Office telegram No. 128 to Washington, together with two annexes concerning the organisation of the base and air facilities as given in Foreign Office telegrams No. 129 and 130 to Washington.

3. I propose that these texts should be shown to Mr. Dulles and that it should be made clear that Her Majesty's Government stand firm on their offer of 21st October.

4. I do not propose to incorporate any of the amendments suggested in Cairo telegrams Nos. 36 and 37 (Appendix B) for reasons which I will give my colleagues orally.

A. E.

Foreign Office, S.W. 1,
11th January, 1954.
APPENDIX A

From Foreign Office to Washington

(No. 128)
January 9, 1954

Text of Draft Minute on Heads of Agreement

It is agreed between the Egyptian and British delegations that with a view to establishing Anglo-Egyptian relations on a new basis of mutual understanding and firm friendship and taking account of their obligations under the United Nations Charter and of their common concern for the security of the Middle East, an agreement regarding the future of the Suez Canal Zone base should now be drafted on the following lines.

2. The agreement will last for 7 years from the date of its entry into force.

3. The Canal Zone base and its contents will be maintained in efficient working order as a working base to supply and maintain in peace the forces supported by Her Majesty's Government in the Middle East and to be capable of immediate use in accordance with the following paragraph.

4. In the event of—
   (a) an attack by an outside Power on Egypt;
   or
   (b) an attack by an outside Power on any country which is a party to the Arab Mutual Security Pact;
   or
   (c) a recommendation by the United Nations that the base should be made available in the event of a threat to the peace, a breach of the peace or act of aggression;

Egypt will afford to the United Kingdom all such facilities as may be necessary to place the base on a war footing and operate it efficiently. These facilities will include the use within the limits strictly indispensable for the above-mentioned purposes of the Egyptian ports by British forces.

In the event of a threat of an attack on any members of the Arab Mutual Security Pact, Iran or Turkey, there shall be immediate consultation between the United Kingdom and Egypt.

5. The organisation of the base will be in accordance with Annex 1 attached.

6. The United Kingdom will be accorded full rights to move any British material in or out of the base to any point and at any time at its discretion. There will be no major increase above the level of supplies existing at the time the agreement is signed without the consent of the Egyptian Government.

7. Subject to the above arrangements, Her Majesty's forces will be withdrawn from Egyptian territory within a period of 15 months from the entry of this agreement into force.

8. After the period of 15 months mentioned in paragraph 7 above, there will be 4,000 British technicians for the remainder of the first 4½ years of the agreement for the maintenance and running of the base.

9. During the next 18 months the number of technicians shall gradually be reduced to 2,500. Thereafter their numbers should not fall below one thousand during the period covered by the agreement.

10. Outside the base area and when off duty within it, British personnel will wear civilian clothes. When on duty in the base installations or in transit between them they will normally wear working dress. However, the Egyptian Government accepts in principle that they may wear Service uniform and that they will do so when so directed. They may carry a weapon for their personal protection.
11. The parties will consult together at the end of the period specified for the duration of the agreement to decide what arrangements are necessary to provide for the continued maintenance of the base thereafter.

12. The agreement will recognise that the Suez Maritime Canal is an integral part of Egypt and a waterway economically, commercially and strategically of international importance and will express the determination of both parties to uphold the 1888 Convention guaranteeing the freedom of navigation of the Canal.

13. Air matters are dealt with in Annex 2 attached.

14. There will be many questions of detail to be covered in the drafting of the agreement, including the defence of the base, the storage of oil, the financial arrangements necessary, the status of the British personnel and their dependents, and other detailed matters of importance to both sides. These will be settled by friendly agreement in negotiations which will begin forthwith.

From Foreign Office to Washington

(No. 129)
January 9, 1954

Draft Text of Annex 1

Organisation of the Base

Duties of the Base Commander and Assistant Base Commander

Upon the conclusion of the agreement the Egyptian Government shall appoint a senior Egyptian officer as Base Commander (Designate). Upon the completion of the withdrawal of Her Majesty's Forces he will administer the Base and ensure its efficiency and smooth running in accordance with the provisions of this agreement. To assist him, the United Kingdom Government shall appoint an Assistant Base Commander with the duties set out in paragraph 3 below. In view of the great importance of smooth co-operation, the Egyptian and United Kingdom Governments will consult together before they fill respectively the appointments mentioned in this paragraph.

The Base Commander

2.—(a) The Base Commander will be responsible on behalf of the Egyptian Government for the discharge of its undertakings for—

(i) The security of the Base, of the installations and of equipment contained therein, or in transit, and of all the personnel needed to run it.

(ii) The running of the public utilities and telecommunications required for use within the Base in peace and the upkeep of those and of such roads, railways, bridges, pipelines and wharves as may be required for the Base in war including, where necessary, any new construction and the observance of the conditions attached to the installations listed in Appendix A. The approval of the Egyptian Government must be obtained for any substantial new construction.

(iii) The recruitment, administration and reliability of all labour employed in the Base (other than the British technicians and domestic labour hired under private arrangements). It will be the duty of the Base Commander, with the assistance of the Egyptian Administration generally, to ensure that the members of the labour force are of the necessary competence to the standard required by the Assistant Base Commander.

(iv) The provision and efficient upkeep of motor transport required in the Base.

(v) The provision and allocation of rail and water transportation and port facilities where required.

(vi) The provision and maintenance of buildings and works.

(vii) The hygiene of the Base.
In execution of his responsibilities the Base Commander will give full support to his Assistant Base Commander in ensuring that the facilities which the latter requires (as defined in paragraph 3 below) are promptly furnished and that the administrative needs up to normal British standards of his Assistant Base Commander and the personnel in his charge are met.

(c) As part of the Base Headquarters there will be a Base Communication Centre. Its organisation will be governed by the following considerations:—

(i) There will be a signal link to the appropriate British radio network, a message distribution centre and a coding centre, all operated by British and Egyptian personnel.

(ii) All messages received by the signal link mentioned in sub-paragraph 2 (c) (i) above will be passed when decoded to a message distribution centre, which will transmit them promptly to the Base Commander and to the Assistant Base Commander. Outward messages will be similarly handled.

The Assistant Base Commander

3.—(a) The Assistant Base Commander will—

(i) be responsible for the control of the installations, &c., listed in Appendix B. He will be in full and effective charge of all British-owned equipment stored or used in these installations;

(ii) pass on all instructions received through the Base Communications Centre from British authorities and initiate all other instructions necessary under sub-paragraph 3 (a) (i) above;

(iii) apply to the Base Commander for transport, labour and other facilities required for the efficient operation of these installations. He will indicate the standard of competence required of such labour and will arrange for its engagement and payment. He may discharge any man for incompetence, indiscipline or unreliability and may refuse to re-employ him;

(iv) control the distribution of all personnel, both technical and unskilled, employed in these installations.

(b) He will be the adviser to the Base Commander on all technical matters, and in this capacity will be responsible for advising him on the efficiency and maintenance of installations and facilities other than those listed in Appendix B. For this purpose he and his staff will inspect such installations as often as they may consider necessary and will render reports to the Base Commander and to Her Majesty’s Government.

(c) He will be in full command of the British technicians in the Base. He will be responsible for their personal administration, including their pay, discipline, welfare, rationing, clothing, terms of service, medical attention and all similar matters affecting them as individuals. He will apply to the Base Commander for, and will be entitled to receive from him, whatever assistance may be needed for their maintenance.

(d) He will be responsible to the Base Commander for training Egyptian personnel in technical functions in the Base.

4.—(a) After consultation with the Assistant Base Commander, the Base Commander may request the replacement of any British technicians for indiscipline.

(b) The Base Commander will be responsible for ensuring that after the completion of the withdrawal of British forces, the level of equipment in the Base will not be appreciably increased nor the installations appreciably extended without the consent of the Egyptian Government.

5.—(a) The Base Commander shall discuss any matters of detail not covered by the provisions of paragraphs 2, 3 and 4 above with the Assistant Base Commander in order to reach a satisfactory working arrangement directed towards achieving the efficient running of the Base.

(b) Should matters of any nature arise at any time, on which the Base Commander and the Assistant Base Commander cannot come to an understanding, they will be free to refer the issue to the Egyptian Government and Her Majesty’s Ambassador respectively. To lessen the possibility of any misunderstanding, such reference shall be in the form of a joint memorandum setting out both points of view.
From Foreign Office to Washington

(No. 130)
January 9, 1954

Text of Annex 2

Having regard to the need for:

(a) facilities for handling aircraft under Royal Air Force control connected with the movement of personnel and equipment required in the maintenance of the base;

(b) facilities for handling aircraft under Royal Air Force control in transit through Egypt;

provision will be made for the use of a designated Egyptian Air Force airfield in the Canal Zone at which Royal Air Force technicians will be employed for the movement, handling and servicing of British aircraft and for the necessary auxiliary services, and for the movement and control of personnel and freight. This includes provision for flying boats.

2. The airfield will be under the command of an Egyptian Air Force officer, and would not necessarily be used exclusively by aircraft under Royal Air Force control. Egyptian airport authorities for immigration, health and customs will be provided in accordance with international custom. British technicians would come under the command of the senior Royal Air Force officer in accordance with the general principle governing the command and discipline of the British technicians within the whole of the Base.

3. All movements of aircraft under Royal Air Force control will require clearance in accordance with procedures which shall be agreed from time to time.

4. Overflying rights will be accorded to aircraft under Royal Air Force control subject to notifications in accordance with procedures which shall also be agreed from time to time.

APPENDIX B

From Cairo to Foreign Office

(No. 36)
January 10, 1954

From Delegation: —

We note that, with the exceptions of the numbers of technicians in the last 2½ years and certain points in the paper on the duties of the base commander, Foreign Office text repeats in detail and not merely in general substance our offer of October 21.

2. It seems to us arguable that it would be better tactics with the Americans to introduce a slight change of emphasis reflecting subsequent informal contacts with the Egyptians. On the other hand, Her Majesty's Government may feel that our attitude must remain manifestly unchanged since October.

3. As regards numbers of technicians (paragraph 9 of Foreign Office telegram No. 128), the Egyptians showed signs of accepting ceiling figures of 3,000 and 1,500 respectively (Cairo telegram to Foreign Office No. 1751, paragraph 4), and we also mentioned tapering off at the end of each period. We would much prefer to stick to ceiling figures and thus to avoid giving the impression that we are now seeking to prolong the period for the 4,000 technicians. Moreover, it might indeed prove awkward to us administratively if we were obliged to maintain a minimum number of 1,000 until the last day of the seventh year. We therefore urge that paragraph 9 should read: “During the next 18 months the number of technicians shall not exceed 3,000 and for the final year of the agreement 1,500.”
4. If it is thought advisable to give the Americans the impression that we are prepared to take into account Egyptian difficulties, where this does not involve any surrender of points of substance, we would suggest the following:

(a) Use of title “Commander British Technical Staff.”
(b) The shortened form of the air provisions (Cairo telegram No. 1759 to Foreign Office).
(c) Some mention of use of the base in the support of Arab forces, e.g., by amending paragraph 3 of Foreign Office telegram No. 128 to you to read: “Maintain in peace British forces in the Middle East and Arab forces aided or supported by Her Majesty's Government and to be capable, &c.”
(d) Amendment of consultation clause. (Paragraph 11 Foreign Office telegram No. 128 to you) to read: “The parties will consult together during the last year of the period specified for the duration of the agreement to decide what arrangements are necessary upon its conclusion.” (Cairo telegram No. 1751 to Foreign Office, paragraph 3.)

5. We note that the October availability clause is maintained including the mention of “a recommendation by the United Nations that the base should be made available in the event of a threat to the peace, breach of the peace or act of aggression.” The Americans have said to us and to the Egyptians that they consider that a specific recommendation of this kind by the United Nations is so unlikely to be agreed in a moment of crisis that the Egyptians could safely overlook its possibility and accept the clause. The Americans have also gone so far already in aiding the Egyptians to whittle away this clause to a meaningless mention of the United Nations involving no firm obligation that we have felt it wiser in recent conversations to concentrate on the “global war” approach. If Her Majesty’s Government agree with this we would strongly recommend substitution of formula in Cairo telegram No. 1694 to Foreign Office. Our own view is that the Egyptians are unlikely to accept much more than a formula on the lines of that in paragraph 2 of Cairo telegram No. 1767 to Foreign Office.

6. We note that “defence of the base” is included in paragraph 14 of Foreign Office telegram No. 128 to you as one of the questions of detail. We understand that this in fact means “military aid to the Egyptian forces” and we strongly recommend the substitution of that phrase for the existing one which would certainly be regarded by the Egyptians as constituting a hitherto undisclosed demand.

7. There are one or two quite minor textual points (see my immediately following telegram), in Annex 1 on duties of base commander.

From Cairo to Foreign Office

(No. 37)
January 10, 1954

My immediately preceding telegram.
Following are minor points arising in text in Foreign Office telegram No. 129 to you:

Paragraph 2 (B).—Text received here corrupt. Reference in brackets should read: “as defined in paragraph 3 below.”
Paragraph 3 (D).—We have provisionally agreed with Egyptians (Cairo telegram No. 1759 heading 1 (J) the phrase: “He will be responsible to the Base Commander for the adequate training of Egyptian personnel etc.”
Paragraph 5 (B).—Egyptians proposed “Ambassador of the United Kingdom.” We consider that the correct title should be: “Her Majesty’s Diplomatic representative for the United Kingdom.”
CABINET

SELECT COMMITTEE ON NATIONALISED INDUSTRIES

MEMORANDUM BY THE LORD PRESIDENT OF THE COUNCIL

Introduction

On 4th December, 1951, the House of Commons ordered:—

“ That a Select Committee be appointed to consider the present methods by which the House of Commons is informed of the affairs of the nationalised industries and to report what changes, having regard to the provisions laid down by Parliament in the relevant Statutes, may be desirable in these methods.”

In October 1952 this Select Committee, under the chairmanship of Mr. Ralph Assheton, M.P., made an interim report (House of Commons Paper 332–1) on the admissibility of Parliamentary questions about the nationalised industries and in July 1953 a final report (House of Commons Paper 235) in which the Committee unanimously recommended the establishment of a permanent Select Committee of the House of Commons under a standing Order in the following terms:—

“ There shall be a Select Committee, to be designated the Committee on Nationalised Industries, for examining the Reports and Accounts of, and for obtaining further information as to the general policy and practice of, the Nationalised Industries established by Statute, whose controlling Boards are wholly appointed by Ministers of the Crown and whose annual receipts are not wholly or mainly derived from moneys provided by Parliament or advanced from the Exchequer. The Committee shall consist of not more than twenty-one members, who shall be nominated at the commencement of every session and of whom seven shall be a quorum. The Committee shall have power to appoint sub-committees from its own members. The Committee and any such sub-committee shall have power to send for persons, papers and records, and to report from time to time.”

It will be necessary to arrange for the House of Commons to debate this recommendation at an early date and for the Government to determine in advance what attitude it should adopt towards it.

2. The general lines of the evidence which the Lord Privy Seal gave before the Select Committee had been approved beforehand by the Home Affairs Committee (H.A. (53) 46) although he made it perfectly clear to the Committee that it represented his personal views rather than considered decisions by the Government. He specifically suggested in the course of his evidence that a Standing Joint Select Committee of both Houses might be set up which might investigate the current policies of the Boards of the nationalised industries on general issues.

3. The Home Affairs Committee (H.A. (53) 22nd Meeting, Minute 2, and 23rd Meeting, Minute 1) have now considered the problem further in the light of the Select Committee’s Report and I am submitting their conclusions for consideration by the Cabinet.
Case for a Standing Committee

4. The case for the establishment of a Standing Select Committee on the nationalised industries may be stated briefly thus. It has been the object to create in the nationalised industries a form of organisation which combines public ownership with commercial autonomy. The responsibility of the Boards of the industries to shareholders has been replaced by their responsibility through Ministers to Parliament. The problem is to enable Parliament to play its new role effectively without impairing the Boards' commercial autonomy.

5. It has been the view of the Home Affairs Committee that the existing means whereby Parliament is informed about the affairs of the nationalised industries—mainly through Parliamentary Questions and debates on the Boards' annual Reports and on any Private Bills which the Boards may promote—are inadequate. The Committee do not recommend any action by the Government upon the proposal in the Select Committee's First Report that a rather wider range of Questions about the nationalised industries should be allowed to appear upon the Order Paper. The appointment of a Standing Select Committee would, however, offer an alternative means of securing that Parliament is better informed than at present about the industries' affairs.

Case Against a Standing Committee

6. The Minister of Fuel and Power has expressed certain apprehensions about the consequences of the appointment of a Standing Select Committee. He considers that, however carefully its terms of reference might be drawn, its establishment would be bound to duplicate the existing channel of accountability between the Boards of the nationalised industries and Parliament—namely, the responsible Ministers. He is further of the opinion that the need for such an innovation has been reduced by recent developments, at least so far as the nationalised fuel and power industries are concerned. Thus, opinion on both sides of the House appears to be satisfied for the time being with plans for enquiring into the organisation of the coal industry and the Minister has in mind to appoint in the near future an outside committee of enquiry into the electricity industry. In these circumstances he considers that the Government would be well-advised at least to await the views to be expressed on both sides of the House in debate before publicly committing themselves to support of the proposal for a Standing Committee.

7. The Minister's apprehensions are shared by one or two of our colleagues. The Minister of Transport and Civil Aviation, the other Minister with a direct departmental interest, is, however, of the opinion that the Government are too deeply committed to the principle of a Standing Committee to withhold their support from it at this stage.

The General View

8. The general view of the Home Affairs Committee continues to be in favour of a Standing Select Committee, which could be expected to create in Parliament a valuable nucleus of opinion well-informed on the nationalised industries' affairs. The Committee considered that, taking the long view, the Government would be ill-advised to miss an opportunity, which might well not recur, to secure the establishment of such a committee on the unanimous recommendation of a Select Committee representative of both sides of the House. At the same time the Committee have recognised the need so to draw the terms of reference of such a Standing Committee as to avoid so far as possible the dangers which some of our colleagues see in the proposal to establish it. They considered that the approach of the Government spokesmen to the House in the forthcoming debate should be on the lines that the Government favoured in principle the recommendations in the Select Committee's Report, subject to any necessary detailed modifications and to any views which might be expressed from either side of the House in debate.

Joint Select Committee

9. The Home Affairs Committee were impressed by the advantages of appointing a Joint Select Committee of both Houses for the purpose in view. They considered that suitable peers would be likely to bring to the deliberations of such
a body both valuable experience and a less partisan approach. The Select Committee had themselves recognised the arguments in favour of a Joint Committee but on balance had decided “with some regrets” that a Select Committee of the House of Commons was to be preferred.

10. On this aspect of the matter due weight must naturally be given to opinion in the House of Lords itself. I am in course of trying to obtain the agreement of the other Party Leaders there to the transmission of a formal request by the Lords to the Commons asking to be provided with a copy of the Commons Select Committee's Report with a view to its being considered by a Select Committee of the House of Lords. It was suggested in the Home Affairs Committee that there would be positive advantage in avoiding any pressure from the House of Lords for the establishment of a Standing Joint Select Committee until after the principle of a Standing Committee had been accepted by the House of Commons.

Terms of Reference

11. There appears to be general agreement that the Standing Committee's terms of reference should not cover matters which fall into the category of detailed administration, but be confined to matters of general policy and practice. In the course of their Report, the Select Committee expressed the view that the Standing Committee's scope should extend to future plans and programmes. The Home Affairs Committee were unanimously of the opinion, however, that the Standing Committee should be specifically precluded from concerning themselves with future plans, particularly those involving substantial expenditure of money. They were inclined to favour terms of reference on the lines suggested by the Select Committee themselves in paragraph 27 of their Report, and set out in the first sentence of the draft Standing Order quoted in paragraph 1 above, with the possible substitution of “current” for “general” in the phrase “as to the general policy and practice of the nationalised industries.”

Permanent Official

12. The Select Committee recommended that there should be attached to the Standing Committee a permanent official of a status roughly equivalent to that of the Comptroller and Auditor-General who, with the assistance of at least one professional accountant and such other staff as might be found necessary, would examine the Reports and Accounts of the nationalised industries in order to direct the Committee's attention to matters requiring examination. The Home Affairs Committee agreed, however, that it would be a mistake, at any rate at the outset, to appoint such an Official, who would tend to develop into a powerful and strongly entrenched critic of ministerial policy in relation to the nationalised industries. It should suffice if, apart from the normal Secretarial staff, the Treasury were to make a senior officer available to the Committee in a general advisory capacity. In addition, the Ministry of Fuel and Power and the Ministry of Transport and Civil Aviation might each nominate a senior officer who would represent his Minister when the Committee was taking evidence and generally assist the Committee as required in relation to a particular nationalised industry.

Sub-Committees

13. The Home Affairs Committee also agreed that the Select Committee's suggestion that the proposed Standing Committee should have power to appoint sub-committees should be resisted. Experience both of the war-time Select Committee on National Expenditure and of the Select Committee on Estimates shows the extent to which a Standing Committee's possession of this power increases the difficulty of confining its activities within its terms of reference.

Summary of Recommendations

14. On behalf of the Home Affairs Committee I invite the Cabinet to agree:—

(1) that, in the forthcoming debate in the House of Commons on the Report of the Select Committee on Nationalised Industries, the Government spokesmen should take the line that the Government favour the Select Committee's recommendations in principle subject to any necessary detailed modifications and to consideration of any views which may be expressed from either side of the House in debate.
(2) that, subject to opinion in the House of Lords itself, it should remain the Government's intention that, if possible, any Standing Committee on the Nationalised Industries which may be established should be a Joint Committee of the two Houses.

(3) that the Standing Committee's terms of reference should be on the general lines recommended by the Select Committee in paragraph 27 of their Report, subject to its being made clear that future plans and programmes of the nationalised Boards are excluded.

(4) that the proposals that there should be attached to the Standing Committee an official of status roughly equivalent to that of the Comptroller and Auditor-General and that the Standing Committee should have power to appoint sub-committees should be resisted.

Privy Council Office, S.W. 1,
12th January, 1954.
CABINET

CRICHEL DOWN

MEMORANDUM BY THE SECRETARY OF STATE FOR THE HOME DEPARTMENT AND MINISTER FOR WELSH AFFAIRS

Introduction

The Cabinet, at their meeting on 29th December, 1953 (C.C. (53) 81st Conclusions, Minute 6), invited the Committee over which I have been presiding, with the addition of the Lord Chancellor, "to continue their investigation both of the policy governing the disposal of land compulsorily acquired for public purposes and the extent to which advantage could properly be taken of the doctrine of Crown Privilege in the forthcoming Crichel Down Enquiry and to submit their findings and recommendations to the Cabinet before Parliament reassembles." Our colleagues on the Committee have been the Chancellor of the Duchy of Lancaster, the Secretary of State for Scotland, the Minister of Agriculture and the Law Officers. I now report on the Committee's behalf as follows:

A.—DISPOSAL OF LAND PURCHASED COMPULSORILY FOR PUBLIC PURPOSES

The Problem

2. The question for consideration has been how far a former owner of land acquired compulsorily or under threat of compulsion by a Government Department for a particular purpose should be provided with an opportunity of buying back his land when it is no longer required by the Department which acquired it. This question has been investigated in detail by the Land Transactions Committee, which comprises officials of all the Departments concerned under Treasury chairmanship, and the recommendations submitted in this memorandum are based upon that Committee's report and have been framed in consultation with the Ministers whose Departments are most directly concerned.

Pre-emptive Right and Administrative Practice

3. Former owners might be provided with an opportunity of recovering their land either by the creation of a statutory right of pre-emption or simply through administrative practice. Pre-emptive rights have in the past been very limited in scope; and, because of the practical difficulties which they present, general policy over a number of years has been against granting them. The Committee saw no reason for reversing this policy and accordingly recommend unanimously that no statutory right of pre-emption should be granted to former owners of land in the circumstances now under consideration.

4. It follows that whatever opportunity of recovery it is desired to accord to former owners must be provided through administrative practice and, in the immediately succeeding paragraphs of this memorandum, suggestions are made as to the nature of the opportunity which might be so provided in the various categories of case. The Lord Chancellor urged upon the Committee, however, the desirability of exercising all due caution in announcing even what is intended to be no more than normal administrative practice in this matter in the future and of making it clearly subject to the proviso that departure from what is to be the normal administrative practice may be unavoidable in particular cases.
The Case of "Sites"

5. "Sites" is the term used to denote land with buildings (other than agricultural buildings) upon it. Disposal of "sites" is at present governed by what is known as the Redundant Land and Accommodation procedure. Under this procedure, departments notify "sites" no longer required to the Ministry of Works, which circulates their particulars to other government departments. If no department asks for a property within a stipulated time, the holding department is free to dispose of it and normally does so by means of a sale to which full publicity is accorded, thereby providing the former owner with an opportunity of re-purchase. It is the normal practice, at least of the Ministry of Works, to notify former owners of such prospective sales where this appears appropriate and is practicable. The Committee agreed to recommend that this procedure for the disposal of unwanted "sites" should continue to operate.

The Case of Agricultural Land

6. Agricultural land (including bombing ranges and grass airfields) which has been acquired by a government department is frequently handed over to the agricultural departments when no longer needed. In England and Wales, such land is usually placed under the control of the Agricultural Land Commission and let by them to suitable tenants after the carrying out of any necessary reconditioning or re-equipment. It has been the intention of the Minister of Agriculture to reverse this policy of retaining such land in government ownership and disposal of agricultural land by government departments may now be expected to take place on an increasing scale.

7. It was the general view of the Committee, and of the majority of the ministers directly concerned, that administrative arrangements should be made in all future cases to ensure that where agricultural land—

(a) has been acquired by a government department possessing compulsory purchase powers at the time of purchase (whether by the actual use of compulsion or not but not by purchase at a public auction),

(b) has not been developed while in government ownership,

(c) is no longer required by the original acquiring department or immediately by any other government department possessing compulsory purchase powers for a purpose for which the use of these powers would be justified,

the former owner of, or successor in title to the whole or part of the land, if he can be traced without undue difficulty, should be notified that it is proposed to sell the land (subject to any necessary restrictions) and be given an opportunity of purchasing it in competition with other prospective purchasers. The committee were inclined to the view that sales should take place by public auction or public tender, with a preference for the former method as tending to put it beyond doubt that the disposal had been conducted on a completely fair basis.

8. The Secretary of State for Scotland and the Minister of Agriculture consider that a former owner has a strong moral claim to recovery of his land which would not be adequately met by ensuring that, so far as possible, he had an equal opportunity with others to bid for the land but would only be satisfied by according him, by administrative means and subject to necessary safeguards, an opportunity of "first refusal" of the land. The Minister of Agriculture recognised, in paragraph 13 of his memorandum H.A. (53) 137, that the price at which the land would be offered back to the previous owner in such circumstances must not only cover its present market value but take account of any advantage which would accrue to the estate as a whole by reason of recovery of the land. He further suggested that, if it should not prove possible to reach agreement on the valuation of the land, the matter should have to be referred to the Lands Tribunal for arbitration. The general view of the Committee, however, was that such an arrangement, if it were to be of real value to the former owner, would in practice tend to accord him a financial advantage to which he was not entitled and would, for all practical purposes, be closely akin to a pre-emptive right. There would, moreover, be likely to be pressure for such an arrangement to be put upon a statutory basis. The Committee, therefore, did not find it possible to endorse the proposal that former owners should be accorded an opportunity of a "first refusal."
Crichel Down or elsewhere. The Minister of Agriculture recognises the formidable difficulties in the way of applying any revised procedure to the Crichel Down case at this stage but considers it regrettable that Commander Marten should be able to derive no advantage from the change in Government practice which will have been brought about in part as a result of his representations. The Secretary of State for Scotland is of the opinion that no decision should be taken on the question of retrospective application of any amended practice in this matter until after the report of the public enquiry into the Crichel Down case has been received and examined.

10. The Minister of Agriculture is anxious that any change in Government practice in regard to the disposal of agricultural land should be announced at an early date. The general view of the Committee was in favour of such an announcement.

The Case of Airfields

11. Airfields present a special problem because former boundaries have been obliterated, buildings and runways have been constructed and the land could rarely again be farmed in its original parcels. In many cases, moreover, the Air Ministry have reserved the right to re-occupy in an emergency and the suitability of the area for flying is being preserved. For these reasons it has been found desirable that airfields should be dealt with by a special inter-departmental committee. The Committee agreed to recommend that no change should be made in the existing arrangements in regard to their disposal.

Public Authorities

12. The Committee also agreed that no attempt should be made to alter the present practice of local authorities in the disposal of land compulsorily acquired. It was their provisional view that, in the case of the nationalised industries, if it were to come to the knowledge of the responsible Minister that a nationalised industry was not handling the disposal of agricultural land compulsorily acquired on the lines which the Government now contemplated following the Committee's report, the Minister would have to consider whether there was a case for his using his powers of direction.

B.—CRICHEL DOWN ENQUIRY

The Problem

13. The main practical question for consideration has been whether and, if so, what further official documents, apart from the inter-departmental correspondence already disclosed, should be made available to Sir Andrew Clark, Q.C., who is conducting the Enquiry, and when any further such disclosure should be made. On this aspect of the matter the views of the Treasury Solicitor and of Mr. Charles Russell, Q.C., who has been retained as Counsel for the Minister of Agriculture at the Enquiry, have been obtained and taken into account in framing the recommendations made in this memorandum.

Crown Privilege

14. The Committee agreed unanimously to recommend that full disclosure of official documents should be made to Sir Andrew Clark, who should decide, on grounds of relevance and not Crown Privilege, what additional documents should be made available for the purpose of the Enquiry. Such full disclosure appeared to the Committee to be not only inevitable, having regard to the Enquiry's wide terms of reference (see C. (53) 361, paragraph 2), but also unlikely to create a serious precedent so far at least as the issue of Crown Privilege in legal proceedings is concerned. Such proceedings can in the Committee's view be clearly distinguished from public enquiries. As regards public enquiries, the Committee recognised that full disclosure in the Crichel Down case would increase the need for caution when the appointment of similar public enquiries is under consideration in future and might well give rise to a demand in Parliament for some form of undertaking in regard to disclosure at all future public enquiries which would have to be duly considered if it were made.

15. The Committee further agreed that, if full disclosure is to be made as they recommend, it should be made in advance of the hearing and, indeed, without further delay on the ground that the Ministry might be put in an embarrassing position if, after the expiry of the three months' adjournment which has now been granted, they were still not clear as to what further documents, if any, they should disclose.
16. The Committee were given to understand that the additional documents likely to be disclosed if their recommendation is accepted are the Whitehall files of the Ministry of Agriculture and similar files of the Crown Lands Commissioners and that, on balance, disclosure of these files would be likely to strengthen the case for the action taken by the Ministry and the Commissioners rather than the reverse.

**Approach to the Enquiry**

17. The Committee also considered whether it was open to the Minister to take any action with a view to the withdrawal, or at least the limitation of the scope, of the Enquiry and whether, apart from any possible action with these objects, it might be possible to secure some narrowing of the scope of the Enquiry in practice by agreement with Commander Marten who is understood now to be satisfied that at least there was no malpractice on the part of officials. The general view of the Committee, however, was that the Minister would be ill-advised to take any initiative in these directions.

18. Finally, the Committee agreed to recommend that Mr. Charles Russell, should be instructed that his general approach to the Enquiry should be on the lines that he was appearing on behalf of the Minister of Agriculture but was desired by the Minister to assist the conduct of the Enquiry in every possible way. The Committee considered that it would be right that Mr. Russell should put his cards on the table and not attempt to defend those actions of officials, revealed in the documents already disclosed or to be disclosed, which were clearly indefensible.

**Summary of Recommendations**

19. On behalf of the Committee over which I presided I invite the Cabinet to agree:

**A. Disposal of Land Purchased Compulsorily for Public Purposes**

1. That no statutory right of pre-emption should be given to the owners of land acquired compulsorily or under threat of compulsion.
2. That, in the case of "sites" (i.e., land with buildings on it) no longer required by the department which acquired them, the Redundant Land and Accommodation procedure (explained in paragraph 5 above) should continue to operate.
3. That, in the case of agricultural land (including land with agricultural buildings upon it), it should be announced at an early date that administrative arrangements of the kind outlined in paragraph 7 above will operate in future but that these arrangements will not be applied retrospectively.
4. That the existing procedure in regard to the disposal of airfields should be adhered to.
5. That the practice of local authorities in regard to land compulsorily acquired should remain unaffected, but that consideration should be given to the possible application of the arrangements recommended in (3) above to nationalised industries and possibly other public authorities.

**B. Crichel Down Enquiry**

6. That full disclosure of official documents should be made forthwith to Sir Andrew Clark, Q.C., who should decide on grounds of relevance and not Crown Privilege what additional documents should be made available for the purpose of the Enquiry.
7. That the Minister of Agriculture should take no initiative towards securing a withdrawal of the Enquiry or limitation of its terms of reference or the restriction of its scope in practice.
8. That the Minister of Agriculture should arrange for Mr. Charles Russell, Q.C., to be instructed that his general approach to the Enquiry should be on the lines that he is appearing on behalf of the Minister who desires him to assist the conduct of the Enquiry in every possible way.

D. M. F.

Home Office, S.W. 1,
CABINET

STATIONING OF BRITISH FORCES IN JORDAN

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

With reference to the discussion on redeployment on 12th January (C.C. (54) 2nd Conclusions, Minute 7) my colleagues may wish to know the position as regards the movement of British forces to Jordan.

Movement of Jet Fighter Squadrons to Amman

2. Under the Anglo-Jordan Treaty, Her Majesty’s Government are entitled to maintain units of the Royal Air Force at Amman and Mafraq airfields. R.A.F. squadrons have not hitherto been stationed at either place, but have paid visits from Habbaniya. Since 1951 work has been proceeding to develop Amman airfield so that an R.A.F. squadron can be stationed there. This work has now been completed and the airfield is to be ceremonially opened by King Hussein in the next week or so. Middle East Air Force propose to send in a jet fighter squadron to attend the opening and thereafter to be permanently stationed there. Her Majesty’s Embassy at Tel Aviv have reported that although the Israelis might dislike this move they would have no valid ground for objection, and it might have a salutary effect in damping down aggressive tendencies in Israel. I have accordingly agreed to the jet squadron going to Amman, and have arranged for the Israel Government to be informed two or three days beforehand.

Move of Armoured Squadron

3. The Cabinet agreed on 19th November (C.C. (53) 68th Conclusions, Minute 6) that an armoured squadron should be sent to Ma’an for training with the Arab Legion in accordance with the Anglo-Jordan Treaty. The Jordan Government have since said they would prefer the squadron to be ostensibly stationed at Aqaba so as to avoid publicity, and the Chiefs of Staff have agreed to this. The move has not yet been authorised owing to the unsatisfactory attitude adopted by the Jordan Government in regard to the Israel proposal for high-level talks about the Israel-Jordan Armistice, and the risk that our action in sending forces to Jordan (which is bound to become known) would be regarded as encouraging Jordanian intransigence.

4. Her Majesty’s Ambassador at Amman, however, reported on 11th January that the King of Jordan had raised with him the question of the stationing of British forces in Jordan. The Ambassador represents that the Jordanian Government’s attitude towards Israel is dictated by internal considerations which will not be much affected by any action of ours, and that on the other hand if we do not accept their invitation to send an armoured squadron we may let slip a valuable chance of building up our position there and getting a foot in the door as regards the eventual redeployment of larger forces.

5. Her Majesty’s Ambassador therefore recommends that we should inform the Jordanians:

(i) that we are sending the armoured squadron forthwith; and
(ii) that we are ready to consider any proposal which they may wish to put forward for regularising the position of British ground forces in Jordan.
(The Anglo-Jordan Treaty does not provide for the permanent stationing of British ground forces in Jordan, but only for their engaging in joint training operations "for a sufficient period in each year").

6. I agree with Her Majesty's Ambassador's views and think it important, in the general context of our redeployment, to grasp the opportunity offered by King Hussein's approach and the Jordan Government's invitation to send an armoured squadron. Our positions in Jordan and Iraq are closely related; and any progress with the stationing of British forces in Jordan will have a favourable effect on Iraq, which is also a crucial area for redeployment and where we are having some difficulty in preventing the Americans from undermining our position by offers of aid and equipment, especially to the Air Force. In my view Jordan and Iraq must be the keystones of our redeployment east of the Canal Zone, and are all the more important in view of the doubtful friendship of Egypt. Israel might be able to give us subsidiary facilities, but we cannot base ourselves entirely on Israel and it is unfortunately true that any substantial co-operation with her would have a disastrous effect on Anglo-Arab relations, which are paramount from the point of view of strategic facilities and of oil. In view of these considerations, and of the course of the recent meeting of the Arab League (on which I attach some comments Annex A), I believe that we must seize this opening which Jordan has given us and which will influence Iraq as would a response to the Turks now over Mardin.

Recommendation

7. I therefore recommend that we should at once proceed as proposed by Her Majesty's Ambassador at Amman (paragraph 5 above).

8. As regards Israeli reactions to this course, we informed the Israel Government early last year of our decision in principle to send an armoured brigade to Jordan, and they raised no serious objection. I therefore now propose, as also agreed by the Cabinet on 19th November, to inform the Israel Government before the armoured squadron is moved, assuring them that British troops will not be used in Jordan for any aggressive purpose, but reminding them of our obligations under the Anglo-Jordan Treaty.

9. I attach at Annex B the text of the draft telegrams which I recommend should be sent accordingly to Amman and Tel Aviv respectively.

A. E.

Foreign Office, S.W. 1.
19th January, 1954.
ANNEX A

The recent meeting of the Arab League in Cairo has not gone badly for us. Fadl Jamali, the Iraqi Prime Minister, has taken the lead in resisting Egyptian neutralist policy. The Times correspondent from Cairo sums up the situation in the following words:

"It is clear, however, that in the course of the League council meetings the general attitude of the Arab States was that the policy of 'non-co-operation' with western Powers that has been discussed in Egypt was to be avoided if possible. It was hoped rather that Egypt and Britain would find a settlement of their differences on the basis of which a policy could be worked out for strengthening the Arab world in co-operation with the west."

2. From all this it seems that even if the Egyptians themselves do not move to the extent necessary to make agreement on a treaty possible there should be a good chance now of consolidating our position with Iraq and Jordan. If we could do this, we should not only be achieving something useful in itself, but also putting indirect pressure on Egypt. The Egyptians already feel that they are only a second line of defence and it will do them no harm to have this confirmed.

3. It is also important to consolidate our position in Iraq and Jordan, for in the former country in particular the Americans are showing a disturbing ambition to replace us.

ANNEX B

DRAFT TELEGRAM TO AMMAN

You may accept the Jordan Prime Minister’s proposal that an armoured squadron should be sent to Jordan as part of the Aqaba garrison and that it should proceed without a prior exchange of letters.

2. This is, however, on the understanding, which you should specifically confirm with the Jordan Prime Minister, that the armoured squadron will immediately proceed to Ma’an and be stationed there indefinitely. Please report his reply.

3. For your own information, if it turns out that the squadron is not allowed to go on from Aqaba to Ma’an, it would be recalled at once to the Canal Zone. Looking further ahead, we should not be able to consider any invitation from Jordan to increase the armoured squadron up to an armoured regiment unless it was agreed that the regiment should be stationed in the Zerka area.

4. Three weeks’ notice of the move is required in order to complete administrative arrangements. If the Jordan Prime Minister confirms the understanding in paragraph 2 above, you may therefore tell him that it will take a little time to complete preparations and that you will tell him later its expected date of arrival.

DRAFT TELEGRAM TO TEL AVIV

Provided that the Jordan Prime Minister’s reply is acceptable, I shall want you to make a communication to the Israel Government shortly before the squadron is due to move. You should inform them that:

(a) One British armoured squadron is being sent to Jordan for joint training in accordance with Article 6 of the Annex to the Anglo-Jordan Treaty.

(b) As the Israel Government are aware, British troops in Jordan will in no circumstances be used for any aggressive purposes. The presence of this unit is likely to have a steadying effect in the area and by so doing is calculated to improve the general situation.

(c) The Israel Government are no doubt aware of our obligation, under Article 3 of the Anglo-Jordan Treaty, to come to the aid of Jordan if she is attacked.

2. On receipt of final instructions you may make this communication by a semi-official letter as suggested in your telegram No. 378 of 12th December, 1953.
TRADE WITH THE SOVIET BLOC:
SECURITY EXPORT CONTROLS

Memorandum by the Secretary of State
for Foreign Affairs

At their meeting on 17th November the Cabinet agreed that, in discussion with representatives of the United States Government, an attempt should be made to secure United States agreement to a "short list" of goods to be subject to security export controls (C.C.(53) 67th Conclusions, Minute 6). This proposal has been discussed with American representatives at the official level. It was also discussed between the Economic Secretary, Treasury and Mr. Stassen, Director of the United States Foreign Operations Administration, during the latter's visit to Paris for the North Atlantic Council meeting.

2. These discussions and an official communication from the United States Government have shown that the United States Government are firmly opposed to the substitution for the present lists of a "short list" of the kind which we have suggested to them. On the other hand, they appear less rigidly opposed than in the past to some reduction in the present lists.

3. There are certain fields, to which the Americans, and we ourselves, attach great importance such as electronics, in which there is unlikely to be much scope for reducing the present limitations. But further discussion may show that there are other fields in which fairly substantial reductions of controls might be possible. A particular case is that of rubber exports to the U.S.S.R. and the satellites; the United Kingdom, as the only member of the Paris Group with a major concern in rubber exports, has operated quota restrictions which in practice have been frustrated through the availability of rubber from other sources in South East Asia.

In this and in other cases where the same type of considerations apply, we may well find the United States Government receptive. The recent statements to the Press by Mr. Stassen have revealed a desire to educate United States public opinion in favour of an expansion of trade with the Soviet bloc and a reduction of security export controls.

4. So long as we confine our proposal to the adoption of a "short list", we are unlikely to make substantial progress with the Americans since it will appear to them to raise issues of principle which they will be unable to accept. But if we take up with them the question of reducing the present lists by the exclusion of the less important items, or of those of which the present control is ineffective, we may make better progress since the Americans have already indicated their readiness to accept some pruning of the existing lists.
5. I have therefore come to the conclusion that we should, for the present, suspend discussion of the "short list" as such, and should accept that in the near future we cannot expect to secure United States agreement to a list as short as we originally had in mind. Instead we should discuss with them the best method of reviewing the present lists with the object of excluding the less important strategic items. We would offer to put forward concrete cases of items or groups of items, the controls on which are either out of date, or ineffective, or impede trade more than the strategic importance of the items warrants. By dealing with items separately in this way and keeping the argument to the relevant facts in each particular case, we may well find that we can make greater and more rapid progress than by seeking agreement on matters of principle.

6. It is naturally impossible to say in advance how far we may be able to bring the Americans along this line. As on all previous occasions the resulting lists are bound to be a compromise. Not only shall we have to pay attention to United States views in the particular cases but the same will also be true when we thereafter discuss the lists in the Paris Group. Other countries will have the same economic reasons as ourselves for wanting to reduce the extent of controls but may be interested in rather different items from the trade point of view. Thus in those items where the strategic arguments for control are less important and the balance of advantage may lie in removing an item from the lists, different countries may reach different conclusions. Nevertheless, provided that we can push the United States Government a substantial way in the direction of greater freedom, I would expect that the result of discussions in the Paris Group would be favourable.

7. If my colleagues agree with this line of approach, I am advised that there would be no difficulty in producing a first list of suggested items for removal, which could serve as a test of American views. If the American reaction is reasonably satisfactory the way will be clear for making proposals in the Paris Group for the necessary changes in the lists. In order to persuade the United States Government that we are determined to secure some substantial reduction in the lists, we would make it clear to them that:

(a) we have not necessarily given up the "short list" proposal completely but will hold it in suspense in order to see what result is produced by the alternative line of approach;

(b) we cannot undertake indefinitely to delay making proposals for shortening the list in the Paris Group; if, therefore, as we believe, the United States Government attaches importance to Anglo/American agreement on this question, it behoves the Americans to consider our proposal sympathetically, and,

(c) until we are convinced that it is going to be possible to make some substantial reduction in the lists the political difficulty of instituting transaction controls in the United Kingdom (to which we have agreed in principle as part of an international co-operative effort to improve the effectiveness of the control system) will be likely to remain.
RECOMMENDATIONS

8. I recommend that:

(a) we should inform the United States Government that, in deference to their views, we agree to hold the "short list" proposal in suspense while we consider, first with them and then in the Paris Group, the possibility of achieving a substantial shortening in the control lists by looking at particular cases and removing the less important strategic items;

(b) in order to test the possibility of securing a substantial reduction in the lists, we should then put forward a first batch of items to be removed from the lists, either because the controls over them are out of date or ineffective or do not have enough effect strategically to warrant the impediment to trade which they cause. If, as the discussions develop, questions arise about the elimination of further items on which Departments are not agreed, then Ministers should be consulted as necessary;

(c) a final decision to introduce transaction controls, as part of a co-operative effort to make the control system more effective, should be deferred until it is possible to judge whether this line of approach is likely to produce an adequate result.

A.E.

Foreign Office, S.W.1.

16TH JANUARY, 1954

CABINET

EAST/WEST TRADE

Memorandum by the President of the Board of Trade

The Prime Minister has drawn attention in recent Cabinet discussions to the importance of expanding East/West trade. Mr. Stassen has proposed the same policy in the United States of America. This trade can be expanded, but only after some difficult decisions on policy have been taken. These decisions must be taken in the first instance by Her Majesty’s Government.

2. I have studied the paper by the Foreign Secretary (C. (54) 18) and appreciate the difficulties he sees in going on with the "short list" proposal. I am, however, very doubtful whether his proposals, even if accepted by the Americans, would lead to a real increase in trade.

3. If we are going to make an attempt to expand East/West trade we should try and take a large step forward and not a small one. In the long run, small steps are just as likely to cause hard feelings in America, without bringing any corresponding commercial advantage to ourselves.

4. The first thing is to be quite clear what it is we are trying to do. I consider that we ought to be trying to secure the maximum of trade consistent with essential security needs. Instead of this, we have been trying to prevent Russia having access to anything which might build up the strength of her economy and, through that, her war potential. There is very little evidence that we have succeeded in this latter aim but in the process we have drawn up a massive array of embargoes, quantitative restrictions and provisions for international consultation which not only form an effective barrier to trade in the goods so restricted but also in practice hamper any real expansion of exports of other goods too.

5. I am quite clear that there is very little hope of achieving our aim of maximum trade consistent with essential security needs simply by tinkering with the existing lists. What we need to do is to abandon the idea of a blockade designed to hurt the Russian economy, and instead agree among ourselves a "short list" of items which clearly are of direct military importance. I attach the list which I would regard as acceptable from a commercial point of view. We have been pressed in inter-departmental discussions to include a wide range of such major products as electric power equipment and electronic equipment. Some electronics should certainly be included as being military equipment or containing unique know-how (and would be included in the "short list" I propose). But we must not embargo items like electric generators, or, in the electronic field, ordinary television equipment and other products which
are already being commercially exploited. To do so would be to defeat the objects which we have in view.

5. I might summarise the effect of my proposal as being to reduce the embargo list to less than one half of its present size and to eliminate altogether the lists of goods which are kept under quantitative control or under observation. In particular we should drop our unilateral control of natural rubber.

6. It is idle to suppose that we can secure any real advantage to our trade by negotiating with the Americans for the removal of particular items from the existing lists. As an illustration of the difficulties of a piecemeal approach, of the 37 items which Production Departments suggested should be removed from quantitative restriction between August-December 1953, approximately one half were rejected on foreign policy or defence grounds within Whitehall, and of the half that went forward for consideration in Paris a further half was knocked out by the Americans. I am not complaining about the action of Departments here. It was consistent with the policy we have hitherto pursued. What we need to do now is to change it.

7. Having agreed a short list between Ministers, we should tell the Americans, preferably at Ministerial level, that we agree with Mr. Stassen that East/West trade must be increased. We should say that the policy described above is clearly the right way to set about it. We should show them our "short list", and say that we have it in mind to put it before the other members of the Paris Group, and that we hope we shall have American support. If they object, we must look at the question again in Cabinet in the light of their objections.

8. If, and only if, we can get substantially the list proposed, should we express our willingness to go forward with the introduction of transaction controls designed to ensure that we do all we can to prevent the very narrow list of items of real military importance from reaching the Russians.

9. I see the difficulties in disclosing our full intentions in reply to Questions in the House. We must, however, go at least as far as Mr. Stassen in his recent statement. I therefore propose that we should say that we believe an expansion of East/West trade to be desirable, that it is our policy to increase this trade to the maximum consistent with our essential security needs, and that to this end we are engaged in examining with the other Governments concerned the existing strategic controls.

10. The proposals in this paper relate to the Soviet bloc and exclude China. They may, however, set the pattern for China if and when it becomes appropriate to reconsider our trade policy towards that country.

11. I summarise my recommendations as follows:

(i) That we should start off by agreeing the attached "short list" among ourselves. We have not so far agreed any list and until we have, we are unlikely to get others to agree with us.
(ii) We should show the list we have agreed to the Americans and do our best to get them to accept it. In the long run it will be no more unpopular than trying to get them to pare down the existing controls by instalments. We should say that, provided we can get a really "short list" as described, we will introduce transaction controls but that we do not think it possible to stop the various leaks in a system as cumbrous as the existing one.

(iii) I suggest that these issues are of such major importance that they should be put to the Americans at Ministerial level. I understand that Mr. Stassen would be ready to come here for a discussion with Ministers on these topics.

(iv) The next step must depend on the sort of answer we get from the Americans. In the long run, it is unlikely that we shall get anything more than an unwilling acquiescence in our proposals. If, however, the Americans press us not to raise the question of a "short list" in Paris I think the Cabinet should look at the problem again. I am quite clear that we should not at this stage compromise with the Americans on anything less satisfactory to our trade than the attached "short list".

(v) We should be prepared to answer Questions in the House on the lines indicated in paragraph 10 above.

P.T.

Board of Trade, S.W.1.

15TH JANUARY, 1954.
ANNEX

THE "SHORT LIST"

1. Arms and war equipment. (This includes electronic equipment used for military purposes and machine tools specifically designed for the production of armaments).
2. Atomic energy equipment.
3. Items which would contribute significantly to the military production of the Soviet bloc, where the items incorporate advanced technology or unique know-how. (This also will include some machine tools and electronic equipment).
4. Tankers (including whale-factory ships), floating docks, large ice-breakers and fast merchant ships.
5. Cobalt, nickel, molybdenum, titanium, germanium and vanadium.
CABINET

THE UNITED KINGDOM'S ASSOCIATION WITH THE EUROPEAN COAL AND STEEL COMMUNITY

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

In a letter addressed to the Head of the United Kingdom Delegation in Luxembourg, M. Jean Monnet, the President of the High Authority of the European Coal and Steel Community (E.C.S.C.), said that the High Authority considered the time had come to give the association of the United Kingdom with the Community concrete form by means of an agreement, and asked whether Her Majesty's Government were ready to open negotiations. The letter made certain suggestions as to the form which the association might take.

2. The question of our association has been under interdepartmental consideration and a report (attached at Annex) has been prepared for the Cabinet, analysing M. Monnet's proposals and describing the main political and economic issues relevant to a decision. The conclusions reached are as follows:—

(1) The political arguments favour a contractual association between the United Kingdom and the E.C.S.C.

(2) As regards steel there is a balance of economic advantage in association on the lines proposed in Appendix B of the report, i.e., the creation of a single market.

(3) As regards coal there may be some slight economic advantage in the limited form of association proposed in Appendix B but, on the other hand, there may be difficulties in securing the co-operation of the industry and in particular the workers. The Ministry of Fuel and Power wish to reserve their view on the balance of economic advantage for coal until the National Coal Board have given them their final conclusions after consultation with the National Union of Mineworkers.

(4) The suggestions in M. Monnet's letter of 24th December, 1953 do not appear to preclude an association along the lines of our own proposals.

3. The report goes on to recommend that Ministers should decide whether it is desirable in principle to place the association of the United Kingdom with the Community on a contractual basis if a satisfactory agreement can be reached, and if so, agree in principle that Appendix B, which visualises a single market for steel and a more limited form of association for coal, forms a satisfactory basis for the opening of any negotiations with the Community.

If this is agreed, Ministers are further invited—

(a) To authorise the Minister of Fuel and Power and the Minister of Supply to explain Her Majesty's Government's decisions to the coal and steel interests and to try to secure their support for a form of association on the lines suggested or, failing that, elicit alternative proposals in the light of the Government's views.
(b) To agree that the independent Commonwealth Governments (who have already been informed of M. Monnet’s proposals of 24th December, 1953) should—

(i) now be told that Her Majesty’s Government are disposed to negotiate for an advantageous treaty association with the Community;

(ii) be given the reasons which have led us to reach this conclusion; and

(iii) be invited to furnish their observations on our general line.

(c) To agree in principle that, provided satisfactory progress is made in the discussions with the coal and steel interests and the consultations with the Commonwealth, exploratory discussions (in which the two industries would participate) should be opened with M. Monnet on an informal basis to determine whether there is a reasonable prospect of securing a satisfactory agreement.

4. From the point of view of our European policy I endorse the political arguments in this report in support of the establishment of a contractual association with the Community. If my colleagues endorse the above conclusions and recommendations the necessary consultations with the interests concerned and with the independent Commonwealth countries can begin, followed, if progress is satisfactory, by informal and exploratory talks with M. Monnet. Until these consultations have taken place and the Cabinet have reached a final conclusion on our policy, it will not be possible to make a conclusive reply to M. Monnet’s enquiry nor to indicate our views on the subject in Parliament. I should like to be able to make our attitude clear on this point as early as possible, and I therefore hope that the necessary consultations can be completed quickly.

A. E.

*Foreign Office, S.W. 1,*  
16th January, 1954.
THE UNITED KINGDOM'S ASSOCIATION WITH THE EUROPEAN COAL AND STEEL COMMUNITY

Introductory

Ministers are invited to consider the future relations between the United Kingdom and the European Coal and Steel Community (E.C.S.C.).

2. After the Treaty setting up the Community had been signed in 1951, statements were made indicating Her Majesty's Government's attitude towards the Community explaining that we were unable to accept the surrender of sovereignty that would be required by membership, but that we intended to work for an intimate and enduring association with the High Authority and to set up a permanent delegation at the seat of the High Authority for this purpose. There was no commitment to enter into a formal or contractual agreement. Since the setting up of the High Authority in August 1952, our association has taken the form of exchange of views and information through the medium of the delegation led by Sir Cecil Weir that was established in Luxembourg soon after the High Authority took up its task.

3. M. Monnet has now written to Sir Cecil Weir (the translated text of this letter, dated 24th December, 1953, is attached as Appendix A), saying that the High Authority is ready to open negotiations immediately for the establishment of a more permanent form of association, and asking to be informed at the earliest possible moment of "the intention of the British Government in this respect." The High Authority is empowered to act in such negotiations for its member States as a group but it must proceed on the basis of instructions adopted unanimously by the Council of Ministers.*

4. In his letter, M. Monnet specifically recognises that the British Government could not accept a form of association that involved the delegation of sovereignty and powers of decision to a supranational institution. His proposals are expressly designed to forge links between the High Authority and the United Kingdom which are consistent with this condition.

5. It is also acknowledged that the particular forms of association between the markets of the United Kingdom and the High Authority must be consistent with the provisions of international agreements in force in the field of trade and tariffs (or, if they are not, must be such as will enable the Community and ourselves to obtain whatever dispensations are necessary and permissible under those agreements).

6. M. Monnet's letter does no more than sketch in the broadest outline the kind of association contemplated by the High Authority. The detailed provisions and rules of conduct are left for negotiation. The proposals fall into three parts:—

(i) an association between the markets of the United Kingdom and the Community based fundamentally on the reduction and, if possible, the elimination of protective measures which impede trade in coal and steel between the two markets. This would be buttressed by certain rules of conduct to be agreed and laid down in advance;

(ii) a procedure for consultation which would aim at taking, so far as possible, common action on important matters of common interest;

(iii) the creation of joint institutions responsible for carrying out the terms of the agreement.

(i) Association between the Markets

7. The protective measures to be reduced or eliminated are not precisely defined. The High Authority probably has in mind that this would require:—

(a) the reduction or abolition of export controls, quantitative restrictions and customs duties on trade between the two markets; and

(b) some agreement on rules for non-discrimination in price policy in regard to international trade in coal and steel between the two markets, in particular the renunciation of the practices of dual pricing and dumping.

* Section 14 of the Convention on Transitional Provisions of the Treaty constituting the European Coal and Steel Community.
8. The High Authority is known to be concerned about other discriminatory factors such as differential transport charges and subsidies directly or indirectly affecting costs of production of coal and steel which may distort true competition in a free market. The High Authority may seek to raise such issues during the course of the negotiations with the object of securing in any agreement at least some provision whereby these problems will be examined with a view to abating their impact on international trade.

9. The reference in M. Monnet’s letter to the “reduction and, if possible, the elimination of reciprocal protective measures” suggests that the High Authority may be ready to contemplate an agreement whereby restrictions on trade (or at least some of them) would be reduced by stages rather than at one blow, or might by agreement stop short of elimination at a pre-arranged point.

10. There is also an indication that some difference in the rules for coal and steel may be contemplated to take account of the different characteristics of the two markets.

11. No mention is made of the duration of any agreement that may be reached. This is presumably left for negotiation. It is to be assumed, however, that the High Authority would hope for a period sufficiently long to enable the industries concerned to plan ahead with confidence in the stability of the arrangements agreed upon and so realise to a greater extent the economic advantages aimed at.

(ii) Procedure for Common Action

12. A clear distinction is drawn between the removal of restrictions on trade (discussed in paragraphs 7 to 11 above) and other matters of common interest. As regards the former the parties to the agreement would accept an obligation to implement certain commitments and observe certain rules of conduct which would be defined in advance. As regards the latter there would merely be an undertaking to consult on important matters in order to offer either party the alternative of taking joint action by agreement or of proceeding unilaterally: the only binding obligation would be to consult.

13. M. Monnet contemplates that consultation would take place, for example, in regard to general objectives for modernisation, production and expansion of capacity and in regard to conditions of severe surplus or shortage of coal and steel. It is also contemplated that there would be a continuous joint review of market trends and prospects and of conditions of life and work within the coal and steel industries.

14. These, however, are cited only as examples. The High Authority may seek to include in these consultative arrangements such topics as action to deal with monopolistic agreements among enterprises to restrict the normal operation of competition and policy with regard to sales in third markets.

(iii) Institutions of the Association

15. The High Authority envisages three types of institution:—

(a) a joint Council of Association which would be responsible for implementing the Agreement;

(b) some body to settle differences of interpretation of the Agreement;

(c) a forum for public discussion which would associate public opinion with this new endeavour.

The proposals on (b) and (c) above have been left vague at this stage. The implications of these proposals are discussed in paragraphs 23 to 25 below.

16. The question is whether we should respond to M. Monnet’s approach and agree to enter into negotiations with a view to placing our relations with the Community on a contractual basis. In order to assist Ministers to reach a decision on this question of principle, we have set out in the following sections the more important political and economic considerations. With regard to the latter, the economic implications of association have already been studied by an official Working Party who have worked out a possible basis for association. An extract of the proposed arrangements is contained in Appendix B, and this represents in our opinion the furthest we should go. Such a form of association would appear to be consistent with the framework outlined by M. Monnet, though there is scope for other variants.
Political Considerations

17. It will be necessary to set any contractual association between the United Kingdom and the Community within the framework of our general European policy. This can be summarised as support for the political, economic and military integration of the Western European countries, as providing a means of increasing the political and economic strength and stability of the area, both in order to strengthen the Western alliance and to make it resistant to Communism, and to provide a means of locking Germany within the Western Community. Nevertheless, Her Majesty's Government have always taken the view that our position as a world Power makes it impossible for the United Kingdom to contemplate surrendering any part of its sovereignty to a European supranational body. We have, therefore, assumed that Her Majesty's Government would not be prepared to surrender to organs of the Community control over the United Kingdom coal and steel industries and the trade in their products, and that United Kingdom membership of the Community is therefore excluded. As we have mentioned, the High Authority accepts this position.

18. There are strong political arguments in favour of making the United Kingdom association with the Community as close as possible consistent with full retention of sovereignty. By doing so, we shall be giving our support to the one practical embodiment of the integration movement which already exists, and in which some initial success has already been achieved. The member Governments, including the German Federal Government, have co-operated loyally with the High Authority and a useful beginning has, therefore, been made in welding the Federal Republic into an integrated Western Europe. Close United Kingdom association would provide support to this development. It would also fit in with the association which we have agreed to establish with the European Defence Community (E.D.C.), and which we shall in due course have to establish with the European Political Community. The latter is planned to provide political control over, and eventually to absorb, the Coal and Steel and Defence Communities, and the United Kingdom association with these two would, therefore, be transferred to the E.P.C. Further, we must bear in mind the risk that a unified Western Europe might, if politically isolated, establish undesirably close links with the Soviet bloc. Close United Kingdom association with the Community would be likely to impede any such development and would in any case make it easier for us to keep watch on contacts between the Community and the bloc. At the least, it would reduce the risk of the Community becoming dominated by elements working for the exclusion of the United Kingdom from Europe, or otherwise acting to the detriment of the United Kingdom position whether politically or economically.

19. Even if the E.D.C. were to fail and the whole integration movement to receive thereby a serious setback, we cannot assume that the E.C.S.C. itself would necessarily founder. It has already shown that it possesses a life of its own, and under these circumstances it might well be desirable for the United Kingdom to help to salvage as much as possible of the integration movement; the objects of doing so would be to retain Germany within the Western European framework and to enable the Community to continue to exercise a degree of supervision over the basic industries on which the German war-making potential is based. Alternatively, if Germany were unified, it would be all the more important to keep the unified country within the European integration movement and so subject to Western influence. On both these hypotheses, it would be desirable for the United Kingdom to associate as closely as possible with the Community.

20. The essence of the Community lies in the creation of a single market within which tariffs, exchange controls, quantitative controls and discriminatory pricing practices have been removed. Therefore the formation of some form of common market* between the United Kingdom and the Community (which is what M. Monnet's proposal for an association of the two markets really amounts to) is the step which is likely to have the greatest political appeal in the six countries. It would show that we genuinely wished to come as close as possible to the

* The phrase translated "common market" has been used variously to denote simply a market free of tariff or quantitative restrictions or the whole of rules and procedures laid down by the Schuman Treaty. M. Monnet prefers to use it in the latter sense (hence the word "properly so called" in the seventh paragraph of his letter—see Appendix A) but throughout this paper and in Appendix B "common market" is used in the former and more limited sense.
On the face of it, the establishment of a form of common market embracing the United Kingdom and the six countries in which there would be no internal barriers but the maintenance of restrictions against the outside world, might appear inconsistent with the United Kingdom's "one world" approach to a system of freer trade on a multilateral basis. To discriminate in favour of a regional system such as the Community could be represented as a divergence from this policy. But this may be justified by the gains derived from the enlarged area of freer trade in coal and steel which a closer association with the Community would bring about, so long as the wider market so created does not seek to insulate itself from world competition. Moreover, by our close association with the Community, we should be able the better to influence it in the direction of removing trade barriers and dismantling discriminatory arrangements, and thus protecting the interests of third Powers.

Nevertheless, it might be difficult to remove all misunderstanding of our motives and it is possible that if such misunderstanding persisted it might have unwelcome consequences. For example, the Scandinavian countries might cease to regard the United Kingdom as an alternative centre for a European grouping (as expressed at present in Uniscan) and decide to throw in their lot with the Community. While we could have no objection to the Scandinavian countries being closely associated with the Community in the same way as ourselves, one or more of them might decide to go further and to join the Community as full members. Nevertheless, we must be prepared to face risks of this kind if we are to obtain the advantages of a really close association with the Community, and in any case Denmark may be drawn into membership even if we do not ourselves form a contractual association with the Community.

These arguments all lead to the conclusions first, that, provided there is no abrogation of sovereignty, the closer the association between the United Kingdom and the E.C.S.C. the better; secondly, that it is politically desirable to place this association on a contractual basis if a satisfactory agreement can be negotiated; and, thirdly, that the politically most effective arrangement would be an association which included the establishment of some form of single market between the United Kingdom and the Community.

The establishment of a really close association with the Community will require the adoption of appropriate institutional arrangements for contact between the United Kingdom and the Community. M. Monnet has suggested the creation of a Council of Association composed of three members of the High Authority and three United Kingdom representatives, to carry out the agreement and to discuss the application of the rules of conduct. If such a Council were composed, on the United Kingdom side, of the Head of the British Delegation and of representatives of the National Coal Board and the Iron and Steel Board, this would serve the purpose of bringing United Kingdom coal and steel interests into direct contact with the High Authority.

M. Monnet has also suggested that it would be appropriate to consider how differences arising between the two contracting parties relating to the application of the agreed rules should be settled. He does not suggest any particular form of procedure. It would not be acceptable, nor does it seem to be contemplated, that the United Kingdom should come under the jurisdiction of the Community's own organ, the High Court provided for in the Treaty constituting the Community. On the other hand, there is a case for considering whether some special procedure can be devised providing for a means of arbitration for disputes where the parties have accepted in the agreement an obligation to observe specific rules of conduct.

M. Monnet has further suggested that steps should be taken to provide for public discussion of the actions of the Council of Association. We know from an earlier approach which he made to Lord Salisbury that he has in mind joint meetings of Parliamentary representatives and members of the Common Assembly of the Community. Any arrangement of this sort would be open to objections, on the grounds that it implied a closer approach to membership of the Community than we desire, and that it would add another institution to an already cumbersome machinery of consultation, that it would deprive of value the existing joint meetings of the Common Assembly with the Consultative Assembly of the Council of Europe.
and so damage the position of the latter as a link between Big Europe and Little Europe, and that the place in which United Kingdom Members of Parliament should make their views known about our relationship with the Community is Parliament itself. It is therefore considered that the suggestion should be opposed.

Economic Considerations

26. From the economic point of view the main features of the E.C.S.C. are:

(i) It is an attempt to create a single competitive and non-discriminatory market which will enable buyers of coal and steel to purchase from the cheapest and best sources.

(ii) The Community is bound together for a sufficiently long time to give opportunity for the structure of the two industries to develop on a basis of economic efficiency within a substantial common market. In this connection the High Authority has been given certain powers to co-ordinate and stimulate investment.

(iii) There are safeguards to avoid sudden and painful adjustments during the transition stage.

(iv) There is provision for policing the market and regulating it in abnormal conditions, viz., to suppress monopolistic agreements and to deal with crises in times of glut and serious shortage. In the past the sharp, cyclical fluctuations experienced by the coal and steel industries have led to cartels among producers and autarchic policies by Governments.

(v) There is machinery for bringing the public interest to bear on the conduct of these two basic industries.

This is a large-scale economic experiment by a group which at present produces the same amount of coal and rather more than twice as much steel as the United Kingdom. If successful, it could create a unit of great economic power.

27. The question for decision is whether we should seek to come to terms now with the Community on a basis of close co-operation and mutual advantage. The broad economic case for such an arrangement is that it would provide a wider and freer market in two commodities which are at the foundation of our industrial power and in which we as a great trading nation cannot afford to be uncompetitive. Furthermore the form of co-operation offered would provide opportunity for the United Kingdom, without surrender of sovereignty, to bring close and continuous influence to bear on the conduct and development of the Community itself. In practice, coal and steel raise different issues, which are dealt with separately below.

Steel

28. Our vital interest, as a large steel consuming country and a great exporter of manufactured goods made from steel, is in having access to steady and plentiful supplies of cheap steel. This is cardinal to stiffening our competitive power in world markets, and it is to the engineering industries that we look more than ever to provide the extra export earnings we need. Cheap and plentiful steel is also important to the objective of stepping up productive capital investment and re-equipping and modernising plant and machinery in the interests of higher productivity. The British steel industry is now technically efficient and fully competitive with other producers. It is well on the way with its second post-war expansion plan. It should be an aim of economic policy to ensure that every possible stimulus is given to the industry and the Iron and Steel Board* to increase the industry's strength and efficiency. Competition from outside the United Kingdom should be a potent stimulus, but a straight removal of protective tariffs on steel would expose the United Kingdom to serious dangers. There would be no existing arrangement to which the industry could look for adequate protection from unfair practices, such as dumping in times of surplus, from any part of the world. The result of unrestricted competition of this kind would be violent fluctuations in prices and production. The experience of the 1920's and 1930's shows that this would work against the assurance of a steady and adequate flow of steel supplies that is so desirable.

* Under the Iron and Steel Act, 1953, the Iron and Steel Board is responsible for promoting the efficient, economic, and adequate supply, under competitive conditions, of iron and steel products.
29. But a step could be taken towards greater competition and a wider market for steel without running the risks indicated above. This is the central feature of the proposals put forward by the Working Party. They suggest that the United Kingdom might join with the E.C.S.C. in a free competitive market for steel. This would put our industry into direct competition over a wide area with the large and powerful Continental producers, and provide it with a spur to maintain and enhance the efficiency upon which the competitiveness of our engineering industries depends. The Working Party also suggested that it would be necessary and should be possible, to come to an agreement which would include adequate safeguards against instability of prices and production and unfair practices in times of severe shortage or surplus. In short, the association would comprise the advantageous economic features of a single market for steel but would specifically exclude any delegation of sovereignty or pooling of resources to a common institution subjected to “alien” control.

30. The retention of power to suspend or modify the full rigour of the single market in times of severe shortage or surplus would have to be an essential feature of any closer association. Provision for this already exists within the Community in relation to their own market. Such an arrangement applied to both the United Kingdom and Community markets would, of course, be invoked only after consultation. When this happened the two parties would have the power severally to impose restrictions on trade and local controls on prices and supplies. There should be provision for discussions between them on the fixing of prices and the allocation of supplies in order to mitigate the worst effects of serious shortage or surplus, e.g., price cutting and dumping in surplus or the undue raising of prices or unilateral cutting of supplies in shortage. But neither when the single market was in force nor when it was suspended would the High Authority have any jurisdiction over the British steel industry. Arrangements of this kind in respect of steel would probably require power to prescribe minimum prices and for this legislation would be needed.

31. In a wide trade and payments system such as it is the United Kingdom’s policy to work towards, there would have to be an escape clause which, although stringent, would provide for the imposition of quantitative restrictions in the event of a balance of payments crisis. It can be assumed that these would have to be applied in a non-discriminatory way, save perhaps against a persistent creditor. An agreement not to impose quantitative restrictions upon coal and steel from the Community even when we were in balance of payments difficulties would thus create an exception to such a rule besides renouncing our power to limit imports of coal and steel by direct means. It is of course the essence of the single market idea that it should be free from any extraneous disturbances to the flow of trade. It might be possible to provide for a balance of payments escape clause in any association with the Community, though if we did so the High Authority would doubtless insist upon it being reciprocal. If such an escape clause could not be negotiated, the securing of the advantages of association with the Community’s single market would involve the acceptance of a greater limitation on our freedom to manoeuvre in the event of a balance of payments crisis than would be provided in the trade rules under the Collective Approach. An obligation which implied an open door for imports of coal and steel from all sources could in certain circumstances involve a considerable balance of payments risk; but this might be well worth taking.

32. Such an association would mean granting duty-free entry to steel from the Community while keeping tariffs on steel from other parts of the world. A waiver would be needed from the General Agreement on Tariffs and Trade (G.A.T.T.), just as the Community had to apply for a waiver when the original common market was set up. The G.A.T.T. would no doubt require us to accept the same condition as they did: namely that our external tariffs to the rest of the world should be “harmonised” with those of the rest of the Community, which would in our case mean a considerable reduction. Even so it might be difficult to get the waiver, bearing in mind that we are proposing an association with a right of withdrawal. We cannot tell how the voting might go if we applied for one. If it were suggested that it did not fit in with our wider interests to become parties to a local preferential system, we could point out that such a system is already in existence within the Community; it is far from restrictive in its stated aims; and if we joined it we should be extending free trade over a wider area with lower external barriers than before. If in the event we failed to obtain the waiver, the scope of our association would have to be less ambitious.
33. The disadvantages of such an association would be:

(i) United Kingdom and Community home steel prices would inevitably move to a common level, and as United Kingdom prices are at present lower than Continental prices, this would mean some increase in United Kingdom prices. But the gap between United Kingdom and Continental prices is in any event likely to narrow or even disappear. United Kingdom prices have been held down in the face of rising costs (to which may shortly be added higher transport charges) and some prices may have to be increased before long. Meanwhile Continental producers are reported to be selling freely below their published prices. The premiums on United Kingdom exports would, of course, vanish. However, these have been diminishing for some time.

(ii) As a result of the free play of the market we might in some cases become dependent on the Community for specialised steel products, and this might entail a strategic disadvantage. In time of war we are likely to have to make substantial imports of steel anyway, and no doubt extraordinary measures could be taken in conjunction with our allies to get over some of these difficulties, though there is no guarantee that we should not find ourselves short of some essential steel products, at any rate for a time.

(iii) The establishment of a single market for steel would mean that we could no longer retain our export controls to keep in this country special types of steel in high demand, e.g., for use in our shipbuilding industry.

(iv) The case for association rests on the assumption that the Community rules for regulating the industry and creating truly competitive conditions will be properly enforced. If they cannot—and there are indications that the rules are in some cases being broken with impunity—the United Kingdom industry might be exposed to some of the pre-war difficulties which the pre-war tariff was designed to prevent. However, risks of this character are a feature of any international agreement and should not be overrated. It would be necessary in the negotiations to insist on adequate safeguards for the enforcement of rules and undertakings; failure to carry them out would be a breach of the contract.

(v) An announcement of the Government's intention to associate with the Community might create uncertainty among investors in iron and steel shares being realised by the Iron and Steel Holding and Realisation Agency, with possible consequential loss to the Exchequer. Such uncertainty might however be removed by adequate explanation of our intentions.

34. The Commonwealth Position.—An agreement on these lines might give rise to apprehensions in the Commonwealth, which if they were not checked might adversely affect our trade relations or lead to some retaliation such as the reduction of our preferences in Commonwealth markets. It is most important, therefore, that the independent Commonwealth countries should be consulted before we enter into any undertakings with the Community. But while the importance of such a step cannot be denied, the practical effects on the Commonwealth countries would be negligible. By establishing the single market we should be removing a preference that Commonwealth steel producers now enjoy over the Community in the United Kingdom market, and by reducing our external tariff towards other countries we should be reducing the Commonwealth preference over them too. But, although Canada and Australia may have other ideas for the future, imports from the Commonwealth are now no more than 50,000 tons a year and we do not foresee any great increase. There would be no question of the independent Commonwealth countries being asked to grant to the Community preferences on steel similar to those enjoyed by the United Kingdom, though we shall probably have to extend to the Community our preferences in the Colonial markets, a concession that we could reasonably make as part of the negotiations. An agreement about steel in times of shortage and surplus might be represented as having an adverse effect on prices and supplies for the Commonwealth which at present takes nearly two-thirds of all its steel from the United Kingdom or the Community. But we can assure the Commonwealth that our association with the Community would be on the firm understanding that it was not a restrictive cartel. It can also be pointed out that
a contractual association between the Community and the United Kingdom would probably ensure fairer treatment than the kind of private agreement among producers that would be the likely alternative.

35. Though the Iron and Steel Board have not yet been asked to state their views, the Minister of Supply has had exploratory discussions with them. It seems likely that the Board will see no clear balance of advantage or disadvantage to the steel industry and steel consumers in an association of the kind proposed in the Working Party’s report, though they may perhaps be more conscious of the risks of association than of the risks of remaining outside the Community. The British Iron and Steel Federation see the advantage of maintaining close working contacts with the Community, but like the Board are unlikely to have reached the point at which they see a balance of advantage in a contractual association. If, however, the Government should decide that an association with the Community is desirable, having regard, among other things, to broad grounds of international policy and to the promotion of stability and peace in Europe, it is unlikely that the Board or the industry would pursue their opposition to it.

36. The Economic Planning Board attached importance to the general argument in favour of closer association on steel that it would give this country a clear right to influence the development of a highly important industrial and semi-political community which we could not afford to see develop in ways which might adversely affect our interests; bearing in mind also the prime importance of engineering industries in our export effort, they saw quite strong advantages in taking a step which would help to ensure that our steel industry remained highly competitive.

Coal

37. Our main objective in coal is the same as in steel—to have adequate supplies of cheap coal—but there the resemblance ends. The National Coal Board have a statutory duty to break even over a period of years and they, therefore, do not seek to make a profit in the usual commercial sense of the term.

38. To enter the common market for coal would create certain difficulties. If it were to be a genuine common market and coal were to flow freely between the United Kingdom and the Community countries, the price of coal in the two areas would have to be assimilated and therefore, presumably, the price of United Kingdom coal would rise somewhat. As the total quantity of exports from the United Kingdom to the Community would at the best be marginal, it is difficult to forecast the extent of the rise in price. Fundamentally, the coal problem is one of supply and it is not clear that entering the common market for coal would have any effect on home production, and it is doubtful whether the United Kingdom could in normal conditions be a very significant market for European coal. It would indeed remove such external barriers as there are to our coal exports, but on the whole the main limitation since the war has been the lack of supplies, and unless this was greatly changed there would be no way in which we could take advantage of the opportunity of increasing our exports which a common market might create. Furthermore, there is some evidence to show that the increased requirements of energy in the Community countries would be likely to be met to a large degree by primary fuels such as oil and hydro-electricity and, therefore, the possibilities of an expanded market for United Kingdom exports in the Community countries may be rather smaller than has hitherto been envisaged.

39. Even though we cannot hope for any big expansion in our exports, it will always be important to secure a market for such coal as is available. There is a danger that we might be excluded from the Community markets in times of surplus if we were not associated with them. For this reason the Working Party put forward a compromise proposal: they suggested that without entering the common market we should exchange assurances with the Community about the level and prices of our exports with the object of:

(i) preventing the Community from suddenly stopping imports of British coal in a time of surplus; and
(ii) encouraging them in the longer term to rely on the United Kingdom as a source of supply instead of going all out for self-sufficiency.
40. Care should be taken in the negotiations to ensure that in any such arrangements the supply of coking coal for our own steel industry were not put at risk, especially as the High Authority might seek to establish that a single market for steel should carry with it equal access to all the raw materials needed for steel-making.

41. The provisional views of the National Coal Board on M. Monnet’s proposals are:

(a) They agree that there might be wide considerations of a general kind which might make it necessary for Her Majesty’s Government to enter into negotiations with the High Authority as proposed by M. Monnet, but so far as the coal industry itself was concerned, they doubt whether there would be any balance of advantage resulting from such negotiations. In particular, they suggest that there are various ways in which the coal industry in the Schuman countries now succeed in circumventing its formal obligations made under the Treaty, and they foresee inevitable embarrassment if this country became in any way subject to rules which purported to bind both the United Kingdom coal industry and that of the Schuman countries.

(b) If negotiations are to take place, the National Coal Board would wish to be closely associated with them and to be present at them.

(c) The Board are confident that proposals to remove all restrictions on the import of coal into the United Kingdom would arouse feeling among the miners and lead to strong representations from the National Union of Mineworkers.

(d) The procedure outlined in M. Monnet’s proposals for common action between the United Kingdom and the High Authority would often involve the coalmining industry in delays in carrying on necessary activities. They are already subject to many delays, particularly in carrying out developments, and they are reluctant to add to them.

42. The National Coal Board seem to be genuinely concerned at the effects of an association with the Community though in giving expression to that concern they may have overstressed the difficulties. Nevertheless, as stated above, the National Coal Board would, if Ministers decided that such an association was in the national interest, co-operate in devising a limited association in respect of coal provided the Board took part in negotiations. It is not easy to anticipate what will be the attitude of the National Union of Mineworkers, who have not yet been consulted, even on a provisional basis. If Ministers decided in favour of negotiating an association, the Ministry of Fuel and Power would undertake further consultation with a view to securing the co-operation of the National Coal Board and the National Union of Mineworkers.

43. The Ministry of Fuel and Power feel that there might be considerable economic advantage for coal in a contractual association with the Community, but equally if the negotiation of that association led to serious difficulties with the National Union of Mineworkers there might be serious disadvantages. Accordingly, until there has been further discussion with the Board and the National Union of Mineworkers, the Ministry of Fuel and Power find it necessary to suspend judgment on the economic advantage.

44. The Economic Planning Board, who considered the Working Party’s report before M. Monnet’s invitation had been received, doubted whether there was on balance any economic advantage in becoming associated with the Community as regards coal even in the limited way suggested by the Working Party.

Conclusions

45. We consider—

(1) that the political arguments favour a contractual association between the United Kingdom and the E.C.S.C.;

(2) that as regards steel there is a balance of economic advantage in association on the lines proposed in Appendix B, i.e., the creation of a single market;
(3) that as regards coal there may be some slight economic advantage in the limited form of association proposed in Appendix B but, on the other hand, there may be difficulties in securing the co-operation of the industry and in particular the workers. The Ministry of Fuel and Power wish to reserve their view on the balance of economic advantage for coal until the National Coal Board have given them their final conclusions after consultation with the National Union of Mineworkers;

(4) that the suggestions in M. Monnet’s letter of 24th December, 1953 do not appear to preclude an association along the lines of our own proposals.

Recommendations

46. Ministers are invited to decide whether it is desirable in principle to place the association of the United Kingdom with the Community on a contractual basis if a satisfactory agreement can be reached, and if so, to agree in principle that Appendix B, which visualises a single market for steel and a more limited form of association for coal, forms a satisfactory basis for the opening of any negotiations with the Community.

47. If this is agreed, Ministers are further invited:

(a) To agree that the Minister of Fuel and Power and the Minister of Supply should explain to the coal and steel interests that Her Majesty’s Government are disposed to proceed as in (1) above; and that they should endeavour to secure their support for a form of association on the lines suggested or, failing that, elicit alternative proposals in the light of the Government’s views.

(b) To agree that the independent Commonwealth Governments (who have already been informed of M. Monnet’s proposals of 24th December, 1953) should—

(i) now be told that Her Majesty’s Government are disposed to negotiate for an advantageous treaty association with the Community;

(ii) be given the reasons which have led us to reach this conclusion; and

(iii) be invited to furnish their observations on our general line.

(c) To agree in principle that, provided satisfactory progress is made in the discussions with the coal and steel interests and the consultations with the Commonwealth, exploratory discussions (in which the two industries would participate) should be opened with M. Monnet on an informal basis to determine whether there is a reasonable prospect of securing a satisfactory agreement.

APPENDIX A

TEXT OF M. MONNET’S LETTER TO SIR CECIL WEIR

Your Excellency, Luxembourg, 24th December, 1953.

As from 11th August, 1952, the day after the High Authority took up its duties, the British Government declared its intention of establishing an intimate and enduring association with the Community, and appointed you to represent it in the preparation of this association.

The High Authority immediately expressed the satisfaction with which it welcomed the intention of the British Government and its own confidence in the development of this association.

On 17th November, 1952, the first meeting was held of the Joint Committee which we had agreed to set up, and in which both the High Authority and your Delegation participated, whilst your experts and those of the High Authority met together in a number of Working Parties. At the time of the session of the Common Assembly held at Strasbourg in June, 1953, the High Authority stated that it was preparing to make proposals to the British Government on the method of bringing about the association which is our common objective.

It appears to-day, now that the common market in coal and steel has become a reality and we have seen, in practice, how the institutions of the Community
function, the time has come to establish by agreement the concrete form of this association. You are requested to be so good as to inform the United Kingdom Government that the High Authority is ready for its part immediately to open the necessary negotiations. The High Authority would wish to know at the earliest possible moment the intention of the British Government in this respect.

The High Authority has attempted to clarify the way in which this association might develop. It ventures to submit certain suggestions to the British Government: these suggestions naturally leave open numerous questions which could arise in the course of negotiations.

The object of the association between the Community and the United Kingdom is to contribute to their common prosperity by establishing together the prospects for the development of their coal and steel production, by concerting their action in the field of these industries, and by enabling their economies to benefit from wider competition and from a better assurance of supplies and markets.

It appears to the High Authority that the solutions which will be found should be such as to bring the greatest advantage not only to the Community and the United Kingdom, but also to the development of international trade in an expanding world economy.

The establishment of a common market, properly so called, and the sum of the advantages which flow from it, could only, in our opinion, be realised by a pooling of resources, and by the creation of common institutions to which should be accorded a delegation of sovereignty and certain powers of decision. The British Government has declared that it could not envisage such a solution. The High Authority, in its desire to establish the closest ties that these basic facts allow, proposes, as a means of association between the Community and the United Kingdom, the following as essential points:

1. An association between the markets by virtue of the reduction, and if possible, the elimination, of reciprocal protective measures, and the institution of rules which each party undertakes to respect.

2. A procedure for common action.

Joint institutions responsible for watching over the operation of the system, for preparing common action, and for taking decisions reached in common agreement.

The High Authority wishes to add certain explanations on these points:

(1) Association Between the Markets

The association should have the object of reducing or eliminating restrictive measures which impede coal trade, as well as the reduction or elimination of quantitative restrictions and customs duties on steel.

The High Authority feels obliged to recall that as regards problems arising out of paragraph 14 of the Convention on the Transitional Provisions, it must obtain instructions from the Council of Ministers of the Community. It will further be necessary to ensure that forms of association between our markets are consistent with the provisions of international agreements in force in the field of trade and customs questions.

In order to ensure that the association of the markets made possible by the reduction or elimination of protective measures, should produce the most economic results, the exchanges between them should be subjected to certain rules which should moreover take account of the characteristics of the coal market on the one hand and the steel market on the other. These rules should be established in the form of reciprocal undertakings between the United Kingdom and the Community. It is natural that the High Authority should, for its part, seek these along the lines of those provided for in the Treaty constituting the Community.

(2) Procedure for Common Action

The common action should proceed from an exchange of information to decisions concerted together and valid for the whole of the two markets. The High Authority and the Government of the United Kingdom should together undertake a continuing examination of the trend of the market and of the living conditions of the labour force, and establish in common the long-term outlook for consumption and exports.
In the absence of any surrender of sovereignty to institutions responsible for taking decisions on the common account, and for the common benefit, the High Authority has envisaged the following procedure: In regard to important actions contemplated by either party such as the establishment of general objectives for modernisation, the direction of production, and the expansion of productive capacity, or such actions as temporary measures designed to deal with the difficulties of the market, the contracting party which envisages the action would consult with the other, and would offer the alternatives of undertaking common action in agreement for the whole of the two markets, or allowing the other party to proceed unilaterally to the action envisaged.

(3) Institutions of the Association

Whatever may be the technical provisions which are agreed the High Authority believes that to put them into operation and to give them their full political importance, it would be appropriate to envisage the establishment of joint institutions responsible for watching over the operation and the development of the association.

It is for this reason that the High Authority suggest the creation of a Council of Association which might be composed of three members of the High Authority appointed by it, and three members appointed by the United Kingdom Government. The Council could meet periodically to discuss the application of the rules agreed for the trade between the markets, to prepare the actions to be undertaken in common, or to take decisions reached by common agreement.

It would be appropriate to consider how to settle differences of interpretation relating to the application of the rules agreed, or in respect of the conditions in which each contracting party had given effect to concerted actions.

Finally, the High Authority considers it desirable that the actions of the Council of Association should be the subject of public discussion in a form to be decided. The High Authority is, of course, open to any constructive solution which will associate public opinion with the progress of this new form of international relationship which we are going to establish together.

JEAN MONNET,
Président de la Haute Autorité.

APPENDIX B

PROPOSALS CONTAINED IN A REPORT BY A WORKING PARTY OF OFFICIALS ON THE ECONOMIC IMPLICATIONS OF AN ASSOCIATION BETWEEN THE UNITED KINGDOM AND THE EUROPEAN COAL AND STEEL COMMUNITY

The Report by a Working Party of Officials on the Economic Implications of an association between the United Kingdom and the E.C.S.C. (E.S. (53) 21) contained suggestions for an agreement with the Community that would, in their view, be workable and entail some long-term economic advantage. These proposals are fully discussed in Chapters 4 (Steel) and 6 (Coal) of that Report. The main features are as follows:

— Steel

(a) Establishment of a common market between the United Kingdom and the Community: i.e., no tariffs, currency restrictions or trade restrictions (except as at (b) below), and no discrimination in prices or other conditions of sale between United Kingdom and Community consumers, British steel prices to be published and to follow the Community’s basing-point price system.

(b) Agreement on common action in times of surplus or shortage and towards third markets:

(i) in surplus the United Kingdom would be ready to agree on minimum prices in the common market and to a mutual reduction of trade between the United Kingdom and the Community;
(ii) in shortage the United Kingdom and the Community would agree to consult on maximum prices throughout the area and on an allocation of each partner's expected supplies between home consumption, exports to the other partner, and exports to third countries;

(iii) the United Kingdom and the Community to be ready to consult at any time about action in third markets, *e.g.*, on minimum export prices in surplus.

(c) The Community to benefit from our preferences in Colonial markets [but not in independent Commonwealth markets].

**Coal**

(d) The High Authority to agree to permit free entry of British coal at all times within a certain quota and the United Kingdom to agree to offer at all times a certain amount. This would call for an understanding about types and qualities.

(e) The United Kingdom to adopt some agreed price policy for coal exported to the Community—*e.g.*, the National Coal Board to quote the same f.o.b. price to all Community countries, but also to be free to align their prices in particular markets with supplies from other sources where these were lower.

(f) In surplus the United Kingdom to agree not to 'dump,' *i.e.*, charge a price to the Community lower than inland prices.

(g) The United Kingdom might also allow free import of coal from the Community.

**General**

(h) Consultation as to when a situation of scarcity or surplus should be declared.

(i) Full exchange of information on investment plans.

(j) General exchange of information and co-operation on research.

(k) The United Kingdom not to intervene governmentally in the fixing of transport charges in such a way as to cause discrimination on account of the foreign origin or destination of goods and to issue a request to the British Transport Commission to observe this principle.

(l) The exchange of general assurances about the control of producers' agreements that were likely to inhibit other arrangements.

(m) We could also agree if necessary to exchange assurances about the movement of labour and wages.

As to the period of the treaty, so long as we were allowed some right of withdrawal there could be no economic objection to its being valid for the full 50 years of the Schuman Treaty itself.... To safeguard our own interests and to prevent any particular dislocations that could be foreseen when the Treaty came into force we should need to ask for a short transitional period in which the full rigour of our treaty did not apply; thereafter we might provide for a right of withdrawal given, *say*, a year's notice on either side.
CABINET

WAGES AND PRICES

MEMORANDUM BY THE MINISTER OF LABOUR AND NATIONAL SERVICE

The Cabinet agreed on 18th December, 1953, to increase the prices of butter, cheese, beef and pork from 21st February, 1954, and to defer till January further consideration of whether there should be some increase in the price of bread or milk (C.C. (53) 80th Conclusions, Minute 3).

2. I understand from the Minister of Food that it will be necessary to make an announcement on 28th January of the price increases which it is proposed should take effect from 21st February. I am so concerned about the effect of making such an announcement at that time that I am asking my colleagues to reconsider the question.

3. My colleagues are aware of my general misgivings on the effect which increases in food prices are bound to have on wages. I do not propose to repeat the arguments set out in my paper on wages and prices (C. (53) 276) beyond observing that arguments based on the increase in food prices have been freely used and strongly pressed in prosecuting current wage claims, and that the economic consequences of current disputes are to be measured not only by the changes in wage levels which may result, but by the embitterment of industrial relations which these struggles entail.

4. When the Cabinet reached its conclusion on 18th December it was not possible to foresee the situation which will exist on 28th January, when the decision is due to be announced. The settlement of major wage claims in a number of important industries has been slower than anticipated and since the threatened railway strike just before Christmas there have been a sharpening of conflict and a deterioration in the climate of industrial relations which may have significant political implications. On the crucial claim of the engineering and shipbuilding industries the trade unions did eventually agree to defer industrial action pending the reports of the Courts of Inquiry now sitting. One of the principal arguments which the Courts will have to take into consideration is that relating to the cost of living and in particular to the cost of food. To make an announcement at this juncture of increases in the price of essential foods would, in my opinion, be highly injudicious.

5. I agree that I should be unlikely to regard any date for such a move as completely suitable, but I regard the proposed date as so obviously unsuitable that I ask my colleagues to consider deferring it.

W. M.
GOVERNMENT METHODS OF FINANCING AND EFFECTS ON TAXATION

MEMORANDUM BY THE CHANCELLOR OF THE DUCHY OF LANCASTER AND THE MINISTER OF MATERIALS

The problems arising from taxation I believe to be more urgent and deep-seated than any others with which the Government is faced.

2. I realise that a Royal Commission will report on some aspects of the problem in due course, but in the long run the total measure of taxation depends on Government policy—and the Royal Commission is not invited to report on that.

3. In two years this Government has earned much credit for courageous decisions on housing, rationing and the limitation of State monopoly trading.

4. We cannot be content with a level of taxation which eats into the resources of every manufacturing industry in the country and of many private persons, and leaves a position in which the only way in which anyone can accumulate wealth, however hard they work, is by operations on the Stock Exchange.

5. Whilst taxation is the primary responsibility of the Chancellor of the Exchequer, it is also the responsibility of the Cabinet, and at the last meeting of the Cabinet before Mr. Butler went overseas he asked for the support of his colleagues.

6. I do not see how we can make the reductions in taxation which our economy requires by departmental economies on staff. Policy determines expenditure. We succeeded in housing because we had a target. We now require a target for taxation. If enterprise and competitive trading and a high and stable level of employment is to be maintained in this country the general level of taxation must be reduced and the highest level should be 15s. in the pound: that should be our target.

7. The prosperity of the country depends upon the initiative, and willingness to take risks, of a large number of limited companies and a comparatively small number of people of high capacity, many of whom already possess considerable gross incomes. They are the people who exploit inventions, open up new markets overseas and devise the means to increase production.

8. All trade depends for its existence on its profitability. It really is of little use to make speeches urging the importance of wider commercial adventure in order to improve our export trade, when taxation on profits is so high that commercial prudence leads people to resist the temptation to take financial risks. So long as the Exchequer takes more than 50 per cent. of any extra profit the commercial leaders may make, it is not reasonable to expect the fires of adventure to continue to burn very brightly.

9. Furthermore, the present level of taxation is not only damping initiative and eating into our commercial reserves and resources, it is having a demoralising effect on the nation which the Government ought not to ignore.

10. High salaries have lost most of their old attraction for ambitious men: instead people look for tax-free allowances, which fall inequitably on different sorts and places of employment, and which incidentally are a bad thing for the economic conduct of business.
11. Increases in wages are no longer subject to close analysis of what the trade can stand, because well over half of such increases will, through reduced profits, go to the charge of the Chancellor of the Exchequer.

12. I would apologise to my colleagues for this long essay on the obvious, were it not that I am convinced that, unless we take courageous and fresh action, we shall let the nation drift into economic trouble, and what is more to the point, I have a practical proposal to make as to one way in which we can begin to deal with the problem.

13. Our system of national finance has learned little from sound commercial practice: it is based on the economic conditions of generations ago. We make no proper distinction between revenue and capital accounts. Social services and administrative charges, however high they be, are charged to revenue account: we pay for them, and benefit by them, as we go along. But we have other and totally different charges, the benefit of which does not accrue from day to day but is spread over a future period: these we also charge to revenue and meet from the current budget.

14. One such item has already been raised by the Minister of Housing—the compensation payments under the new Town and Country Planning Bill. Another example comes within my purview as Minister of Materials. As a matter of Government policy, we build up a strategic reserve of raw materials. As the Prime Minister rightly pointed out to us, this merely means that we transfer our financial resources into material resources, and provided we buy prudently no real cost to the nation is involved. But the amount that we put aside for this purpose is charged to the current budget—and is restricted accordingly. Thereby we endanger our security.

15. It seems to me that the sensible thing is to make the stockpile adequate at the earliest possible moment so that, if war comes, we shall have this provision; but we should adopt commercial practice for financing it. We should issue a short-term loan of ten years, and the annual budget should meet only charges for amortisation, interest, and the cost of upkeep and depreciation of the items in the stockpile.

16. Need we pay in these next few years for all the large road development that has been delayed by the war: would it not suffice if we paid the cost and charges of a Road Loan amortised in 25 years?

17. Is it necessary to inflict on a generation which has endured two major wars, and still bears so much of their consequences, the additional burden of financing now (or forgoing for their successors) capital expenditure which will endure to the benefit of those successors?

18. My suggestions mean some departure from traditional practice whereby expenditure which is irrecoverable or yields no revenue is made subject to scrutiny by Parliament through normal supply procedure. But the inclusion of annual amortisation payments in departmental Votes would provide an opportunity for Parliamentary discussion, and Parliamentary control could be further assured on the lines of the compromise proposal put forward by the Minister of Housing recently in connection with the compensation payments.

19. What I propose is wholly in keeping with sound commercial accountancy. Prudent industrial enterprises issue debentures to spread capital costs and repay them. Why should not Government finance be based on such accepted methods?

20. But it is not on the narrow ground of accountancy practice that I ask for consideration of this problem. I do so because it appears to me that the requirement that substantial blocks of capital expenditure (capital, that is, in the sense that it creates tangible and enduring, or long-term, assets) should be met out of the proceeds of current taxation is compelling us to endanger the prosperity, strength, and well-being of this country, both by maintaining personal taxation at a level which is killing enterprise and by forgoing in whole or in part capital expenditure necessary for the safety or well-being of the country.

21. I submit this paper as indicating but one method of rendering the assistance the Chancellor asked from his colleagues, and I ask that the problem of reducing taxation shall occupy the minds and the deliberation of the Cabinet as one of major and urgent importance.

Office of the Chancellor of the Duchy of Lancaster, S.W. 1,
18th January, 1954.

W.
CABINET

RELATIONS WITH YUGOSLAVIA

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

My colleagues should know that I have recently had occasion to complain more than once to the Yugoslav Ambassador about anti-British articles in the controlled Yugoslav press, especially on Colonial matters. I regret that, in spite of my complaints, these articles are still being published. I attach, for the information of my colleagues, a typical specimen (Annex A), together with a record of a conversation between the head of the competent department in the Foreign Office and the Minister-Counsellor of the Yugoslav Embassy (Annex B).

A. E.

Foreign Office, S.W.1,
19th January, 1954.

ANNEX A

Pobjeda (Cetinje) article “Britain and Her Colonies” of 27th December, speaks of tendencies of Great Powers at U.N.O. during the past year to make a common front against the adoption of a resolution to find factors required for self-determination of dependent countries. At the same time ever increasing pressure is exerted by the English colonial authorities on the natives. Guiana, rich in diamonds and sugar, elected a native Government which wanted to secure for its countrymen a little more freedom and bread. This clashed with the basic interests of the British Empire which forcibly threw the Government out, &c. In Malaya British troops had to use arms to secure the exploitation of rubber, since guerrillas increased their activity. In Kenya, a country of great mineral and other wealth, 2,800 Africans were killed in the year; 980 enslaved and 268 wounded. The ratio between killed and captured is explained by the “Shoot to Kill” order. Griffiths was acquitted despite proof that he paid five shillings for every member of the Mau Mau killed. Lyttelton deposed the King of Uganda because he did not want to submit to orders. The Sudan elections showed that the Sudanese no longer want the English as teachers. The satisfaction of the Labour Opposition with vague answers and lame explanations has caused a sharp reaction in its Left wing. Events in the colonies do not at all accord with official statements that the final aim of British colonial policy is that these peoples should get independence as soon as possible.
ANNEX B

When the Yugoslav Minister-Counsellor came to see me to-day on another matter, I took the opportunity of referring to the unpleasant article summarised in the attached Belgrade Savingram. I reminded M. Petric that the Secretary of State took a serious view of this kind of article and that Sir I. Kirkpatrick had already complained on two occasions to M. Velebit. I pointed out that the article in question took a purely Cominformist line, especially about Kenya and Malaya. While we did not expect the Yugoslav Government to change their theoretical attitude towards "colonialism," we had a right to object to a glaring distortion of the facts and to suggestions that Her Majesty's Government were not sincere in their policy of granting self-government to colonial peoples.

2. M. Petric agreed that the article was unfortunate and undertook to bring it to the attention of the authorities in Belgrade.

N. J. A. CHEETHAM

January 15, 1954.
PROPOSAL TO INVITE THE CHINESE TO ATTEND THE BRITISH INDUSTRIES FAIR

MEMORANDUM BY THE PRESIDENT OF THE BOARD OF TRADE

The last occasion on which the Board of Trade issued invitations to Chinese businessmen and others to attend the British Industries Fair (B.I.F.) was in 1951. In 1952 no Chinese were invited for the practical reason that due to Communist measures the existing list of Chinese business houses was largely useless. In 1953, although no specific invitations had been sent, three Chinese visitors from the mainland of China visited the Fair.

2. Invitations are issued to state-trading organisations of the Soviet Union and the Eastern European satellites. They are sent through the commercial representatives of their Embassies in London, and the numbers attending the Fair have been satisfactory.

3. Should we invite the Chinese to visit the Fair in May of this year? Such invitations could either be issued direct to those Chinese Government purchasing agencies whose addresses are known, or alternatively Her Majesty's Chargé d'Affaires might be instructed to distribute them to these bodies.

4. The arguments against inviting the Chinese are:
   (a) Little actual trade might result: China is spending her available foreign exchange mainly on capital goods for her Five-Year development programme, and the majority of these are on the embargo list at present.
   (b) The issue of invitations might receive publicity and arouse unfavourable reactions in the United States at a time when there are indications that the Americans may be becoming less rigid in their views on trade with China.
   (c) There is no immediate prospect of a political settlement in the Far East and it is declared policy that there can be no real relaxation of controls on trade with China until this happens.
   (d) Any disagreement with the United States over China trade might prejudice the efforts we may be making to adopt more liberal policies on the main bulk of East/West trade with countries other than China.

5. The arguments in favour are:
   (a) As has frequently been stated in the House, it is the policy of Her Majesty's Government to encourage trade with China in non-strategic goods.
   (b) Questions have been, and will be, asked about what steps Her Majesty's Government are taking to encourage such trade; this is positive action which we might well take and we should be open to criticism if we did not take it.
   (c) All other Communist countries are invited to attend, and discrimination against China would not now be easy to justify or defend.
(d) The British Council for the Promotion of International Trade (B.C.P.I.T.) is encouraging British firms to exhibit at the Leipzig Fair, to enable Chinese visitors to see their products. The political propaganda which this makes possible could best be countered by a direct invitation to the Chinese to visit the B.I.F.

(e) It would afford the Chinese an opportunity of seeing for themselves what British manufacturers have to offer, and to that extent would divert enquiries from undesirable channels such as the B.C.P.I.T. and its associated bodies.

6. These arguments are nicely balanced. On the whole I believe the difficulty of explaining why we refuse to invite a country, which we have recognised, to visit a Fair for the purpose of doing trade which we permit, is harder than the task of defending the invitation against any American criticism. I accordingly come down, though rather narrowly, in favour of inviting the Chinese Government purchasing agencies to attend the B.I.F. in May.

P. T.

Board of Trade, S.W. 1,
20th January, 1954.
INTERNATIONAL LABOUR CONFERENCE, 1952

MEMORANDUM BY THE MINISTER OF LABOUR AND NATIONAL SERVICE

This memorandum contains my proposals for action on the Conventions and Recommendations adopted by the International Labour Conference at the 35th Session in June 1952, viz.:

   Recommendation (No. 93) concerning Holidays with Pay in Agriculture.
   Convention (No. 102) concerning Minimum Standards of Social Security.
   Convention (No. 103) concerning Maternity Protection (Revised).
   Recommendation (No. 95) concerning Maternity Protection.
   Recommendation (No. 94) concerning Consultation and Co-operation between Employers and Workers at the Level of the Undertaking.

2. Under the Constitution of the International Labour Organisation, Conventions and Recommendations have to be brought before the competent authorities of Member States within a year (or at most eighteen months) of their adoption for the enactment of legislation or other action. It is our practice to communicate the Government’s proposals on such instruments to Parliament by means of a White Paper.

3. The texts of the Conventions and Recommendations were presented to Parliament with the report of the Government delegates to the 35th Session of the Conference (Cmd. 8825). In annex a summary of the contents of these instruments and the detailed considerations that have led to my proposals, which are as follows—

   (1) that the Convention (No. 101) concerning Holidays with Pay in Agriculture should not be ratified because it would impose upon the Government a responsibility to ensure the grant of holidays with pay to agricultural workers which would be inconsistent with the discretion vested in the independent statutory Agricultural Wages Boards in Great Britain, and that the supplementary Recommendation (No. 93), which raises the same basic difficulty, should not be accepted.

   (2) that the Convention (No. 102) concerning Minimum Standards of Social Security should be ratified and that the ratification should specify six branches of social security for which the standards laid down in the Convention will be observed.

   (3) that the Convention (No. 103) concerning Maternity Protection (Revised) should not be ratified, because the law and practice in this country, based on different principles of maternity protection, are not in conformity with the provisions of the Convention, and that the supplementary Recommendation (No. 95) should, for the same reasons, not be accepted.

   (4) that the Recommendation (No. 94) concerning Consultation and Co-operation between Employers and Workers at the Level of the Undertaking should be accepted.
4. The Conventions and Recommendations are ratified or accepted on behalf of both Great Britain and Northern Ireland. The Ministry of Labour and National Insurance of Northern Ireland have been consulted and concur in the action proposed.

5. If these proposals are approved, authority is sought for the issue of a White Paper, based in large part on the terms of the Annex, which I will circulate to my colleagues for information in due course.

W. M.

Ministry of Labour and National Service, S.W. 1.
20th January, 1954.

ANNEX

DESCRIPTION OF, AND COMMENTS ON, THE CONVENTIONS AND RECOMMENDATIONS ADOPTED BY THE 35TH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE, 1952

Convention (No. 101) concerning Holidays with Pay in Agriculture

This Convention provides that workers employed in agricultural undertakings and related occupations shall be granted an annual holiday with pay after a period of continuous service with the same employer. The manner in which effect is given to this provision is left for national decision but the Convention states that such provision may be made by means of collective agreements or by entrusting the regulation of holidays with pay to special bodies. The undertakings or occupations to which the Convention is applied are also left for national determination. The required minimum period of continuous service and the minimum duration of the holiday are to be determined by, and the holiday remuneration is to be either not less than the worker's usual remuneration or calculated as prescribed by, national laws or regulations, collective agreements, arbitration awards, or by special bodies entrusted with the determination of holidays with pay in agriculture or in any other manner approved by the competent authority. The Convention also includes provision for such matters as special treatment for young workers; longer holidays on the basis of length of service; proportionate holidays in cases where the continuous service is not long enough to qualify the worker for the annual holiday; the exclusion of public and customary holidays, weekly rest periods and certain temporary absences from the annual holiday; the division of the holiday; and payment of the remuneration due for holidays not taken in cases of dismissal. It is laid down that agreements to relinquish the right to an annual paid holiday shall be void. An adequate system of inspection and supervision to ensure the application of the provision of the Convention is to be maintained.

2. It is proposed that the Government should not ratify this Convention because of a fundamental difficulty arising from the obligation (contained in Article 1 of the Convention) to ensure that workers in agricultural undertakings and related occupations are granted an annual holiday with pay. Under the agricultural wages legislation at present in operation in Great Britain independent statutory authorities (Agricultural Wages Boards) set up by the legislation are empowered to fix holidays with pay and have in fact done so. The use of this power is not obligatory however, and the Boards have complete freedom to decide whether any, and if so what, holidays should be fixed.*

3. While the Convention allows the determination of holidays with pay to be entrusted to special bodies, this in no way affects the responsibility of Governments under the Constitution of the International Labour Organisation to ensure that ratified Conventions are effectively applied. If, therefore, the Government were to

* Note: The position in Northern Ireland in relation to Article 1 of the Convention is different from that in Great Britain in that the current agricultural wages legislation provides for an annual holiday with pay of six days.
ratify the Convention, they would accept an ultimate responsibility to make provision for holidays with pay in agriculture should the Boards decide to discontinue the use of the powers vested in them. It may well be that the Boards are, in practice, most unlikely ever to come to such a decision. The acceptance by the Government of the obligation contained in Article 1 of the Convention would, however, be clearly inconsistent with the relationship between the Government and the Agricultural Wages Boards which is established under the terms of the existing law. If the Government were to accept an ultimate responsibility in regard to holidays with pay, there is an obvious danger that this might give rise in the future to demands for Governmental intervention in regard to other matters within the discretion of the Boards. This, in turn, might well have repercussions on the operation of statutory wage-fixing machinery generally. The basic difficulty for the United Kingdom in connection with this Convention was explained to the International Labour Conference by the United Kingdom Government delegation which abstained on the final vote on the Convention.

Recommendation (No. 93) concerning Holidays with Pay in Agriculture

4. The Recommendation contains a number of detailed provisions which are supplementary to those contained in Convention No. 101. All these matters are, in Great Britain, left to the discretion of the Agricultural Wages Boards and there is the same fundamental difficulty as exists in the case of Article 1 of Convention No. 101. Moreover, the existing law and practice in the United Kingdom as a whole is not in conformity with certain provisions of the Recommendation. In these circumstances it is proposed that the Government should not accept the Recommendation.

Convention (No. 102) concerning Minimum Standards of Social Security

5. Unlike the earlier International Labour Conventions on Social Security which applied only to individual branches or aspects of the subject, this Convention is intended to cover social security as a whole and applies to all the important branches of social security, viz., medical care, social security payments for sickness, unemployment, old age, industrial injury, maternity, invalidity and survivorship, and family benefit. It reflects the modern tendency (of which our own scheme is the leading example) to group the different branches together in a single comprehensive system. In framing the Convention at the Conference a prominent part was played by the Government delegations of the countries with well-developed social security schemes, notably the United Kingdom, France and other countries associated with us in the Brussels Treaty Organisation and the Council of Europe.

6. The Convention lays down some general requirements such as finance, rights of appeal, &c, and lists the minimum standards that should be observed in each of the nine social security branches. These standards concern such matters as the proportion of the population to be protected against the particular risk, the conditions on which the benefit is to be given and the length of time for which it must be continued. There are also requirements, which are discussed in paragraph 9, about the minimum rates at which the various cash payments should be made. These payments may be made either through an insurance scheme or (except for industrial injury and maternity) through a scheme of the “assistance” type involving a means test.

7. To be entitled to ratify the Convention a country, in addition to complying with the general requirements, must show that its scheme observes the minimum standards in at least three branches of social security, including at least one of the following—unemployment, old age, industrial injury, invalidity and survivors’ benefit. This is the bare minimum, but on the basis of present legislation the United Kingdom can do better. Should ratification be decided on, it would be possible to specify in the act of ratification six branches, viz., medical care, on the strength of the national health services; family benefits, on the strength of the family allowances scheme; and sickness, unemployment, old age and survivorship, on the strength of either the national insurance scheme or the national assistance scheme.

8. It would not be possible to ratify for industrial injuries because, although the rates of cash benefits are well above the prescribed minimum, the Convention requires all drugs and appliances to be supplied entirely free of cost in cases of industrial accidents or diseases. The small charge made for prescriptions and the
fact that the patient has to share in the cost of certain appliances raise a technical
difficulty in the way of ratification. Nor would it be possible to ratify for maternity
where the Convention prescribes a rate of benefit for working women which is
altogether out of scale with the other benefits. As against the rate of 32s. 6d. per
week provided for in the new maternity legislation the Convention would require
a rate of 53s. 6d., for a woman who would normally have a husband in work; this
is nearly as much as it prescribes by way of sickness benefit for a man with a
dependent wife and two children. The Convention as drafted does not enable
the Government to take any credit for the fact that the new maternity allowance
is paid for as long as 18 weeks, and that in addition we provide certain lump sum
maternity grants which are given whether the woman is gainfully occupied or not.
It would also be undesirable for the ratification to specify invalidity; the actual
requirements of this part of the Convention appear to be based upon certain
foreign schemes whose underlying principles are different from those in operation
here, though they do not in fact provide better cover in this contingency.

9. The only general provision which calls for special comment arises from
the requirements about the minimum rates at which social security payments
should be made. The Convention does not oblige a country to follow any particular
method for fixing its rates, but the payments themselves must not be below a figure
which in the case of schemes like that of the United Kingdom is to be calculated
in relation to the wages of a typical worker in the country concerned. Accordingly,
the test whether a country's social security payments comply with the Convention
involves comparison with standard rates which are fixed in relation to wages. In
the case of the United Kingdom the standard of reference would be the wage of
an unskilled adult male engineering labourer (now approximately 119s. a week).
The benefits for a family (usually a man, wife and two children) must amount to a
specified percentage of that wage, account being taken of any family allowances
payable. The percentages, which range from 40 to 50 according to the particular
benefit, when applied to the wage do not produce a very onerous requirement. Both
insurance benefits and assistance scales pass the test on the basis of the standard
wage as it stands now and leave a fair safety margin in case of a rise in the standard
wage. So far as can be judged, this margin is likely to be sufficient to cover any
increase in the standard wage which may be granted as a result of the present
wages claim in the engineering industry. If, however, as a consequence of cost­
living increases in the future, the wage ever went beyond that point, considera­
tions of home policy, quite irrespective of any international commitment, might
make it necessary to increase assistance scales and probably insurance benefit rates
also, at least up to the amount required by the Convention. It is clear, therefore,
that the Government could safely accept this requirement.

10. It is very desirable from the international point of view that the United
Kingdom, a pioneer in the field of unified social security systems and one of the most
advanced countries in the world in this respect, should ratify this Convention,
which it has taken a prominent part in framing, and it is therefore proposed
that the Government should do so. It is proposed that the instrument of
ratification should specify the Parts relating to medical care, sickness benefit,
unemployment benefit, old age benefit, family benefit and survivors' benefit.

Convention (No. 103) concerning Maternity Protection (Revised) and Recom­
mendation (No. 95) concerning Maternity Protection

11. The Convention, which revises an earlier Convention (No. 3) of 1919,
contains the same fundamental principles as the 1919 Convention, which has not
been ratified by the United Kingdom Government. The present Convention
applies to women employed in industrial undertakings and in non-industrial and
agricultural occupations, including women wage earners working at home. It
provides for a period of maternity leave of at least twelve weeks' duration, of
which a period of at least six weeks after confinement is to be compulsory. The
remainder of the leave may be taken before the presumed date of confinement
or following the period of compulsory leave after confinement, or partly before the
presumed date of confinement and partly after the period of compulsory leave.
A woman taking maternity leave in accordance with the provisions of the Conven­
tion must not be given notice of dismissal during her absence, nor must she be
given notice which would expire during the period of absence. The Convention
requires that during the period of maternity leave the woman shall be entitled to
cash and medical benefits. These are to be provided either by means of compulsory
social insurance or by means of public funds. The rates of cash benefit must be sufficient for the full and healthy maintenance of the woman and her child in accordance with a suitable standard of living. The medical benefits must include pre-natal, confinement and post-natal care by qualified midwives or medical practitioners as well as hospital care where necessary. It is provided that nursing mothers shall be entitled to interrupt their work for the purpose of nursing their children at a time or times to be prescribed by national laws or regulations.

12. The Recommendation is supplementary to the Convention. It covers broadly the same ground as the Convention and contains provisions which, in several respects, go beyond those provided for in the Convention.

13. The law and practice of the United Kingdom are not in conformity with the provisions of either of these instruments. So far as maternity benefits are concerned, the cash benefits provided for employed women under the National Insurance Acts are designed to compensate for loss of earnings for at least the periods envisaged in the Convention and to make it possible for women to refrain from working during these periods. It cannot, however, be claimed that the benefits are themselves sufficient to provide for the “full and healthy maintenance of the woman and her child” as required by the Convention. Where, however, the family is in need, the benefits are supplemented by National Assistance to an amount sufficient for this purpose. While this could be said to achieve the general objects of the social security provisions of the Convention, it is not in precise conformity with those provisions. The main difficulty for the United Kingdom Government lies, however, in the provisions which would require the enactment of legislation in regard to employment before and after childbirth, including statutory maternity leave. These are based on principles which are foreign to the approach to maternity protection in this country. It has not been thought necessary or desirable in the United Kingdom to rely for the protection of maternity on special legislative prohibitions or restrictions on the employment or dismissal of women before and after childbirth. The protection at which the Convention aims has been achieved here rather by a combination of advanced social security provisions, highly organised arrangements for health education and medical advice, and legal obligations and trade practice relating to the protection of women workers generally. The Recommendation presents even more strongly the same difficulties as the Convention. The United Kingdom Government delegates explained the United Kingdom position to the International Labour Conference and the delegation abstained on the final vote on both instruments. It is proposed, in these circumstances, that the Government should neither ratify the Convention nor accept the Recommendation.

Recommendation (No. 94) concerning Consultation and Co-operation between Employers and Workers at the level of the Undertaking

14. The Recommendation is a short instrument consisting of two paragraphs only. The first paragraph enunciates the general principle that appropriate steps should be taken to promote consultation and co-operation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment. The second paragraph deals with alternative methods of implementing the principle, and covers the case of countries where co-operation is provided for by national legislation as well as that of countries like the United Kingdom where co-operation is a matter for voluntary agreement between employers and workers. It is provided that, in accordance with national custom or practice, consultation and co-operation should be facilitated by the encouragement of voluntary agreements; or promoted by laws or regulations setting up the bodies for consultation and co-operation; or facilitated or promoted by a combination of these methods.

15. It is proposed that the Government should accept this Recommendation. It is established Government policy to promote consultation and co-operation between employers and workers on the basis of voluntary agreements between the parties. Steps have been taken through the National Joint Advisory Council to encourage the conclusion of such agreements, and it is proposed to bring the Recommendation, together with a Resolution adopted by the International Labour Conference dealing with the matter in more detail, to the attention of the National Joint Advisory Council.
CABINET

MIDDLE EAST RE-DEPLOYMENT;
MOVE OF JOINT HEADQUARTERS TO CYPRUS

Memorandum by the Minister of Defence

In the Annex to their paper on Middle East Defence, C. (54) 9, the Chiefs of Staff set out their plan for re-deployment of land and air forces, should an agreement be reached with Egypt. These forces would consist of an armoured division, divided between Libya, Jordan and Cyprus, and of eight air squadrons stationed in Iraq, Jordan, Cyprus and Aden. The Joint Headquarters would be in Cyprus. Naval forces would be unaffected.

2. The process of re-deployment will take eighteen months. On the assumption that there would be an interval of at least three months between reaching agreement on principles with the Egyptians and the ratification of a detailed agreement, we have accepted that the period of re-deployment should be specified in the detailed agreement as fifteen months from the date of ratification. I am now considering what could be done to accelerate re-deployment if the interval proved to be less than three months. In any event, the timetable will be extremely tight, and it is most important that Ministers should specifically approve the Chiefs of Staff plan as a firm basis for future action. Proposals involving expenditure will, of course, be put to the Treasury in the normal way.

3. I should perhaps make it clear that the re-deployment plan would not be materially altered even if it were decided that we should evacuate Egypt completely.

4. Under the re-deployment plan, the Joint Headquarters will move to Cyprus. The Cabinet approved this move in principle in December, 1952, and agreed that preliminary work on the preparation of the Headquarters in Cyprus should be commenced (C. C. (52) 101st Conclusions, Minute 9). At that time the proposed establishment of the Joint Headquarters was approximately 4,200, and I was asked to re-examine this and submit to the Cabinet revised estimates of the Service personnel and civilians for whom accommodation would be required.

5. This has now been done. I have assumed that the re-deployment plan put forward by the Chiefs of Staff will be accepted; that our political commitments to Jordan, Iraq and other Middle East States will remain unaltered; that East Africa will remain an independent Command, so far as the Army is concerned; and that all establishments must be reduced to an absolute minimum.

6. On this basis, and after consultation with the Chiefs of Staff, I recommend that the establishment of the Joint Headquarters should be a maximum of 2,500. Details are shown in the Annex. Some adjustment
between the Services may prove to be necessary, but I am satisfied that the proposed total establishment is the minimum on which the Joint Headquarters can discharge its functions.

7. The present tentative time-table for re-deployment leaves the move of the Headquarters until the end of the fifteen months period, in view of the time required to get the new Headquarters in Cyprus ready. The Commanders-in-Chief, Middle East and the Chiefs of Staff have, however, reached the conclusion that it would on every ground be desirable to remove the Joint Headquarters from Egypt at the earliest practicable stage. The possibility of using other accommodation in Cyprus for this purpose temporarily until the new Headquarters are ready is now being examined departmentally, and if some worthwhile scheme can be devised without incurring heavy additional expenditure, I think that it would be most desirable to adopt it. The Treasury will, of course, be fully consulted on its financial aspects.

8. I ask the Cabinet:

(a) To approve the re-deployment plan proposed by the Chiefs of Staff, as set out in the Annex to C.(54) 9.

(b) To approve a maximum establishment of 2,500 for the Joint Headquarters in Cyprus.

(c) To take note that I am considering the possibility of advancing the move of the Headquarters from Egypt by the temporary use of other accommodation in Cyprus.

A.

Ministry of Defence, S.W.1.

23RD JANUARY, 1954.
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Memorandum by the Lord Chancellor

In Cabinet on 21st January the report by the Secretary of State for War upon events in Kenya led unexpectedly to a discussion on the independence of the Attorney-General from the Government in deciding whether or not to institute criminal proceedings. I intervened in this discussion without due preparation or forethought and may have misled my colleagues. I think it right therefore to circulate a considered opinion to correct any wrong impression that I may have given.

2. The doctrine of the independence of the Attorney-General in deciding whether or not to institute a prosecution is a modern development, and I do not suppose that in the 17th or 18th centuries the Government would have hesitated to give directions to the Attorney-General in such matters. In recent years the question has come before the House of Commons on three important occasions: on 8th October, 1924 in the debate on the Campbell case, on 1st December, 1925 in the debate on the prosecution of certain Communists, and on 29th January, 1951 when, in answer to a question by Mr. Ungoed Thomas, the Attorney-General, Sir Hartley Shawcross, made a statement about the function of the Attorney-General in regard to prosecutions.

3. The views and practice disclosed on these occasions showed a certain degree of divergence. Thus, in the debate on the Campbell case the Attorney-General, Sir Patrick Hastings, quoted from a letter written on 31st January, 1919 by Sir Gordon Hewart, then Attorney-General, to the Director of Public Prosecutions, which read as follows (Official Report, col. 598):

"My dear Director,

There can be no doubt, I think, that this speech is seditious and that a prosecution may properly follow, but it appears to me that the real question is one of policy and therefore is a question in the first instance for the Home Secretary and the Minister of Labour."

That letter was sent by the Home Secretary to the Cabinet, and the Director of Public Prosecutions in due course received a communication from the Cabinet as follows:

"I am directed by the Minister of Labour, with regard to your letter of 1st February that was sent by Sir Gordon Hewart to the Cabinet regarding the prosecution of X, to say that this matter was considered yesterday by the Cabinet and that the Minister understands that you will receive instructions from the Secretary of State for the Home Department."
On the other hand, Sir Patrick also quoted from a letter which Lord Birkenhead had written to the Press in relation to the Campbell case, in which Lord Birkenhead said (Official Report, col. 614):—

"When I was the Attorney-General, the then War Cabinet, of which I was not a member, directed me to prosecute a certain person for sedition and entered this direction upon the minutes of the Cabinet. The Director of Public Prosecutions brought this minute to me and asked for my directions. I told him that I would not even consider the question of instituting a prosecution upon its merits until the unconstitutional minute had been excised. Nor did I do so."

Again in the same debate, the Prime Minister, Mr. Ramsey Macdonald, stated (Official Report, col. 629):—

"Surely every Law Officer who is undertaking a prosecution in the interests of the State must possess himself not only of guidance on technical law but must possess himself of guidance on this question, whether, if a prosecution is instituted, the effect of the prosecution will be harmful or beneficial to the State, in whose interests it has been undertaken."

In answer to this, Sir Douglas Hogg stated (Official Report, col. 686):—

"I am not quite sure that I should entirely accept the position as set out by the Prime Minister. When I was Attorney-General, at any rate, when once a prosecution was instituted I never took advice or counsel or brooked interference from any Minister or anybody else on the question whether it should be withdrawn. That was a matter which rightly or wrongly I regarded as my duty and a duty which I ought to exercise judicially and uninfluenced by any outside person."

4. In the debate of 1st December, 1925 on the Communist prosecutions, Sir John Simon made an important statement (Official Report, col. 2105):—

"I understand the duty of the Attorney-General to be this. He should absolutely decline to receive orders from the Prime Minister, or Cabinet or anybody else that he shall prosecute. His first duty is to see that no one is prosecuted with all the majesty of the law unless the Attorney-General, as head of the Bar, is satisfied that a case for prosecution lies against him. He should receive orders from nobody. But that is very different from saying that the Attorney-General ought in all cases to ask nobody else's view, because he thinks there is a case to institute a prosecution without finding out what his colleagues or the Government think. That is a ridiculous proposition. If the Leader of the Opposition at the General Election were to make a seditious speech, does anyone mean to tell me a Conservative Attorney-General would start a prosecution against him without consulting the Cabinet? Of course he would not; and, indeed, the other view
has been proclaimed by the present Prime Minister \[Mr. Baldwin\] himself. I have before me his statement, which he made on 18th December last year, when he said, in answer to the Leader of the Opposition \[Mr. Ramsay Macdonald\] that -

"When the proposed prosecution is of such a character that matters of public policy are, or may be, involved, it is the duty of the Attorney-General to inform himself of the views of the Government or of the appropriate Minister before coming to a decision." [Official Report, 18th December, 1924: col. 1214, vol. 179.]

Of course it is, and I lose patience when I am told that the prosecution of Communists is, as a matter of fact, a thing that the Cabinet, whether a Labour Cabinet or the colleagues of the Attorney-General, know nothing about. I am confident that the Attorney-General would never undertake a prosecution, whatever anybody asked him to do, unless he thought the prosecution was justified, but I should regard him not as a good Attorney-General but as a fool if he were to start on his own motion prosecutions which involve grave matters of public concern - treason, sedition, corruption, and the like - I should regard it as a very grave mistake if he did such a thing without knowing that, in the view of his colleagues, public policy was not offended by undertaking such prosecution."

5. The statement on the duties of the Attorney-General in regard to prosecution made by Sir Hartley Shawcross on 29th January, 1951 included these remarks (Official Report, col. 585):

"I have to remember that the doctrine is that it is the duty of an Attorney-General, in deciding whether or not to authorise the prosecution, to acquaint himself with all the relevant facts, including, for instance, the effect which the prosecution, successful or unsuccessful as the case may be, would have upon public morale and order, and with any other considerations affecting public policy.

"In order so to inform himself, he may, although I do not think he is obliged to, consult with any of his colleagues in the Government; and indeed, as Lord Simon once said, he would in some cases be a fool if he did not. On the other hand, the assistance of his colleagues is confined to informing him of particular considerations which might affect his own decision, and does not consist, and must not consist, in telling him what that decision ought to be. The responsibility for the eventual decision rests with the Attorney-General, and he is not to be put, and is not put, under pressure by his colleagues in the matter.

"Nor, of course, can the Attorney-General shift his responsibility for making the decision on to the shoulders of his colleagues. If considerations in the
broad sense that I have indicated affect government in the abstract, it is the Attorney-General, applying his judicial mind, who has to be the sole judge of those considerations.

"That was the view that Lord Birkenhead once expressed on a famous occasion, and Lord Simon stated that the Attorney-General—

'...should absolutely decline to receive orders from the Prime Minister, or Cabinet or anybody else that he shall prosecute.'

I would add to that that he should also decline to receive orders that he should not prosecute. That is the traditional and undoubted position of the Attorney-General in such matters."

6. The effect of these statements, which have great weight and authority, is in my opinion as follows. There is no doubt that the ultimate responsibility of deciding whether to prosecute or not is the Attorney-General's. In reaching his decision he has to exercise a discretion, and it is not usual for the Cabinet to attempt to influence him in the exercise of that discretion. The origins of this doctrine, which is of recent development, are obscure, but it may have arisen partly because, like the exercise of the Royal Prerogative of mercy or the making of a Budget, which are also matters in which the Cabinet does not intervene, the decision requires a knowledge of such a complex set of facts that it is unsuitable for discussion in Cabinet and only one man can make the decision. But it is probably due to a larger extent to the notion that the administration of justice must be kept free from political bias, and that a decision whether to prosecute or not is, or ought to be, in the nature of a judicial decision which should not be subject to interference by the Executive. Nevertheless, there are certain classes of case, e.g. sedition, riot, unlawful assembly, etc., in which considerations of public policy and safety must of necessity arise that make it at least advisable for the Attorney-General to consult individual Ministers or the Cabinet on those aspects of the case. If he does not do so it would be right for the Cabinet or those of his colleagues most closely interested, e.g. the Prime Minister, the Home Secretary, to inform him what their views are on the question of public policy. But the decision remains his decision, and whatever advice the Cabinet or individual Ministers give him, they certainly cannot direct him what he is to do. An Attorney-General who disregarded advice properly tendered to him by his colleagues on an issue of public policy might be regarded as foolish, and no doubt the possibility of dismissal from office would be present to his mind. But that consideration does not affect the principle that it is for the Attorney-General alone to make his decision.

7. It is clear, therefore, that it is only where a question of public policy arises that Ministers may express their views to the Attorney-General and then on that question alone. The Attorney-General must refuse to listen to any arguments based on political expediency. This was the criticism directed by Sir Douglas Hogg against the action of Sir Patrick Hastings in the Campbell case: that the prosecution had been withdrawn under pressure by his colleagues, not so much for reasons of public policy, as for reasons of Party politics (Official Report, col. 586). The line between politics and public policy is hard to draw; and there is always a danger that a Government which is known to have intervened by advice or direction to the Attorney-General will be accused by its critics.
of using the plea of national interest as a cloak for political expediency. It is therefore a matter of prudence for any Government to be extremely cautious in intervention. It is notable that the firmest expression of the doctrine in recent times was made by Sir Hartley Shawcross (with the approval of both sides of the House) at a time when there had been a number of prosecutions arising out of illegal strikes, and when it might be expected that the Attorney-General in a Socialist Government would be under severe pressure from his own Party.

8. I should perhaps add that there is in my opinion no reason why the Cabinet should not discuss the propriety of a prosecution or of advice being offered to the Attorney-General, but to do so in his presence would generally be undesirable.

SIMONDS

Lord Chancellor's Department,
House of Lords, S. W. 1.

25TH JANUARY, 1954.
CABINET

RELATIONS BETWEEN THE SHAH AND HER MAJESTY'S EMBASSY AT TEHRAN

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

My colleagues may recall from the Tehran telegrams that, immediately upon his arrival, Her Majesty's Chargé d'Affaires was approached by two persons who claimed to represent the Shah. They told Mr. Wright that the Shah wished to deal on "high policy matters" direct with the British Embassy and not through Persian Cabinet Ministers. Mr. Wright replied that he could not negotiate secretly with the Shah without the knowledge of the Prime Minister or the Minister for Foreign Affairs, whom he later informed of the approach made by these unofficial intermediaries. The Minister for Foreign Affairs was grateful for this frankness and said he would take the matter up with the Shah on the latter's return to the capital.

2. The Shah has now returned and my colleagues may be interested to see the annexed letter from Mr. Wright describing His Majesty's present feelings, which, as so often, are not such as to do him much credit. I have told Mr. Wright that I fully approve of his attitude in this matter.

(Signed) A. E.

Foreign Office, S.W. 1,

ANNEX

British Embassy, Tehran,
January 16, 1954.

The Shah returned this week from the Caspian. Henderson (the United States Ambassador) saw him the following day (January 14th) and told me that he found him in a difficult and rather sullen mood. He gave the impression of being very jealous of Zahedi and of being peeved with me for exposing his Perron-Shahrukh intrigues to Entezam. Henderson thought, too, that the Shah suspected him of playing some part in the exposure.

At the same time the Shah showed some annoyance that we should be rushing ahead with the appointment of an Ambassador. Henderson naturally pointed out the very good reasons why we wanted an Ambassador here as soon as possible.

This mood of the Shah, and particularly his jealousy of Zahedi and irritation with me, has been confirmed from secret sources also.

I don't think we need take any of this too tragically, but it may mean that the Shah will not wish to see me in the immediate future, and of course I cannot insist. In view of this, after I have made my statement about the oil negotiations to Entezam, I propose seeing Ala, will make the same statement to him, and remind him of his earlier suggestion that I should see the Shah as soon as possible.

(Signed) D. A. H. WRIGHT.
It is still the Foreign Secretary's view that our best course is to strive for an agreement with Egypt on the present terms, with as much support from the United States as they can be induced to give.

2. The present situation, however, cannot continue indefinitely. It is costing too much manpower and money. Our re-deployment in the Middle East is being hampered. Our soldiers are being murdered.

3. It would be wrong to decide to fix a time-limit to the negotiations until we have decided what to do if, by the end of the time-limit, there is still no agreement.

4. The Foreign Secretary set out, in paragraph 6 of C. (54) 6, the three courses open if we fail to obtain an agreement:

   Course (a) - to stay on indefinitely - is open to the disadvantages of no economy in men and money, progressive deterioration of the Base, awkward international repercussions and growing Egyptian hostility.

   Course (b) - to announce liquidation of the Base, evacuation of the Canal Zone and re-deployment in our own time - would be represented as a scuttle. It would do great damage to the Government at home and to British prestige abroad. It would be tantamount to admitting that the Egyptians had been too strong for us.

   Course (c) is set out in detail in paragraph 6(c) of C. (54) 6. It amounts to a decision to liquidate the Base and to re-deploy in our own time, but to maintain our rights under the 1936 Treaty, offering to submit any matters of disagreement about revision of that Treaty to international arbitration of some sort, and to enter into immediate discussion with the Egyptians with a view to submitting these matters to arbitration.

5. Course (c) would annoy the Egyptians. They would not get the advantage of the Base, nor would they be rid of British troops in the Canal Zone unless they agreed to a long and complicated international lawsuit (and perhaps not even then). We would probably get no co-operation at all from them in winding up the Base. That task would therefore be more difficult.
6. Course (c) would be defensible with British opinion; it would be better than Course (a) in that our international position in the controversy would be sounder; it would enable us to keep troops in Egypt for several critical years. If eventually we had to go, it would only be as a result of our conforming with a ruling of an international tribunal.

7. I recommend Course (c) as the course to be adopted if negotiations fail.

8. If the recommendation in paragraph 7 is accepted, we have to consider the next stages in the matter, including the fixing of a time-limit.

9. It would be unwise to fix a time-limit that would not allow time for United States action under paragraph 1. We should also avoid if possible the impression of delivering an ultimatum.

10. Bearing these factors in mind, I put forward the following possible course of action for the consideration of the Cabinet:

(a) an intimation to the United States that we have nothing to add to our proposals as communicated to them on 9th January, 1954 [see Appendix A to C, (54) 14(Revise)];

(b) a request to the United States to make a final approach to Egypt; we should inform them that we intend to fix a date by which the Egyptians must accept the present offer or it will be withdrawn;

(c) when the United States have made this approach, we should intimate to the Egyptians that there is a time-limit;

(d) if the United States refuse to make this approach, we should nevertheless tell the Egyptians that there is a time-limit;

(e) at the expiry of the time-limit, Her Majesty's Government should inform the House of Commons that our offer is withdrawn, and should give such indication of our future course of action as might seem then to be advisable;

(f) the time-limit to be intimated by us under (c) or (d) above should be 28 days.

S.L.

Foreign Office, S.W.1.

27TH JANUARY, 1954.
JAPAN: TRADE WITH THE STERLING AREA

Memorandum by the President of the Board of Trade

I feel I should inform my colleagues of the decision I propose to take in regard to imports into the United Kingdom of Japanese cotton textiles in the form of grey cloth for processing and re-export.

2. My colleagues will recall that, when the Chancellor reported on 29th December on the progress of the current negotiations with the Japanese on trade and payments, they agreed that we should offer a quota for this year of up to £2 millions worth of Japanese grey cloth for re-export (C.C. (53) 81st Conclusions, Minute 7).

3. The negotiations proceeded satisfactorily and last week we were within sight of an agreement which, inter alia, will guarantee our exports to Japan, including oil and wool textiles, in return for concessions in the Colonial and United Kingdom quotas. In order to handle the obvious political difficulties in Lancashire in the best possible way, I undertook to inform certain leaders of the cotton and rayon industries in strict confidence of the quotas, so that they should not be taken by surprise if the news of our concession "leaked" in Tokyo. I did so and, as expected, they expressed grave dissatisfaction about our intention to admit £2 millions worth of Japanese textiles for re-export.

4. Since then, however, the East African Governments have unexpectedly reduced by £2.5 millions the amount of trade they will license from Japan. They have decided to do so because of large orders for textiles which their traders have placed with the United Kingdom.

5. The total amount of trade between the sterling area and Japan is about £200 millions each way and a reduction of £2.5 millions in one country may not seem significant. But the Japanese attach considerable importance to their textile trade in the Colonies and their reaction to this last-minute change was to ask our negotiators to increase by £1 million the United Kingdom quota for grey cloth for re-export.

6. On balance, and because it is desirable that the agreement with the Japanese should be signed to-morrow, I think we should agree to the Japanese proposal, and I have told those few people in Lancashire who were informed of the earlier proposal of this proposed change.

7. I recommend that we now decide to increase the quota for grey cloth from £2 millions to £3 millions. We should, however, be under no illusion about the amount of criticism which we shall get from Lancashire for this action.

P.T.

Board of Trade, S.W.1.

27TH JANUARY, 1954.
THE EUROPEAN DEFENCE COMMUNITY

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

I circulate for the information of my colleagues the annexed record of a conversation in Berlin between my Principal Private Secretary and M. de Margerie, the Assistant Director of Political Affairs in the French Ministry of Foreign Affairs.

2. I do not suppose that M. Bidault would endorse the views expressed by M. de Margerie on this occasion, but they are characteristic of a certain school of French thought at the present time.

A. E.

Foreign Office, S.W. 1.
27th January, 1954.

ANNEX

M. de Margerie spoke to me at lunch to-day about the prospects of French ratification of the E.D.C.

He said that in his judgment there was no prospect at all of obtaining an effective majority for ratification of the Treaty in its present form. The French Parliament simply did not contain a majority for any "positive" measure of that kind; it only contained, by the combination of Left and Right, "negative" majorities capable of preventing things being done.

M. de Margerie said that the French Government's policy, of course, was to push ahead with the Treaty in its present form and they were not admitting any possibility of changing it. But in fact an increasing number of political leaders (and he mentioned M. Pinay, M. Lapie and General de Montsabert, a former Gaullist Deputy) were beginning to think that means must be found of presenting the E.D.C. to the French Parliament in a more acceptable form. When I asked if this meant emasculating the Treaty he said not exactly, but the idea was that some parts of it (and notably those which involved the disappearance of the French Army as such) might be made subject to delay in application. In other words, a timetable might be introduced which enabled the French Parliament to approve the broad concept of the E.D.C. without committing themselves to immediate implementation of the objectionable features. The difficulties, he admitted, were great and mainly two-fold:

(a) they must avoid having to send the Treaty back for re-negotiation by the other member countries;
(b) they must not endanger the limitations on German rearmament already achieved by the present Treaty.

I thought all this sounded very disquieting and told M. de Margerie that I thought it was vain to try and save the French Parliament from the responsibility of taking clear-cut decisions on this matter. He was obviously very sceptical whether they would do so.

(Signed) C. A. E. SHUCKBURGH.
CABINET

PAY OF THE ARMED FORCES


We have no option but to submit to the Cabinet proposals for increases in Service pay. These increases are needed to meet the urgent manning needs of all three Services and to maintain a reasonable relativity with civil life. We first approached the Chancellor of the Exchequer last June, but we have been unable to reach agreement in the discussions which we have since had with him. The increases should be announced in the Defence White Paper. We must be in a position to deal with questions about the manning position and criticism of the present rates of Service pay in the course of Debates which will take place in both Houses early in March.

2. The pay of the armed forces was last reviewed in 1950 and new rates were introduced with effect from 1st September of that year. The increases for regular sailors, soldiers and airmen ranged from 3s. a day for privates to 6s. a day for senior N.C.O.s (Cmd. 8027). All ranks of officers also received increases.

3. Since 1950, civilian earnings have gone steadily ahead, keeping pace with—and, indeed, slightly out-distancing—increases in the cost of living. Between mid-1950 and mid-1953 the cost-of-living index rose by 25 points—or 23 per cent.; average civilian earnings rose by 28 per cent. The pay of the armed forces has remained pegged to the economic levels of 1950. We thus have the contrast between large and rapid movements in civilian wages and earnings and a standstill in Service pay.

4. These figures take no account of recent increases or of current wage negotiations. In C. (53) 363 the Minister of Labour indicated that it was unlikely that current claims would be settled for less than a 7s. a week increase. On this assumption civilian earnings will shortly be over 30 per cent. higher than in mid-1950.

5. The progressive departure from the relativity established in 1950 is affecting the ability of the Services to hold and recruit men. The recruiting position is unsatisfactory; the holding position is becoming critical. The core of any Armed Service must be its medium- and long-term regulars. These provide the experience, skill and esprit de corps without which a Service will disintegrate. They are the source from which the experienced N.C.O. and skilled tradesman must be found. Many more regulars must be persuaded to stay much longer with the colours. It is the skilled and experienced men who are wanted, but it is these men who can most easily find more attractive employment in civil life. Movement, disturbance and a certain amount of family separation are an inevitable feature of Service life. Our repeatedly changing world commitments accentuate this feature, which places a heavy strain on the regular, whether married or single. The former, in particular, is under constant pressure from his wife to secure a job which does not involve frequent movement and separation.

6. Annex “A” sets out the current man-power problems of each Service and gives examples of the most serious deficiencies facing them.
7. The Navy is losing its seamen and stokers so quickly and the replacement rate is so low that the size and operational capacity of the active Fleet may soon be determined by this factor alone and not by general defence policy.

8. The Army is suffering from a 40 per cent. shortage in its essential nucleus of regulars with six and more years' service. Overall, the shortage of warrant officers and non-commissioned officers is 21 per cent. For corporals it is 30 per cent, and this is particularly serious because in due course it will be reflected in the ranks of sergeant and above. There is a great shortage of regular tradesmen in certain vital trades. The efficiency of the Army for both "cold war" and "hot war" purposes is in serious jeopardy.

9. In the R.A.F. there has already been a critical loss to industry of skilled fitters and supervisors, with the result that such key men as remain are seriously overworked. This is beginning to affect the serviceability of aircraft and to restrict the hours flown in certain Commands. Unless the present trend can be reversed, we must run the risk of an increase in flying accidents or impose restrictions on flying which would seriously interfere with the operational efficiency of squadrons.

10. With these considerations in mind my Service colleagues and I are satisfied that a major revision of Service pay is essential. We consider that the relativity established in 1950 between civilian and Service emoluments was right and fair. But to maintain it for all ranks would, we estimate, cost nearly £50 millions; moreover we do not consider that increases are essential at every point. We have, therefore, rejected the idea of an all-round increase on this scale in favour of selective proposals designed to give the greatest benefit where the Service needs are greatest. We propose no general increase for the national service man, nor for the regular private soldier or equivalent during his first three years. In our view the most economical and satisfactory solution to our problem will be to give increases as a reward for skill and experience. This is what we propose. There will be increases for tradesmen, particularly the most highly skilled, and for N.C.O.s; and, in addition, increments for service so that all ranks will receive some tangible benefit to encourage them to stay in the Service.

11. We estimate that our proposals for other ranks will cost about £15½ millions (details are given in Annex "B"; Annex "C" shows how the proposals will affect typical cases).

12. With regard to officers, the problem is not so much that sufficient candidates for commissions are not coming forward (though this is the case in certain branches) but that the quality of those who offer themselves has deteriorated over recent years. This is happening at a time when the personal qualities of leadership and the intellectual capacity to cope with increasingly technical equipment demand an even higher standard for candidates for commissions in all three Services. Clearly the supply of candidates with these qualifications is bound to be influenced by the greater attractions which the better-remunerated professions in civil life now offer compared with a career in the armed forces. Moreover, the conditions of Service life are becoming increasingly difficult for the married officer, particularly in the middle ranks, who is nowadays subject to frequent and inevitable moves all over the world which disrupt his family life and present him with a serious educational problem for his children.

13. We are clear that a strong case exists for an overall increase for officers of the three Services in all ranks. But in order to limit the financial cost of our proposals, we are now asking (apart from certain consequential increases for officers promoted from the ranks) only for an increase in basic pay of between 5s. and 7s. a day for the "middle piece" officer, i.e., from Captain to Brigadier or equivalent. It is in these ranks, and particularly for married officers, that the shoe pinches most. We estimate the cost of the officer proposals at about £5½ millions a year.

14. My Service colleagues and I have discussed our proposals at length with the Chancellor of the Exchequer and have been unable to reach agreement. The Chancellor holds that there is little ground on merits for any general increase. In substance, he claims that the 1950 settlement was so generous that the large increases in wages and earnings over the last three years have only just bridged the gap then created. We reject this argument completely. While the 1950 settlement was welcomed as a good though belated settlement, nowhere was it described as excessive or extravagant. The days when regular sailors, soldiers and
Airmen could be got on the cheap are long past. The Services are in real competition with civilian industry and this is a hard fact which must be faced.

15. We feel bound to reinforce our arguments by a warning. In our view, experience shows that any small increase is likely to be money largely wasted. If we are now penny wise and pound foolish over Service pay we shall fail to stem the present alarming manpower trends and we shall leave the Services with a sense of gross injustice when they compare their treatment with that of civilians.

16. We feel bound also to draw attention to the position of the police. In 1949, constables received an increase in pay of 22s. a week (the Oaksey award); in the autumn of 1951 they received an increase in pay of 27s. a week (the Trustram Eve award). This year constables have been given a further increase of about 17s. a week and ranks up to Chief Inspector slightly more, for reasons which seem to us very similar to those which justify our proposals for the Services. To give an increase of 17s. a week or 2s. 6d. a day to all regular sailors, soldiers and airmen, would cost about £21 millions. We are asking for £15 ½ millions for other ranks.

17. As we attach so much importance to improving Service pay, we should be prepared, in the event of a satisfactory settlement, to discuss in a helpful spirit with the Chancellor of the Exchequer whether the Service Departments could in 1954-55 find some part of the cost of pay increases from within the sum of £1,640 millions which he has already accepted for the Defence Budget for that year.

18. To sum up. We submit that:

(a) There is an unanswerable case for substantial pay improvements for the armed forces.

(b) The needs of the Services will best be met if in the case of other ranks there are selective increases designed primarily to reward skill and experience.

(c) For other ranks, increases on the lines of those set out at Annex "B" and costing about £15 ½ millions should be approved in principle.

(d) For officers from Captain to Brigadier or equivalent, increases in basic pay of between 5s. and 7s. a day and costing about £5 ½ millions should be approved in principle.

A. J. P. L. T.
A. H.
D. L. D.

29th January, 1954.
ANNEX "A"

Royal Navy

A.—Extension of Special Service (7 year) ratings

Nearly one half of total regular rating strength consists of seven-year men. Indications are that only 10 in 100 are deciding to remain in the Navy—only 5 in 100 in the Seaman and Stoker Mechanic branches. This heavy loss will have serious consequences on the numbers of experienced ratings available.

B.—Regular Recruiting

Recruiting has fallen short of the target of about 10,000 a year as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951-52</td>
<td>9 per cent.</td>
</tr>
<tr>
<td>1952-53</td>
<td>13 per cent.</td>
</tr>
<tr>
<td>Current</td>
<td>16 per cent.</td>
</tr>
</tbody>
</table>

(The shortfall in the Seaman and Stoker Mechanic branches is now 27 per cent.). The loss of ratings on completion of seven years' service will mean a substantial increase in recruiting requirements, which are already not being attained.

C.—Re-engagement at 12 years (i.e., for pension)

Owing to drastic curtailment of regular recruiting during the war, the numbers of men completing twelve years' service are very low and an exceptionally high re-engagement rate is necessary. Only 40 out of every 100 ratings eligible to re-engage are, however, doing so.

D.—The Basic Branches—Seaman and Stoker Mechanic

The above factors all affect the important Seaman and Stoker Mechanic branches with particular force. The result is to increase regular recruiting needs of these branches to about 2,000 a year each if minimum naval commitments are to be met. Only about 1,100 recruits are, however, being obtained in each case. This figure underlines the absolute necessity of stepping up re-engagements and extensions to the point when recruitment will satisfy requirements.

Army

A.—Shortage of Men of Medium Length Service

If the Army is to be an efficient force it must contain an adequate proportion (about 17½ per cent.) of men with over six years' service.

During the past three years the percentage of such men has fallen from 18 per cent. in 1950 to 10 per cent. in 1953. Even allowing for the effect of the Radical Review the Army will need more than 60,000 such men in future; at present it has only 40,000.

The difficulty of making good this deficiency is considerable. The men who now take on regular engagements commit themselves for only three years. They think it worth while to do this because by thus serving for only one year more than they are compelled to do by the National Service Act they secure various advantages, including full regular rates of pay throughout their service. But there is at present very little inducement for them to stay on after the initial three years.

B.—Shortage of Warrant Officers and N.C.O.s

The present percentage deficiencies of Warrant Officers and N.C.O.s on current needs are:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Percentage Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrant Officer II</td>
<td>4 per cent.</td>
</tr>
<tr>
<td>Staff/Sergeant</td>
<td>21 per cent.</td>
</tr>
<tr>
<td>Sergeant</td>
<td>18 per cent.</td>
</tr>
<tr>
<td>Corporal</td>
<td>30 per cent.</td>
</tr>
</tbody>
</table>

The position with regard to corporals is particularly serious. Not only has the deficiency increased from 24 per cent. to 30 per cent. since May 1952, but
the number of corporals who are prolonging their service is falling steadily. Since a large number of the Warrant Officers and N.C.O.s of the future will be drawn from the present corporals, the present trend, if not arrested, will very shortly affect the upper N.C.O. structure.

C.—Shortage of Skilled Tradesmen in Certain Vital Trades

The problem here is not so much an overall shortage as a shortage of regular tradesmen, in particular Class I and Class II tradesmen, in certain vital trades. With the exception of the supervisory appointments (e.g., armament artificers) which are confined to regulars, the majority of men in these trades are national service men. They are not an acceptable substitute for regulars since they lack experience and knowledge of the Army; and many of them never rise above Class III. The Army must have an adequate number of regular tradesmen in order: (a) to carry out the day-to-day work which is beyond the capabilities of Class III national service tradesmen, (b) to train adequate numbers for senior N.C.O. posts later, and (c) to provide a reasonable measure of continuity within each trade.

Royal Air Force

A.—Shortage and Low Average of Skill in Certain Vital Trades

Advanced tradesmen of the first four trade groups are responsible for servicing and maintaining aircraft and their equipment. The present requirement is 28,000, against which there are some 20,000, i.e., 72 per cent. The current strength of this vital sector is actually less, and the ratio of strength to requirements is considerably less, than it was in July 1950.

The decline in experience is even worse than the shortage of numbers. At the present time four out of every five of these men are leaving the Service when their current engagements run out.

The loss of W.O.S and senior N.C.O.S is particularly disquieting. Out of 7,400, all of whom ought to be on re-engaged service, 1,400 have not re-engaged and are likely to be lost to the R.A.F. During the period from April to December 1953, 850 W.O.S and senior N.C.O.S were lost. This means a loss rate of 15 per cent. per annum.

B.—Failure of Short-term Men in all Trade Groups to Extend or Re-engage

While the strength of regulars has increased in the last three years from 90,000 to 160,000, this increase is accounted for almost entirely by men who have entered on three-year engagements as an alternative to national service. The number of men on twelve-year engagements has been practically stationary and the number of those who have re-engaged for pension has increased only by 7,400. The number of men on pensionable engagements, i.e., 20,000, is still only 12 per cent. of the regular strength and 8 per cent. of the total strength. It should be at least double that figure.

Less than 1 per cent. of three-year men sign on for more than five years and only 12 per cent of five-year men sign on for further service, mostly for ten or twelve years.

C.—Heavy Burden of Training Necessitated by Rapid Turnover

The failure to build up a long service cadre exacts a heavy price in inflated training establishments and locks up skill and experience which could otherwise be employed in front-line units. At present there is one airman or airwoman undergoing training in the ground trades for every four-and-a-half of the trained strength. The entry of 71,000 forecast for 1954–55 represents 25 per cent. of the total strength.

In the first four Trade Groups it has been necessary to draft to long advanced training courses men who will have as little as two years' unexpired service before discharge. This will improve the numerical position, but adds nothing to experience. Unless a high proportion of these men can be persuaded to stay in the Service, this process must be continued indefinitely.
ANNEX “B”

Following are the particulars of the proposed pay increases for other ranks, estimated to cost about £15.75 millions:

Royal Navy and Royal Marines (Approximate net cost, £4.6 millions a year)

(a) Increases in basic pay for all ranks above A.B. ranging from 2s. a day (Leading Ratings) to 4s. 6d. a day (R.S.M., Royal Marines) £2.26

(b) “Length of Service” pay for all ranks after seven, twelve and seventeen years’ service, and also for A.B.s only after three years’ service, to replace Progressive Pay (at intervals of four years’ service in the rate or rank); the amounts to vary, according to rank and service, from 1s. a day for A.B.s after three years to 5s. (cumulative) a day for C.P.O.s after seventeen years’ service... (net) £2.3

(c) Charge Pay to be increased from 1s. to 1s. 6d. a day... £0.017

Army (Approximate net cost, £6.2 millions a year)

(a) Increments for length of service: an increment of 1s. after three years’ service and a further 1s. after six years’ service; an increment of 6d. after nine years and a further 6d. after twelve years. The existing increments of 6d. each after five and ten years’ service would lapse... (net) £1.75

(b) Increases in the pay of N.C.O.s and W.O.s ranging from 2s. a day for L/Corporals and Corporals to 4s. a day for W.O.s... (net) £4.0

(c) Increases ranging up to 1s. 6d. a day for skilled men in certain vital trades... (net) £0.1

(d) Non-recoverable bounties ranging from £40 to £100 in return for extending Colour service for varying periods within a total of twelve years’ service. The existing bounty scheme to lapse... (net) £0.35

Royal Air Force (Approximate net cost, £4.95 millions a year)

(a) Increases in basic pay of technicians and advanced N.C.O.s of the first four trade groups, ranging from 3s. 6d. a day for technicians and corporals to 5s. 6d. a day for W.O.s... £1.38

(b) Increases in basic pay of other N.C.O.s and technicians ranging from 2s. a day (technicians and corporals) to 4s. a day for W.O.s... (net) £1.87

(c) Changes in promotion system for technicians designed to give more rapid advancement to men who pass the appropriate trade tests... (net) £0.15

(d) Selective bounties to induce certain highly skilled and experienced tradesmen to continue in the Service until age 55... (net) £0.05

(e) Increments for length of service (as proposed for the Army)... £1.50
ANNEX “C”

The following Tables show for each of the three Services daily rates of pay of ratings and other ranks which might be expected under the Service Departments’ proposals, with the corresponding rates drawn under the present pay code. These examples are given for illustrative purposes only and are artificially selective. An average expectation of promotion is allowed for, but it is not to be assumed that promotion takes place at the points for which rates are quoted.

### Royal Navy

<table>
<thead>
<tr>
<th>Completed years of Service</th>
<th>Rating</th>
<th>Present</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>On joining</td>
<td>Ordinary</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>On completion of 3 years</td>
<td>Able</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>On completion of 5 years</td>
<td>Leading</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>On completion of 9 years</td>
<td>Petty Officers</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>On completion of 17 years</td>
<td>Chief Petty Officers</td>
<td>21</td>
<td>0</td>
</tr>
</tbody>
</table>

| At age 17½ years           | Apprentice            | 7       | 0        |
| On completion of 2 years   | 5th Class             | 13      | 0        |
| On completion of 4 years   | Acting 4th Class      | 18      | 4        |
| On completion of 5 years   | 4th Class             | 18      | 10       |
| On completion of 7 years   | 3rd Class             | 21      | 10       |
| On completion of 12 years  | 2nd Class             | 24      | 0        |
| On completion of 16 years  | 1st Class             | 24      | 6        |

### Army

<table>
<thead>
<tr>
<th>Completed years of Service</th>
<th>Trade Classification</th>
<th>Group X Tradesman</th>
<th>Non-tradesman</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present (Group A)</td>
<td>Proposed (Group X)</td>
<td>Present  Rate</td>
</tr>
<tr>
<td></td>
<td>Rate of Pay</td>
<td>Rate of Pay</td>
<td>of Pay</td>
</tr>
<tr>
<td>On enlistment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Pte.</td>
<td>Class II</td>
<td>11 0</td>
<td>13 0</td>
</tr>
<tr>
<td>10 Cpl.</td>
<td>Class II</td>
<td>14 10</td>
<td>18 6</td>
</tr>
<tr>
<td>12 Sgt.</td>
<td>Class I</td>
<td>19 6</td>
<td>25 6</td>
</tr>
<tr>
<td>18 WO.II</td>
<td>Class I</td>
<td>23 6</td>
<td>31 0</td>
</tr>
<tr>
<td>21 WO.I</td>
<td>Class I</td>
<td>25 6</td>
<td>33 0</td>
</tr>
</tbody>
</table>

* Remain non-tradesman until qualifying for a tradesman’s rates of pay by passing a trade test.

### Royal Air Force

<table>
<thead>
<tr>
<th>Rank</th>
<th>Completed years of Service</th>
<th>Advanced Tradesmen Trade Groups 1-4</th>
<th>Advanced Tradesmen Trade Groups 5-22</th>
<th>Skilled Tradesmen All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present</td>
<td>Proposed</td>
<td>Present</td>
<td>Proposed</td>
</tr>
<tr>
<td>Recruit</td>
<td>On joining 2</td>
<td>s. d.</td>
<td>s. d.</td>
<td>s. d.</td>
</tr>
<tr>
<td>Senior Aircraftman</td>
<td>Present Proposed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior Technician Corporal</td>
<td>4</td>
<td>12 0</td>
<td>16 6</td>
<td>12 0</td>
</tr>
<tr>
<td>Senior Technician Corporal</td>
<td>9</td>
<td>16 0</td>
<td>21 0</td>
<td>16 0</td>
</tr>
<tr>
<td>Chief Technician Corporal</td>
<td>14</td>
<td>20 6</td>
<td>26 0</td>
<td>20 6</td>
</tr>
<tr>
<td>Corporal</td>
<td>19</td>
<td>23 6</td>
<td>29 0</td>
<td>23 6</td>
</tr>
<tr>
<td>Sergeant</td>
<td>6</td>
<td>14 6</td>
<td>19 6</td>
<td>14 6</td>
</tr>
<tr>
<td>Flight Sergeant</td>
<td>12</td>
<td>19 0</td>
<td>25 6</td>
<td>19 0</td>
</tr>
<tr>
<td>Warrant Officer</td>
<td>17</td>
<td>22 6</td>
<td>29 0</td>
<td>22 6</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>25 6</td>
<td>33 0</td>
<td>25 6</td>
</tr>
</tbody>
</table>
EGYPT: DEFENCE NEGOTIATIONS

Note by the Secretary of the Cabinet

By direction of the Prime Minister, I circulate for the information of the Cabinet the text of the Anglo-Egyptian Treaty of 1935 (Command 5360 of 1937).

(Signed) NORMAN BROCK

Cabinet Office, S.W. 1.

28TH JANUARY, 1954.
TREATY OF ALLIANCE

between His Majesty, in respect of the United Kingdom, and His Majesty the King of Egypt

[with an Agreed Minute thereto, three Notes, Notes exchanged in Egypt on August 12, 1936, and an Oral Declaration made by the President of the Egyptian Council of Ministers on August 10, 1936]

and a Convention concerning the Immunities and Privileges to be enjoyed by the British Forces in Egypt

London, August 26, 1936

[Ratifications exchanged at Cairo on December 22, 1936]

Presented by the Secretary of State for Foreign Affairs to Parliament by Command of His Majesty

PUBLISHED BY HER MAJESTY’S STATIONERY OFFICE

To be purchased from
York House, Kingsway, LONDON, w.c.2 423 Oxford Street, LONDON, w.1
P.O. Box 569, LONDON, s.e.1
13a Castle Street, EDINBURGH, 2 1 St. Andrew’s Crescent, CARDIFF
39 King Street, MANCHESTER, 2 Tower Lane, BRISTOL, 1
2 Edmund Street, BIRMINGHAM, 3 80 Chichester Street, BELFAST
or from any Bookseller
1937: Reprinted 1953
Price 2s 6d net

Cmd. 5360
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Cmd. 5360
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Oral Declaration made by the President of the Egyptian Council of Ministers ................................................. 22
Convention concerning the Privileges and Immunities of the British Forces in Egypt .................................................. 23

Map to illustrate the Treaty.
TREATY OF ALLIANCE BETWEEN HIS MAJESTY, IN RESPECT OF THE UNITED KINGDOM, AND HIS MAJESTY THE KING OF EGYPT.

London, August 26, 1936.

[Ratifications exchanged at Cairo on December 22, 1936.]

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, and His Majesty the King of Egypt;

Being anxious to consolidate the friendship and the relations of good understanding between them and to co-operate in the execution of their international obligations in preserving the peace of the world;

And considering that these objects will best be achieved by the conclusion of a treaty of friendship and alliance, which in their common interest will provide for effective co-operation in preserving peace and ensuring the defence of their respective territories, and shall govern their mutual relations in the future;

Have agreed to conclude a treaty for this purpose, and have appointed as their plenipotentiaries:—

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India (hereinafter referred to as His Majesty The King and Emperor):

For Great Britain and Northern Ireland:

The Rt. Hon. Anthony Eden, M.C., M.P., His Principal Secretary of State for Foreign Affairs.


Sir Miles Wedderburn Lampson, K.C.M.G., C.B., M.V.O., His High Commissioner for Egypt and the Sudan.

His Majesty the King of Egypt:

Moustapha El Nahas Pacha, President of the Council of Ministers.

Dr. Ahmed Maher, President of the Chamber of Deputies.

Mohamed Mahmoud Pacha, former President of the Council of Ministers.

[81880]
Ismail Sedky Pacha, former President of the Council of Ministers.
Abdel Fattah Yéhia Pacha, former President of the Council of Ministers.
Wacyf Boutros Ghali Pacha, Minister of Foreign Affairs.
Osman Moharram Pacha, Minister of Public Works.
Makram Ebeid Pacha, Minister of Finance.
Mahmoud Fahmy El-Nokrachi Pacha, Minister of Communications.
Ahmed Hamdi Seif El Nasr Pacha, Minister of Agriculture.
Aly El Chamsi Pacha, former Minister.
Mohamed Helmi Issa Pacha, former Minister.
Hafez Afifi Pacha, former Minister.

Who, having communicated their full powers, found in good and due form, have agreed as follows:—

ARTICLE 1.

The military occupation of Egypt by the forces of His Majesty The King and Emperor is terminated.

ARTICLE 2.

His Majesty The King and Emperor will henceforth be represented at the Court of His Majesty the King of Egypt and His Majesty the King of Egypt will be represented at the Court of St. James's by Ambassadors duly accredited.

ARTICLE 3.

Egypt intends to apply for membership to the League of Nations. His Majesty's Government in the United Kingdom, recognising Egypt as a sovereign independent State, will support any request for admission which the Egyptian Government may present in the conditions prescribed by Article 1 of the Covenant.

ARTICLE 4.

An alliance is established between the High Contracting Parties with a view to consolidating their friendship, their cordial understanding and their good relations.

ARTICLE 5.

Each of the High Contracting Parties undertakes not to adopt in relation to foreign countries an attitude which is inconsistent with the alliance, nor to conclude political treaties inconsistent with the provisions of the present treaty.
ARTICLE 6.

Should any dispute with a third State produce a situation which involves a risk of a rupture with that State, the High Contracting Parties will consult each other with a view to the settlement of the said dispute by peaceful means, in accordance with the provisions of the Covenant of the League of Nations and of any other international obligations which may be applicable to the case.

ARTICLE 7.

Should, notwithstanding the provisions of Article 6 above, either of the High Contracting Parties become engaged in war, the other High Contracting Party will, subject always to the provisions of Article 10 below, immediately come to his aid in the capacity of an ally.

The aid of His Majesty the King of Egypt in the event of war, imminent menace of war or apprehended international emergency will consist in furnishing to His Majesty The King and Emperor on Egyptian territory, in accordance with the Egyptian system of administration and legislation, all the facilities and assistance in his power, including the use of his ports, aerodromes and means of communication. It will accordingly be for the Egyptian Government to take all the administrative and legislative measures, including the establishment of martial law and an effective censorship, necessary to render these facilities and assistance effective.

ARTICLE 8.

In view of the fact that the Suez Canal, whilst being an integral part of Egypt, is a universal means of communication as also an essential means of communication between the different parts of the British Empire, His Majesty the King of Egypt, until such time as the High Contracting Parties agree that the Egyptian Army is in a position to ensure by its own resources the liberty and entire security of navigation of the Canal, authorises His Majesty The King and Emperor to station forces in Egyptian territory in the vicinity of the Canal, in the zone specified in the Annex to this Article, with a view to ensuring in co-operation with the Egyptian forces the defence of the Canal. The detailed arrangements for the carrying into effect of this Article are contained in the Annex hereto. The presence of these forces shall not constitute in any manner an occupation and will in no way prejudice the sovereign rights of Egypt.

It is understood that at the end of the period of twenty years specified in Article 16 the question whether the presence of British forces is no longer necessary owing to the fact that the Egyptian Army is in a position to ensure by its own resources the liberty and
entire security of navigation of the Canal may, if the High Contracting Parties do not agree thereon, be submitted to the Council of the League of Nations for decision in accordance with the provisions of the Covenant in force at the time of signature of the present treaty or to such other person or body of persons for decision in accordance with such other procedure as the High Contracting Parties may agree.

Annex to Article 8.

1. Without prejudice to the provisions of Article 7, the numbers of the forces of His Majesty The King and Emperor to be maintained in the vicinity of the Canal shall not exceed, of the land forces, 10,000, and of the air forces, 400 pilots, together with the necessary ancillary personnel for administrative and technical duties. These numbers do not include civilian personnel, e.g., clerks, artisans and labourers.

2. The British forces to be maintained in the vicinity of the Canal will be distributed (a) as regards the land forces, in Moascar and the Geneifa area on the south-west side of the Great Bitter Lake, and (b) as regards the air forces, within 5 miles of the Port Said–Suez railway from Kantara in the north, to the junction of the railway Suez–Cairo and Suez–Ismailia in the south, together with an extension along the Ismailia–Cairo railway to include the Royal Air Force Station at Abu Sueir and its satellite landing grounds; together with areas suitable for air firing and bombing ranges, which may have to be placed east of the Canal.

3. In the localities specified above there shall be provided for the British land and air forces of the numbers specified in paragraph 1 above, including 4,000 civilian personnel (but less 2,000 of the land forces, 700 of the air forces and 450 civilian personnel for whom accommodation already exists), the necessary lands and durable barrack and technical accommodation, including an emergency water supply. The lands, accommodation and water supply shall be suitable according to modern standards. In addition, amenities such as are reasonable, having regard to the character of these localities, will be provided by the planting of trees and the provision of gardens, playing fields, &c., for the troops, and a site for the erection of a convalescent camp on the Mediterranean coast.

4. The Egyptian Government will make available the lands and construct the accommodation, water supplies, amenities and convalescent camp, referred to in the preceding paragraph as being necessary over and above the accommodation already existing in these localities, at its own expense, but His Majesty's Government in the United Kingdom will contribute (1) the actual sum spent by the Egyptian Government before 1914 on the construction of new barracks as alternative accommodation to the Kasr-el-Nil Barracks in Cairo, and (2) the cost of one-fourth of the barrack and technical accommodation for the land forces. The first of these sums shall be paid at the time specified in paragraph 8 below for the withdrawal of the British forces from Cairo and the second at the time for the withdrawal of the British forces from Alexandria under paragraph 18 below. The Egyptian Government may charge a fair rental for the residential accommodation provided for the civilian personnel. The amount of the rent will be agreed between His Majesty's Government in the United Kingdom and the Egyptian Government.

5. The two Governments will each appoint, immediately the present treaty comes into force, two or more persons who shall together form a committee to whom all questions relating to the execution of these works from the time of their commencement to the time of their completion shall be entrusted. Proposals for, or outlines of, plans and specifications put
forward by the representatives of His Majesty's Government in the United Kingdom will be accepted, provided they are reasonable and do not fall outside the scope of the obligations of the Egyptian Government under paragraph 4. The plans and specifications of each of the works to be undertaken by the Egyptian Government shall be approved by the representatives of both Governments on this committee before the work is begun. Any member of this committee, as well as the Commanders of the British forces or their representatives, shall have the right to examine the works at all stages of their construction, and the United Kingdom members of the committee may make suggestions as regards the manner in which the work is carried out. The United Kingdom members shall also have the right to make at any time, while the work is in progress, proposals for modifications or alterations in the plans and specifications. Effect shall be given to suggestions and proposals by the United Kingdom members, subject to the condition that they are reasonable and do not fall outside the scope of the obligations of the Egyptian Government under paragraph 4. In the case of machinery and other stores, where standardization of type is important, it is agreed that stores of the standard type in general use by the British forces will be obtained and installed. It is, of course, understood that His Majesty's Government in the United Kingdom may, when the barracks and accommodation are being used by the British forces, make at their own expense improvements or alterations thereto and construct new buildings in the areas specified in paragraph 2 above.

6. In pursuance of their programme for the development of road and railway communications in Egypt, and in order to bring the means of communications in Egypt up to modern strategic requirements, the Egyptian Government will construct and maintain the following roads, bridges and railways:

(A) — Roads.

(i) Ismailia-Alexandria, via Tel-el-Kebir, Zaganig, Ziita, Tanta, Kafir-el-Zayat, Damahour.
(ii) Ismailia-Cairo, via Tel-el-Kebir and thence continuing along the Sweet Water Canal to Heliopolis.
(iii) Port Said-Ismailia-Suez.
(iv) A link between the south end of the Great Bitter Lake and the Cairo-Suez road about 15 miles west of Suez.

In order to bring them up to the general standard of good-class roads for general traffic, these roads will be 20 feet wide, have by-passes round villages, &c., and be made of such material as to be permanently utilisable for military purposes, and will be constructed in the above order of importance. They will comply with the technical specifications set out below which are the ordinary specifications for a good-class road for general traffic.

Bridges and roads shall be capable of carrying a double line of continuous columns of either heavy four-wheeled mechanical transport, six-wheeled mechanical transport or medium tanks. With regard to four-wheeled vehicles, the distance between the front axle of one vehicle and the rear axle of the vehicle next ahead shall be calculated at 20 feet, the load on each rear axle to be 14 tons, on each front axle to be 6 tons, and the distance between axles 18 feet. With regard to six-wheeled vehicles, the distance between the front axle of one vehicle and the rear axle of that next ahead shall be calculated to be 20 feet, between rear axle and middle axle to be 4 feet and between middle axle and front axle 13 feet; the load on each rear and middle axle to be 8 tons and on each front axle to be 4 tons. Tanks shall be calculated for as weighing 19-25 tons, to be 25 feet over all in length and to have a distance of 3 feet between the front of one tank and the rear of the next ahead; the load of 19-25 tons to be carried by tracks which have a bearing of 13 feet upon the road or bridge.
(B) — Railway.

(i) Railway facilities in the Canal Zone will be increased and improved to meet the needs of the increased garrison in the zone and to provide facilities for rapid entrainment of personnel, guns, vehicles and stores according to the requirements of a modern army. His Majesty's Government in the United Kingdom are hereby authorised to make at their own expense such subsequent additions and modifications to these railway facilities as the future requirements of the British forces may demand. Where such additions or modifications affect railway lines used for general traffic, the permission of the Egyptian Government must be obtained.

(ii) The line between Zagazig and Tanta will be doubled.

(iii) The Alexandria—Mersa Matruh line will be improved and made permanent.

7. In addition to the roads specified in paragraph 6 (A) above, and for the same purposes, the Egyptian Government will construct and maintain the following roads:

(i) Cairo south along the Nile to Kena and Kus;
(ii) Kus to Kosseir;
(iii) Kena to Hurghada.

These roads and the bridges thereon will be constructed to satisfy the same standards as those specified in paragraph 6 above.

It may not be possible for the construction of the roads referred to in this paragraph to be undertaken at the same time as the roads referred to in paragraph 6, but they will be constructed as soon as possible.

8. When, to the satisfaction of both the High Contracting Parties, the accommodation referred to in paragraph 4 is ready (accommodation for the forces retained temporarily at Alexandria in accordance with paragraph 18 below not being included) and the works referred to in paragraph 6 above (other than the railways referred to in (ii) and (iii) of part (B) of that paragraph) have been completed, then the British forces in parts of Egypt other than the areas in the Canal Zone specified in paragraph 2 above and except for those maintained temporarily at Alexandria, will withdraw and the lands, barracks, aircraft landing grounds, seaplane anchorages and accommodation occupied by them will be vacated and, save in so far as they may belong to private persons, be handed over to the Egyptian Government.

9. Any difference of opinion between the two Governments relating to the execution of paragraphs 3, 4, 5, 6, 7 and 8 above will be submitted to the decision of an Arbitral Board, composed of three members, the two Governments nominating each a member and the third being nominated by the two Governments in common agreement. The decision of the Board shall be final.

10. In order to ensure the proper training of British troops, it is agreed that the area defined below will be available for the training of British forces: (a) and (b) at all times of the year, and (c) during February and March for annual manoeuvres:

(a) West of the Canal: From Kantara in the north to the Suez—Cairo railway (inclusive) in the south and as far as longitude 31 degrees 30 minutes east, exclusive of all cultivation;
(b) East of the Canal as required;
(c) A continuation of (a) as far south as latitude 29 degrees 52 minutes north, thence south-east to the junction of latitude 29 degrees 30 minutes north and longitude 31 degrees 44 minutes east and from that point eastwards along latitude 29 degrees 30 minutes north.

The areas of the localities referred to above are included in the map (scale 1:500,000) which is annexed to the present Treaty.(1)

(1) See note No. 1 on page 20.
(2) A map (scale 1:1,000,000) to illustrate the Treaty is annexed.
11. Unless the two Governments agree to the contrary, the Egyptian Government will prohibit the passage of aircraft over the territories situated on either side of the Suez Canal and within 20 kilometres of it, except for the purpose of passage from east to west or vice versa by means of a corridor 10 kilometres wide at Kantara. This prohibition will not, however, apply to the forces of the High Contracting Parties or to genuinely Egyptian air organisations or to air organisations genuinely belonging to any part of the British Commonwealth of Nations operating under the authority of the Egyptian Government.

12. The Egyptian Government will provide when necessary reasonable means of communication and access to and from the localities where the British forces are situated, and will also accord facilities at Port Said and Suez for the landing and storage of material and supplies for the British forces, including the maintenance of a small detachment of the British forces in these ports to handle and guard this material and these supplies in transit.

13. In view of the fact that the speed and range of modern aircraft necessitate the use of wide areas for the efficient training of air forces, the Egyptian Government will accord permission to the British air forces to fly wherever they consider it necessary for the purpose of training. Reciprocal treatment will be accorded to Egyptian air forces in British territories.

14. In view of the fact that the safety of flying is dependent upon provision of a large number of places where aircraft can alight, the Egyptian Government will secure the maintenance and constant availability of adequate landing grounds and seaplane anchorages in Egyptian territory and waters. The Egyptian Government will accede to any request from the British air forces for such additional landing grounds and seaplane anchorages as experience may show to be necessary to make the number adequate for allied requirements.

15. The Egyptian Government will accord permission for the British air forces to use the said landing grounds and seaplane anchorages, and in the case of certain of them to send stocks of fuel and stores thereto, to be kept in sheds to be erected thereon for this purpose, and in case of urgency to undertake such work as may be necessary for the safety of aircraft.

16. The Egyptian Government will give all necessary facilities for the passage of the personnel of the British forces, aircraft and stores to and from the said landing grounds and seaplane anchorages. Similar facilities will be afforded to the personnel, aircraft and stores of the Egyptian forces at the air bases of the British forces.

17. The British military authorities shall be at liberty to request permission from the Egyptian Government to send parties of officers in civilian clothes to the Western Desert to study the ground and draw up tactical schemes. This permission shall not be unreasonably withheld.

18. His Majesty the King of Egypt authorises His Majesty The King and Emperor to maintain units of his forces at or near Alexandria for a period not exceeding eight years from the date of the coming into force of the present treaty, this being the approximate period considered necessary by the two High Contracting Parties—

(a) For the final completion of the barrack accommodation in the Canal zone;

(b)(2) For the improvement of the roads—

(i) Cairo—Suez;

(ii) Cairo—Alexandria via Giza and the desert;

(iii) Alexandria—Mersa Matruh;

so as to bring them up to the standard specified in part (A) of paragraph 6;

(c) The improvement of the railway facilities between Ismailia and Alexandria, and Alexandria and Mersa Matruh referred to in (ii) and (iii) of part (B) of paragraph 6.

(2) See note No. 2 on page 21.
The Egyptian Government will complete the work specified in (a), (b) and (c) above before the expiry of the period of eight years aforesaid. The roads and railway facilities mentioned above will, of course, be maintained by the Egyptian Government.

19. The British forces in or near Cairo shall, until the time for withdrawal under paragraph 8 above, and the British forces in or near Alexandria until the expiry of the time specified in paragraph 18 above, continue to enjoy the same facilities as at present.

ARTICLE 9.

The immunities and privileges in jurisdictional and fiscal matters to be enjoyed by the forces of His Majesty The King and Emperor who are in Egypt in accordance with the provisions of the present treaty will be determined in a separate convention(1) to be concluded between the Egyptian Government and His Majesty’s Government in the United Kingdom.

ARTICLE 10.

Nothing in the present treaty is intended to or shall in any way prejudice the rights and obligations which devolve, or may devolve, upon either of the High Contracting Parties under the Covenant of the League of Nations or the Treaty for the Renunciation of War signed at Paris on the 27th August, 1928.(2)

ARTICLE 11.

1. While reserving liberty to conclude new conventions in future, modifying the agreements of the 19th January and the 10th July, 1899, the High Contracting Parties agree that the administration of the Sudan shall continue to be that resulting from the said agreements. The Governor-General shall continue to exercise on the joint behalf of the High Contracting Parties the powers conferred upon him by the said agreements.

The High Contracting Parties agree that the primary aim of their administration in the Sudan must be the welfare of the Sudanese.

Nothing in this article prejudices the question of sovereignty over the Sudan.

2. (3) Appointments and promotions of officials in the Sudan will in consequence remain vested in the Governor-General, who, in making new appointments to posts for which qualified Sudanese are not available, will select suitable candidates of British and Egyptian nationality.

3. In addition to Sudanese troops, both British and Egyptian troops shall be placed at the disposal of the Governor-General for the defence of the Sudan.

4. Egyptian immigration into the Sudan shall be unrestricted except for reasons of public order and health.

(1) For convention see page 23.
(2) Treaty Series No. 29 (1929) (Cmd. 3410).
(3) See note No. 3 on page 21.
5. There shall be no discrimination in the Sudan between British subjects and Egyptian nationals in matters of commerce, immigration or the possession of property.

6. The High Contracting Parties are agreed on the provisions set out in the Annex to this Article as regards the method by which international conventions are to be made applicable to the Sudan.

Annex to Article 11.

1. Unless and until the High Contracting Parties agree to the contrary in application of paragraph 1 of this Article, the general principle for the future shall be that international conventions shall only become applicable to the Sudan by the joint action of the Governments of the United Kingdom and of Egypt, and that such joint action shall similarly also be required if it is desired to terminate the participation of the Sudan in an international convention which already applies to this territory.

2. Conventions to which it will be desired that the Sudan should be a party will generally be conventions of a technical or humanitarian character. Such conventions almost invariably contain a provision for subsequent accession, and in such cases this method of making the convention applicable to the Sudan will be adopted. Accession will be effected by a joint instrument, signed on behalf of Egypt and the United Kingdom respectively by two persons duly authorised for the purpose. The method of depositing the instruments of accession will be the subject of agreement in each case between the two Governments. In the event of its being desired to apply to the Sudan a convention which does not contain an accession clause, the method by which this should be effected will be the subject of consultation and agreement between the two Governments.

3. If the Sudan is already a party to a convention, and it is desired to terminate the participation of the Sudan therein, the necessary notice of termination will be given jointly by the United Kingdom and by Egypt.

4. It is understood that the participation of the Sudan in a convention and the termination of such participation can only be effected by joint action specifically taken in respect of the Sudan, and does not follow merely from the fact that the United Kingdom and Egypt are both parties to a convention or have both denounced a convention.

5. At international conferences where such conventions are negotiated, the Egyptian and the United Kingdom delegates would naturally keep in touch with a view to any action which they may agree to be desirable in the interests of the Sudan.

ARTICLE 12.

His Majesty The King and Emperor recognises that the responsibility for the lives and property of foreigners in Egypt devolves exclusively upon the Egyptian Government, who will ensure the fulfilment of their obligations in this respect.

ARTICLE 18.

His Majesty The King and Emperor recognises that the capitulatory régime now existing in Egypt is no longer in accordance with the spirit of the times and with the present state of Egypt.
His Majesty the King of Egypt desires the abolition of this régime without delay.

Both High Contracting Parties are agreed upon the arrangements with regard to this matter as set forth in the Annex to this Article.

**Annex to Article 13.**

1. It is the object of the arrangements set out in this Annex:—

(i) To bring about speedily the abolition of the Capitulations in Egypt with the disappearance of the existing restrictions on Egyptian sovereignty in the matter of the application of Egyptian legislation (including financial legislation) to foreigners as its necessary consequence;

(ii) To institute a transitional régime for a reasonable and not unduly prolonged period to be fixed, during which the Mixed Tribunals will remain and will, in addition to their present judicial jurisdiction, exercise the jurisdiction at present vested in the Consular Courts. At the end of this transitional period the Egyptian Government will be free to dispense with the Mixed Tribunals.

As a first step, the Egyptian Government will approach the Capitulatory Powers as soon as possible with a view to (a) the removal of all restrictions on the application of Egyptian legislation to foreigners, and (b) the institution of a transitional régime for the Mixed Tribunals as provided in paragraph 1 (ii) above.

3. His Majesty's Government in the United Kingdom, as the Government of a Capitulatory Power and as an ally of Egypt, are in no way opposed to the arrangements referred to in the preceding paragraph and will collaborate actively with the Egyptian Government in giving effect to them by using all their influence with the Powers exercising capitulatory rights in Egypt.

4. It is understood that in the event of its being found impossible to bring into effect the arrangements referred to in paragraph 2, the Egyptian Government retains its full rights unimpaired with regard to the capitulatory régime, including the Mixed Tribunals.

5. It is understood that paragraph 2 (a) involves not merely that the assent of the Capitulatory Powers will be no longer necessary for the application of any Egyptian legislation to their nationals, but also that the present legislative functions of the Mixed Tribunals as regards the application of Egyptian legislation to foreigners will terminate. It would follow from this that the Mixed Tribunals in their judicial capacity would no longer have to pronounce upon the validity of the application to foreigners of an Egyptian law or decree which has been applied to foreigners by the Egyptian Parliament or Government, as the case may be.

6. His Majesty the King of Egypt hereby declares that no Egyptian legislation made applicable to foreigners will be inconsistent with the principles generally adopted in modern legislation or, with particular relation to legislation of a fiscal nature, discriminate against foreigners, including foreign corporate bodies.

7. In view of the fact that it is the practice in most countries to apply to foreigners the law of their nationality in matters of "statut personnel," consideration will be given to the desirability of excepting from the transfer of jurisdiction, at any rate in the first place, matters relating to "statut personnel" affecting nationals of those Capitulatory Powers who wish that their Consular authorities should continue to exercise such jurisdiction.

8. The transitional régime for the Mixed Tribunals and the transfer to them of the jurisdiction at present exercised by the Consular Courts (which régime and transfer will, of course, be subject to the provisions of the special convention referred to in Article 9) will necessitate the revision of existing laws relating to the organisation and jurisdiction of the Mixed Tribunals,
including the preparation and promulgation of a new Code of Criminal Procedure. It is understood that this revision will include amongst other matters:

(i) The definition of the word "foreigner" for the purpose of the future jurisdiction of the Mixed Tribunals;
(ii) The increase of the personnel of the Mixed Tribunals and the Mixed Parquet, which will be necessitated by the proposed extension of their jurisdiction;
(iii) The procedure in the case of pardons or remissions of sentences imposed on foreigners and also in connection with the execution of capital sentences passed on foreigners.

ARTICLE 14.

The present treaty abrogates any existing agreements or other instruments whose continued existence is inconsistent with its provisions. Should either High Contracting Party so request, a list of the agreements and instruments thus abrogated shall be drawn up in agreement between them within six months of the coming into force of the present treaty.

ARTICLE 15.

The High Contracting Parties agree that any difference on the subject of the application or interpretation of the provisions of the present treaty which they are unable to settle by direct negotiation shall be dealt with in accordance with the provisions of the Covenant of the League of Nations.

ARTICLE 16.

At any time after the expiration of a period of twenty years from the coming into force of the treaty, the High Contracting Parties will, at the request of either of them, enter into negotiations with a view to such revision of its terms by agreement between them as may be appropriate in the circumstances as they then exist. In case of the High Contracting Parties being unable to agree upon the terms of the revised treaty, the difference will be submitted to the Council of the League of Nations for decision in accordance with the provisions of the Covenant in force at the time of signature of the present treaty or to such other person or body of persons for decision in accordance with such procedure as the High Contracting Parties may agree. It is agreed that any revision of this treaty will provide for the continuation of the Alliance between the High Contracting Parties in accordance with the principles contained in Articles 4, 5, 6 and 7. Nevertheless, with the consent of both High Contracting Parties, negotiations may be entered into at any time after the expiration of a period of ten years after the coming into force of the treaty, with a view to such revision as aforesaid.
ARTICLE 17.

The present treaty is subject to ratification. Ratifications shall be exchanged in Cairo as soon as possible. The treaty shall come into force on the date of the exchange of ratifications, and shall thereupon be registered with the Secretary-General of the League of Nations.

In witness whereof the above-named plenipotentiaries have signed the present treaty and affixed thereto their seals.

Done at London in duplicate this 26th day of August, 1936.

(L.S.) ANTHONY EDEN.

(L.S.) J. RAMSAY MACDONALD.

(L.S.) JOHN SIMON.

(L.S.) HALIFAX.

(L.S.) MILES W. LAMPSON.

(L.S.) MOUSTAPHA EL-NAHAS.

(L.S.) AHMAD MAHER.

(L.S.) M. MAHMOUD.

(L.S.) I. SEDKI.

(L.S.) A. YEHIA.

(L.S.) WACYF BOUTROS GHALI.

(L.S.) O. MOHARRAM.

(L.S.) MAKRAM EBEID.

(L.S.) MAHMOUD FAHMY EL-NOKRACHY.

(L.S.) A. HAMDY SEIF EL NASR.

(L.S.) ALY EL CHAMSI.

(L.S.) M. H. ISSA.

(L.S.) HAFEZ AFIFI.
AGREED MINUTE.

The United Kingdom and Egyptian Delegations desire at the moment of signature to record in a minute certain points of interpretation of the provisions of the Treaty of Alliance upon which they are agreed.

These points are as follows:

(i) It is of course understood that the facilities provided for in Article 7 to be furnished to His Majesty The King and Emperor include the sending of British forces or reinforcements in the eventualities specified in that Article.

(ii) With reference to Article 7, it is understood that as a result of the provisions of Article 6, there will have been mutual consultation between the two Governments in the case of a risk of a rupture. In the case of an apprehended international emergency, the same principle of mutual consultation applies.

(iii) The "means of communication" referred to in the second sentence of Article 7 include telecommunications (cables, telegraphs, telephones and wireless).

(iv) Amongst the military, administrative and legislative measures referred to in the third sentence of Article 7 are included measures under which the Egyptian Government, in the exercise of their powers as regards radio-electric communications, will take into account the requirements of the W/T stations of the British forces in Egypt, and will continue to co-operate with the British authorities to prevent any mutual interference between British and Egyptian W/T stations, and measures providing for the effective control of all means of communications referred to in that Article.

(v) The words "Geneifa area" in paragraph 2 (a) of the Annex to Article 8 mean: along the shore of the Great Bitter Lake from a point 3 kilometres North of Geneifa Station to a point 3 kilometres South-East of Fayid Station to a depth of 3 kilometres from the shore of the lake.

(vi) With reference to paragraph 2 (b) of the Annex to Article 8, it is understood that the exact sites in the area therein referred to where the air forces will be located will be defined as soon as possible. The Royal Air Force Depot at present situated at Aboukir will also be transferred to this area not later than the date of the withdrawal of the British forces from Cairo under paragraph 8.

(vii) With reference to paragraph 3 of the Annex to Article 8, it is understood (a) that British barrack accommodation includes married quarters for officers and for a proportion of the other ranks, (b) that though the site of the convalescent camp cannot be definitely fixed at the moment, El Arish might possibly prove suitable, and (c) that the Egyptian Government, in pursuance of the policy which it has already taken in hand for the benefit of the inhabitants of those areas, will take all reasonable sanitary measures for the combating of malaria in the areas adjacent to those where the British forces are situated.
(viii) With reference to paragraph 6 of the Annex to Article 8, it is understood that, with regard to road No. (iii), the Egyptian Government will, unless they are able to make arrangements with the Suez Canal Company for the use of this road by the British and Egyptian forces and for the improvement of those sections which are not already up to this standard so as to satisfy the conditions laid down in paragraph 6, construct an entirely new road connecting these places.

(ix) With reference to paragraph 12 of the Annex to Article 8, it is understood that the number of the detachment referred to shall be limited to the minimum strictly necessary to handle and guard this material.

(x) With reference to paragraph 13 of the Annex to Article 8, it is understood that flying will take place for training purposes mostly over desert areas, and that populated areas will only be flown over where necessity so demands.

(xi) With reference to paragraph 2 of the Egyptian Note relating to military matters, it is of course understood that the cost of the Military Mission will be defrayed by the Egyptian Government, and that the words "proper training" in this paragraph include training in British military colleges and academies.

(xii) Paragraph 2 of the Egyptian Note relating to military matters only applies to persons who are already at the time members of the Egyptian armed forces.

(xiii) The word "equipment" in paragraph 8 of the Egyptian Note relating to military matters, means all such stores as it is desirable for forces acting together to have as a common pattern. It does not include articles of clothing or articles of local production.

(xiv) With reference to paragraph 1 of Article 11, it is agreed that the Governor-General shall furnish to His Majesty’s Government in the United Kingdom and the Egyptian Government an annual report on the administration of the Sudan. Sudan legislation will be notified directly to the President of the Egyptian Council of Ministers.

(xv) With reference to paragraph 2 of Article 11, it is understood that, while the appointment of Egyptian nationals to official posts in the Sudan must necessarily be governed by the number of suitable vacancies, the time of their occurrence and the qualifications of the candidates forthcoming, the provisions of this paragraph will take effect forthwith on the coming into force of the Treaty. The promotion and advancement of members of the Sudan Service shall be irrespective of nationality up to any rank by selection in accordance with individual merits.

It is also understood that these provisions will not prevent the Governor-General occasionally appointing to special posts persons of another nationality when no qualified British subjects, Egyptian nationals or Sudanese are available.

(xvi) With reference to paragraph 3 of Article 11, it is understood that, as the Egyptian Government are willing to send troops to the Sudan, the Governor-General will give immediate considera-
tion to the question of the number of Egyptian troops required for service in the Sudan, the precise places where they will be stationed and the accommodation necessary for them, and that the Egyptian Government will send forthwith, on the coming into force of the Treaty, an Egyptian military officer of high rank whom the Governor-General can consult with regard to these matters.

(xvii) With reference to Article 11, as it has been arranged between the Egyptian Government and His Majesty’s Government in the United Kingdom that the question of the indebtedness of the Sudan to Egypt and other financial questions affecting the Sudan shall be discussed between the Egyptian Ministry of Finance and the Treasury of the United Kingdom, and as such discussions have already commenced, it has been considered unnecessary to insert in the Treaty any provision in regard to this question.

(xviii) With regard to paragraph 6 of the Annex to Article 18, it is understood that questions relating to this declaration are not subjects for the appreciation of any Courts in Egypt.

Signed in duplicate at London this 26th day of August, 1986.

ANTHONY EDEN,
His Majesty's Principal Secretary of State for Foreign Affairs.

MOUSTAPHA EL-NAHAS,
President of the Egyptian Council of Ministers.
NOTES.—LONDON, AUGUST 26, 1936.

No. 1.
Moustapha El-Nahas Pacha to Mr. Eden.

London, August 26, 1936.

Sir,

With reference to Article 2 of the treaty signed this day, I have the honour to inform Your Excellency that, as His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, will be the first foreign sovereign to be represented in Egypt by an Ambassador, British Ambassadors will be considered senior to the other diplomatic representatives accredited to the Court of His Majesty the King of Egypt.

The provisions of this note are subject to revision at the time and in the conditions provided for in Article 16 of the treaty.

I avail, &c.

MOUSTAPHA EL-NAHAS,
President of the Council of Ministers.

No. 2.

Moustapha El-Nahas Pacha to Mr. Eden.

London, August 26, 1936.

Sir,

With reference to Article 12 of the treaty signed this day, I have the honour to inform Your Excellency that the Egyptian Government intend to abolish forthwith the European Bureau of the Public Security Department, but will retain, for five years from the coming into force of the treaty, a certain European element in their city police. The said police will remain for the same period under the command of British officers.

With a view to facilitating the gradual substitution of Egyptian officials for the said European element and thereby securing the harmonious working of the police organisation, the Egyptian Government propose to dispense annually with the services of one-fifth of the number of European police officials.

The Egyptian Government, in view of the treaty of friendship and alliance signed to-day, will, when engaging the services of foreign experts, generally prefer British subjects possessing the necessary qualifications.

I avail, &c.

MOUSTAPHA EL-NAHAS,
President of the Council of Ministers.
Sir,

I wish to place on record certain further understandings in regard to military matters which have been reached between us in connexion with the Treaty of Alliance signed this day.

(1) British personnel shall be withdrawn from the Egyptian Army and the functions of the Inspector-General and his staff shall terminate.

(2) The Egyptian Government, desiring to perfect the training of the Egyptian Army including the Air Force, and intending, in the interests of the alliance which has been established, that such foreign instructors as they may deem necessary shall be chosen from amongst British subjects only, will avail themselves of the advice of a British Military Mission for such time as they may deem necessary for the purposes aforesaid. His Majesty's Government in the United Kingdom will furnish the Military Mission which the Egyptian Government desire, and will also undertake to receive and provide proper training in the United Kingdom for any personnel of the Egyptian forces which the Egyptian Government may desire to send for the purpose of being trained. In the circumstances created by this treaty the Egyptian Government will naturally not desire to send any personnel of their armed forces to undergo a course in any training establishment or unit abroad elsewhere than in the United Kingdom, provided that this shall not prevent it from sending to any other country such personnel as cannot be received in training establishments and units in the United Kingdom.

(3) In the interests of the Alliance, and in view of the possible necessity of co-operative action between the British and Egyptian forces, the armament and equipment, land and air, of the Egyptian forces shall not differ in type from those of the British forces. His Majesty's Government in the United Kingdom undertake to use their good offices to facilitate the supply of such armament and equipment from the United Kingdom, at prices similar to those which would be paid by His Majesty's Government, whenever the Egyptian Government so desire.

I avail, &c.

MOUSTAPHA EL-NAHAS,

President of the Council of Ministers.
NOTES EXCHANGED IN EGYPT.—AUGUST 12, 1936.

No. 1.

Sir Miles Lampson to Moustapha El-Nahas Pacha

The Residency, Ramleh.

August 12, 1936.

Sir,

With reference to paragraph 6 (B) (i) of the Annex to Article H (9)(v), your Excellency asked me on behalf of the Egyptian Delegation to communicate information as regards the work which would be required to be done under this paragraph. I have the honour to enclose a statement which gives these details so far as they can be stated at the present moment. This statement is, however, only approximate and further details might have to be added to it.

I avail, &c.

MILES W. LAMPSON,

High Commissioner.

Enclosure in No. 1.

Approximate Railway Requirements in Canal Zone.

Moascar.

The existing siding with troop entrainment platform and one siding with end loading ramp, each to hold "60" unit trains, with facilities to enable a train to be despatched every three hours, will be maintained.

Geneifa Area.

(a) Entrainment Station —Two sidings with loop entrainment platforms and two sidings with end loading ramps, each to hold "60" unit trains.

(b) Depot Area, facilities as given below together with the necessary shunting loops, &c.

Supply Depot: One spur with two loading sidings (each 20 units).

Petrol Depot: One loading siding (10 units).

M.T. Vehicle Reception Depot: One end loading siding (30 Flats).

Ordnance Depot: One spur with one loading and one end loading siding (each 20 units).

Camp Equipment Depot: One loading siding (40 units).

Ammunition Depot: One spur with two loading sidings (each 20 units).

(1) Article 8 in the Treaty as signed.
Hospital Area: One siding and one off-loading platform for one Hospital train.

R.E. Stores Depot: One loading siding (20 units).

N.A.A.F.I. Depot: One loading siding (10 units).

(c) Marshalling and Locomotive Yards to enable one personnel train, or one M.T. train, being despatched every three hours throughout the twenty-four.

(d) Wharves and other unloading facilities as required.

Note.—All loading sidings to have platforms corresponding with the length of the train.

No. 2.

Moustapha El-Nahas Pacha to Sir Miles Lampson.

Antoniades Palace, Alexandria,
August 12, 1986.

Sir,

With reference to paragraph 18 (b) of the draft Annex to Article H (9)(*) initialled the 24th July last, I have the honour to inform Your Excellency that the work which is at present being done on the roads Cairo-Alexandria, via Giza and the desert, and Cairo-Suez will be pushed forward and will be completed by the end of 1986.

I avail, &c.

MOUSTAPHA EL-NAHAS,
President of the Council of Ministers.

No. 3.

Sir Miles Lampson to Moustapha El-Nahas Pacha.

The Residency, Ramleh,
August 12, 1986.

Sir,

In the course of discussions on questions of detail, arising out of paragraph 2 of Article K(9) the suggestion for the secondment of an Egyptian economic expert for service at Khartum, and the Governor-General’s wish to appoint an Egyptian officer to his personal staff as military secretary, were noted and considered acceptable in principle. It was also considered desirable and acceptable that the Inspector-General of the Egyptian Irrigation Service in the Sudan should be invited to attend the Governor-General’s Council when matters relating to his departmental interests were before the Council.

I avail, &c.

MILES W. LAMPSON,
High Commissioner.

(*) Article 8 in the Treaty as signed (see page 9).
(9) Article 11 in the Treaty as signed (see page 10).
ORAL DECLARATION.

Minute of a Meeting held at the Antoniades Palace, Alexandria, on August 10, 1986.

At a meeting at the Antoniades Palace on the morning of the 10th August, at which the provisions of the draft treaty relating to the Capitulations and other non-military clauses were under discussion, the following oral declaration was made:—

His Excellency Nahas Pacha, on behalf of the Egyptian Delegation, stated that the absence in the treaty documents of any mention of the Judicial and Financial Advisers meant that the Egyptian Government were free from any restriction of an international character with regard to the retention or non-retention of these officials.

His Excellency the High Commissioner expressed his agreement with the declaration of Nahas Pacha.
CONVENTION BETWEEN HIS MAJESTY’S GOVERNMENT IN THE UNITED KINGDOM AND THE EGYPTIAN GOVERNMENT CONCERNING THE IMMUNITIES AND PRIVILEGES TO BE ENJOYED BY THE BRITISH FORCES IN EGYPT.

London, August 26, 1936.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Egyptian Government desiring, in accordance with Article 9 of the Treaty of Alliance signed this day, to settle the position as regards jurisdictional and fiscal matters of the Forces in Egypt of His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India (hereinafter referred to as His Majesty), have agreed as follows:—

1. In this Convention the expression “British Forces” includes—

(a) every person subject to the Naval Discipline Act, the Army Act and the Air Force Act of the United Kingdom (or the corresponding Acts of other parts of His Majesty’s dominions) who is stationed with, or attached to, the forces of His Majesty, who are present in Egypt in accordance with the provisions of the Treaty of Alliance;

(b) every civilian official of British nationality accompanying or serving with the said forces in Egypt or the Navy, Army and Air Force Institutes, who is either granted relative status as an officer, or holds a pass designating his status, issued by the Appropriate British Authority as hereinafter defined, and who is paid from the funds of any part of the dominions of His Majesty, or the Navy, Army and Air Force Institutes;

(c) wives, and children under 21 years of age, of the persons mentioned in paragraphs (a) and (b) hereof.

2.—(a) The expression “Appropriate British Authority” means—

(i) in the case of members of His Majesty’s Naval Forces, the Senior Naval Officer for the time being within the territorial waters of Egypt; or in cases where the matter is not within his cognizance, the Commander-in-Chief or other officer for the time being commanding the Mediterranean Station;
(ii) in the case of members of His Majesty's Land Forces, the General or other Officer for the time being commanding the British Troops in Egypt;

(iii) in the case of members of His Majesty's Air Forces, the Air or other Officer for the time being commanding the Royal Air Force in Egypt.

(b) Any authority given to, or any act or thing to be done by, to or for, any Appropriate British Authority may be exercised by, or done by, to or for, any other person for the time being authorised in that behalf according to the custom of the particular service of His Majesty concerned.

3.—(a) The expression "British Camps" means—the areas or places which, by virtue of Article 8 of the Treaty and the Annex thereto, have been allocated to the Forces of His Majesty and such other areas as may be so allocated by agreement of both Governments either in addition to or in substitution for the aforesaid areas, and including the temporary camps and bivouacs in the training and manoeuvre areas authorised by the Treaty when being used as such.

(b) the expression "service aircraft" means any aircraft of His Majesty's Forces.

4. No member of the British Forces shall be subject to the criminal jurisdiction of the Courts of Egypt, nor to the civil jurisdiction of those Courts in any matter arising out of his official duties. If any civil proceeding is instituted against a member of the British Forces before any Egyptian Court, notification of the proceedings shall be given to His Majesty's Ambassador, and no further steps shall be taken until twenty-one days have elapsed from the date of notification. This period shall be extended if His Majesty's Ambassador states that it has not been possible to conclude the necessary investigations in the above time. A statement to the Court by His Majesty's Ambassador that the proceedings arise out of official duties will be considered as conclusive evidence of that fact.

5. Without prejudice to the fact that British camps are Egyptian territory, the said camps shall be inviolable and shall be subject to the exclusive control and authority of the Appropriate British Authorities.

6. In pursuance of the provisions of the Treaty of Alliance, the Egyptian Government hereby consents to the enjoyment by the British Forces of—

(a) freedom of movement between British camps, and to or from the ordinary points of access to Egyptian territory by water, land or air; there would of course be consultation with the Egyptian
Authorities as regards movements of large bodies of men, stores or vehicles on railways and roads used for general traffic;

(b) unrestricted communication by radio or other telegraphy, telephony or any other means howsoever; and the necessary facilities for maintaining such communications whether inside or outside of British camps, including the laying of cables and land lines; it is understood that the telegraph and telephone cables and lines herein referred to will be situated in the areas where the British Forces are stationed, and that any connection with the Egyptian system of telegraphs and telephones will be subject to arrangement with the Egyptian Authorities;

(c) the right within British camps to generate light and power for use in British camps, and to transmit and distribute such light and power between the place of generation and any other British camp by means of cables, pipes or in any other way whatsoever;

(d) transmission, subject to the payment of the usual charges, of telegrams and messages over the Egyptian State Telegraphs and Telephones, in clear, in code or in cypher;

(e) use of the Egyptian State Railways upon the terms and subject to the conditions now in force;

(f) the supply, maintenance and use of telephones as required, as part of and connected with the Egyptian State Telephones service and system, at the rates and upon the conditions now in force;

(g) entry into and departure from Egypt of members of His Majesty’s Forces at all times without let or hindrance, subject only to the production of a certificate showing membership of the British Forces in cases when such members do not arrive or leave by a British Man of War, Troopship, Freightship, or service aircraft, Service Transport or as a formed body under command of an Officer, Warrant Officer, Non-Commissioned Officer, or Petty Officer;

(h) the use of roads, bridges, canals, streams, lakes, waterways and other bodies of water without the payment of dues, tolls or charges either by way of registration or otherwise for vehicles or waterborne craft used on His Majesty’s Service;

(i) port facilities free of payment for His Majesty’s Men of War, Troopships, Freightships and Service Aircraft of an amphibian or seaplane character;

(j) the same immunity regarding the official correspondence of the British Forces and their couriers as is enjoyed in International Law by the Diplomatic representatives of foreign States.

7.—(a) Members of the British Forces who are owners of real property shall pay the same taxes, registration and transfer fees in respect of such property and its produce as civilians of British nationality;

(b) members of the British Forces shall pay in respect of any privately owned radio receiving or transmitting apparatus the tax or licence fee for the time being in force and applicable to such apparatus;
(c) members of the British Forces shall pay the fee for the time being in force for the registration of a private water-borne craft and (subject to the provisions of Article 6 (h) hereof) also all dues, charges and tolls leviable in consequence of the user of such craft;

(d) members of the British Forces shall pay the tax or registration fee for the time being in force for a private motor vehicle used on any public road maintained by the Egyptian Government or for any privately owned aircraft;

(e) the Agreement between the Egyptian Government and the British Military Authorities dealing with imports and exports by the British Naval, Military and Air Force Authorities as well as with imports by individual members of His Majesty’s forces and by the Navy, Army and Air Force Institutes, dated the 14th July, 1921, as amended up to the date hereof, shall remain in full force and effect; provided, however, that, in the event of a change in the tariff, either party to the said Agreement shall have a right to demand a revision of the ad valorem rates which have been accepted by mutual consent as equivalent to the actual duties and dues chargeable under the tariff now in force. The principle of an ad valorem equivalent shall be maintained;

Save as above provided, British camps, the British Forces and the members thereof shall be immune from all taxation, other than Municipal rates for services enjoyed, and from all registration fees or charges unless there has been an agreement between the two Governments to the contrary.

8. The Egyptian Government freely offers every assistance to British aircraft in distress, and will accord full facilities to His Majesty’s personnel and stores to proceed to and from the salvage of any aircraft in distress that may have made a forced landing in Egyptian territory.

9. The Appropriate British Authority will surrender, on receipt of an application signed by the appropriate official of the Egyptian Ministry of Justice, persons not being members of His Majesty’s Forces and who are within any British camp, and

   (a) against whom a warrant of arrest has been issued in respect of any offence triable by a court in Egypt; or
   (b) against whom an order of imprisonment has been made by any court in Egypt; or
   (c) against whom an order has been issued by an appropriate Egyptian military authority for desertion or absence without leave from the Egyptian army; and
   (d) who are not immediately ejected therefrom as would ordinarily be done in the case of such persons who take refuge therein from the Police.

Every application for the surrender of an offender, under these provisions shall be accompanied by a certified true copy of the

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warrant of arrest or order of imprisonment as the case may be, and by such information as is available as to the identity and whereabouts of the person whose surrender is desired.

10. The Egyptian Government will ensure:

(a) the searching for, apprehending and handing over of any members of the British Forces who are claimed as deserters or absentees without leave, upon request made in writing by the Appropriate British Authority;
(b) the prosecution of persons accused of acts in relation to the British Forces which, if committed in relation to the Egyptian Forces, would have rendered them liable to prosecution.

11.—(1) Subject to the provisions of sub-paragraph (a) of the preceding Article, members of the British Forces shall be liable to arrest by the Egyptian Authorities only in such circumstances as would justify the arrest of civilians of British nationality. Should any member of the British Forces be arrested the following procedure will be adopted:

(a) Notification of the arrest giving the name and other particulars of the person arrested together with information as to the nature of the offences for which the said person was arrested, will be sent forthwith to the Appropriate British Authority;
(b) A similar notification will also immediately be sent to the office of the nearest British Consular Officer;
(c) The alleged offender will be handed over on demand to the Appropriate British Authority;
(d) Full particulars of the charges against the alleged offender together with the names, addresses and statements of the relevant witnesses will be delivered or sent by registered post to the Appropriate British Authority within 48 hours of the arrest;

(2) When it is alleged that a member of the British Forces has committed an offence for which he has not been arrested, particulars of such alleged offence together with the procès-verbal will be sent with all convenient speed to the Appropriate British Authority.

12. The British Forces will send an armed escort into any part of Egypt for the purpose of taking over and escorting to a British camp, any member of the British Forces arrested under the provisions of Articles 10 and 11 hereof.

13.—(a) The Egyptian Government undertakes at the request of the appropriate British authority to take all reasonable steps to secure the attendance of persons amenable to its jurisdiction as witnesses before His Majesty's military tribunals in Egypt (courts-martial, courts of inquiry, committees of adjustment, and boards of officers or other service tribunals) convened and assembled by the Appropriate British Authority.
(b) The Government of the United Kingdom undertakes to take all reasonable steps to secure the attendance of any member of the British forces as a witness at any proceedings before the Egyptian Courts, including the Mixed Courts, courts-martial, disciplinary tribunals or courts of enquiry, upon application being made to the Appropriate British Authority signed by the appropriate official of the Ministry of Justice or the President of the Tribunal concerned.

14. The Egyptian Government and the Government of the United Kingdom agree that it is desirable that any person, ordered to attend a British military tribunal under Article 13 (a) above and who is accused of any of the following offences, should be amenable to prosecution before the appropriate Egyptian Court, that is to say:—

(i) being duly summoned makes default in attending; or
(ii) refuses to take oath or make a solemn declaration legally required to be taken or made; or
(iii) refuses to produce any document in his power or control legally required to be produced by him; or
(iv) refuses when a witness to answer any question to which the tribunal may legally require an answer; or
(v) is guilty of contempt of the tribunal by using insulting or threatening language or by causing interruption or disturbance in the proceedings of such tribunal; or
(vi) when examined on oath or solemn declaration before the tribunal wilfully gives false evidence.

Similarly it is desirable that a person ordered to attend an Egyptian tribunal under Article 13 (b) above who commits any of the offences specified above, shall be amenable to prosecution before the appropriate British military tribunal.

The exact manner and the extent, however, to which effect can be given to the two preceding paragraphs of this article depends upon the laws of the United Kingdom and of Egypt respectively, and the two Governments agree that there shall be further discussion at a later date in regard to this matter.

15. Each Government shall pay to the other on demand all reasonable expenses incurred in execution of the provisions of Articles 8, 9, 10 (a), 13 (a) and 13 (b) hereof.

16. The privileges and immunities provided for in the present Convention only apply to persons stationed with or attached to those forces of His Majesty who are present in Egypt in accordance with the provisions of the Treaty of Alliance and as further defined in Article 1 above.

As regards military and air force personnel, the limitations as to numbers provided for in the said Treaty (without prejudice to the provisions of Article 7 thereof) apply.
In witness whereof the undersigned Plenipotentiaries being duly authorised to this effect by their respective Governments have signed the present agreement and affixed thereto their seals.

Done at London in duplicate this 26th day of August, 1986.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

(L.S.) ANTHONY EDEN.

For the Egyptian Government:

(L.S.) MOUSTAPHA EL-NAHAS.
Map to illustrate
MISSION WITH EGYPT. AUGUST 26TH 1936.
Magnetic Variation:
0° 30' E. (June, 1936)
Annual increase about 3'.

Names of provinces:
- GIZA
- Boz Dagh
- El Hamad Amed

Names of localities:
- Giza
- El Hamad Amed

Railways:
- double
- single
- light
- under construction

Boundaries:
- provincial

Reference:
- Rivers perennial
- Canals
- Area liable to flood
- Well or Spring, perennial
- nonperennial
- Main Roads
- Other Roads and Tracks
- Telemgraphs
- Training area available at:...
Rivers perennial
Waduf.
Canals.
Area, liable to flood,
Well or Spring, perennial,
Main Roads.
Other Roads and Tracks.
Telegraphs.

REFERENCE TO AIR INFORMATION

Aerodrome
Landing ground
Seaplane station
Seaplane mooring area or anchorage
Marine light or light buoy (with characteristic when over 10,000 c.p.)
Air light
Aeronautical W/T communication station
Aeronautical W/T D/F or beacon station
Obstruction over 60 metres (200 ft) above ground
Airport (with customs facilities)
Aerodrome, seaplane station, light beacon, aeronautical W/T communication and W/T D/F and/or beacon station.

Note: The aeronautical symbols may be combined: e.g., as last symbol shown.

Note: Names of towns are underlined where the aerodrome etc. has the same name. Otherwise names of aerodromes etc. are shown thus.

REFERENCE

Scale 1:1,000,000

10 20 30 40 50 60 70 80 90 100 110 Kilometres

1 Millimetre = 1 Kilometre

0 10 20 30 40 50 60 70 Miles

Training area available at all times of the year during February and March.

during February and March.
At their meeting on 18th December, 1952, the Cabinet invited me to arrange for officials of the Department concerned to examine the possibilities of preventing any further increase in the number of coloured people seeking employment in this country (C.C.(52) 106th Conclusions, Minute 7). I have recently received the report of an inter-departmental Committee which I set up to enquire into this matter and which has reviewed the general position arising from the continued immigration into Great Britain of coloured people from the colonies.

2. It would obviously be impossible to discriminate openly against coloured people as such in administration or legislation in the field of employment. After a thorough examination of the possibilities the Committee have come to the conclusion that it is not practicable to take steps to prevent coloured people obtaining employment once they are in this country. Any action to that end would have to be directed to preventing them or discouraging them from entering the United Kingdom in search of employment. There is, of course, no power in law to prevent any British subject entering and remaining in the United Kingdom.

3. In accordance with Ministerial directions, such administrative action as is possible to discourage immigration of coloured people into this country from the colonies has been taken over the last few years. For instance, special action has been taken in colonial territories to make stowing away on ships more difficult by tightening dock control. The governments of West African territories have taken special steps to hinder the issue of passports and travel documents to men not known to follow regular employment and whose financial position is not sound. In those colonial territories from which most of the coloured immigrants come publicity has been given to the fact that accommodation over here is hard to find and unskilled workers often have difficulty in getting employment. In this country immigration officers have been given instructions to require strict proof of British nationality and to refuse leave to land to stowaways and others who cannot produce written evidence that they are British subjects.

4. The general effect of these measures has been to reduce by more than half the number of coloured stowaways who succeed in entering the United Kingdom, but stowaways represent only a small part of the problem. It is possible that the measures have had a slight effect on the numbers leaving colonial territories as fare-paying passengers to settle in this country but it would appear that they have reached the limit of their effectiveness and that there are no further steps which could be taken administratively in this field. The great majority of coloured migrants now settling in this country
are fare-paying passengers from the West Indies. The governments of the West Indian territories have been unwilling to put restrictions on the issue of passports to British subjects who appear to be entitled to them and it would seem that in any case such action would require legislation which is not politically practicable. It is not to be expected that administrative measures alone will do much to prevent an influx to the United Kingdom, with its better employment prospects and social services, of coloured people from colonial territories with employment problems.

5. The conclusion is, therefore, that there is no effective means of stopping this influx without legislation which would give power to control immigration of British subjects to this country by giving immigration officers authority to refuse leave to land, as in the case of aliens, and would confer a power to deport to their place of origin British subjects from overseas who failed to abide by the conditions attached to the grant of leave to land. There could be no question of seeking such power to deal only with coloured people; it would have to be a power which could be exercised in relation to any British subject from overseas. Not only would such legislation be a complete break with the traditional principle that any British subject has a right to enter freely and remain in the United Kingdom but the administration of the control would put a greatly increased burden on the immigration service, and also on the Ministry of Labour if, as would probably be thought desirable, some system of regulation of the employment of British subjects from overseas was adopted as part of the arrangements. The need to grant leave to land to British subjects arriving at ports in this country would lead to much greater delay in clearing travellers through the controls and would undoubtedly give rise to much resentment.

6. There are no statistics showing the number of coloured people in this country but an estimate made by the police in April, 1953, which is believed to be somewhat conservative, was that there were then about 40,000 coloured people in Great Britain compared with about 7,000 before the war. The immigration service have kept records of coloured people coming from the colonies to this country to seek employment in the last few years and these, taken with other statistics of the number of Indian and Pakistani seamen who desert their ships, show that coloured migrants have recently been entering this country at the rate of over 3,000 a year. There is no reason to expect any reduction in this figure and there is no power to prevent these people entering no matter how much the number may increase. Nevertheless, these figures do not seem to me to justify any departure from the view which has hitherto been taken that so far no such evil consequences of this immigration have appeared as would amount to a case for legislation directed against the immigration of British subjects, with all the political and administrative difficulties to which it would give rise.

7. There is, however, one aspect of the matter to which I would call special attention. There have recently been several references in the Press to cases in which coloured men have been convicted of living on the immoral earnings of white women in London and suggestions have been made that there are many such cases. Figures which I have obtained from the Metropolitan Police do show that the number of coloured men convicted for this offence is out of all proportion to the total number of coloured men in London and the police say that the Practice is much more widespread than the number of convictions would appear to indicate since the police have not the manpower needed to carry out the necessarily detailed investigations.
in every suspected case. It has been suggested that there should be legislation to give power to deport from this country British subjects from overseas convicted of serious criminal offences, of which this would be one, and it is true that many of the objections to taking a general power to control the immigration of British subjects would not apply to such a measure. My own view is, however, that a case has not been made out for taking even a limited power of this nature. Without it there is always the risk that the details of some particularly sordid case will become public and that we shall be criticised for permitting such a state of affairs to continue when the existence of a power of deportation might have prevented it. While, therefore, I am not myself in favour of taking such a power I have thought it well to raise the point for the consideration of my colleagues.

D.M.F.

Home Office, S.W.1.,

29TH JANUARY, 1954.
CONFESSIONS TO MARRIED SERVICE MEN OVERSEAS

Memorandum by the Secretary of State for War

About a year ago I put up a memorandum to the Defence Committee on this subject which was referred back for discussion with the Treasury. These discussions came to nothing and I again put up a paper in May last year. This paper also led to nothing.

2. Very briefly, the burden of these papers was as follows.

Almost all fighting units of the Army are now overseas. Before the war half were in this country and half overseas; and the average officer or N.C.O. could tell pretty accurately where he was likely to be during his overseas service. Furthermore, there were settled stations and large numbers of married quarters or private accommodation were available abroad.

Today there is no stability. 80 per cent of the Army's fighting units are overseas and there is a higher proportion of married men. Of the married men now serving overseas 66 per cent are separated from their wives. Battalions which have just returned from their overseas tour of three years, often at a poor station for accommodation, are whisked off to Kenya, British Guiana, Middle East, etc. In most of these places there are no married quarters. The period for which the battalions remain is unpredictable. There is one battalion which has moved no less than nine times between theatres since the end of the war. Five battalions have been in this country two months or less since the end of the last war.

3. All this instability and separation is having a most serious effect. Many are leaving and still more intend to leave when their engagement is completed. Out of 64,000 soldiers serving on the old 5-years engagement on 1st January, 1953, 24,300 have now left the Army and only 4,700 have prolonged their service. What is more, these men should provide the important middle piece and senior N.C.O.'s and W. O.'s who are the backbone of the Army. If this trend continues the Army will get into serious trouble.

4. The normal peace-time code of allowances and conditions of service were not devised to meet the abnormal conditions and frequent changes of station prevailing today. If and when things settle down, many of the proposals which I now make will automatically lapse. The problem cannot be solved in the way it should be in places like Kenya or Egypt, i.e. by building married quarters.
I have lived with and thought about this problem for over two years. Every Commander-in-Chief represents it as his greatest difficulty. For the past year I have tried to get these concessions but I have failed. It is now my duty to warn the Cabinet that, after careful thought, I am convinced that these concessions must be made. Such action will show that we appreciate the difficulties of these men and the strain which present conditions place on the Army.

To do nothing will invite most serious consequences in the Army. If they are still withheld, the general standard of operational units will decline markedly during the next few years, and in addition a far lower standard of training and supervision will be available during the early stages of National Service. Furthermore, inaction now will almost certainly lead to a state of affairs in which the Government will be forced to do something at a later date; and because the situation will have deteriorated, more drastic steps than those now proposed may well be needed.

The total cost during 1954/55 would, for the Army alone, amount to about £650,000 - a small sum compared with the proposed Army Estimates for the coming year of £561,000,000.

Conclusion

I invite the Cabinet to give general approval to the proposals listed at Annex with a view to their introduction when I present the Army Estimates.

A.H.

War Office, S.W.1.

29TH JANUARY, 1954.
ANNEX
PROPOSED CONCESSIONS

1. Home leave for married servicemen stationed in Germany and Austria

   This proposal is to allow married men serving in North-West Europe with their families to return along with their families, at public expense, to the United Kingdom for leave once during every three years of such service.

   The estimated cost is £88,000

2. Leave in the United Kingdom for unaccompanied married men serving in the Canal Zone and Kenya

   At present men serving in the Canal Zone and in Kenya have no entitlement to travel to the United Kingdom at public expense for leave.

   Conditions at both stations are exceptional and although both the Canal Zone and East Africa are classed as "family stations" married accommodation is for various unavoidable reasons so limited that most married men are inevitably separated for long periods from their families. Many of the men should be serving at home but for the emergencies.

   The proposal would allow married men in the Canal Zone and Kenya separated from their families to come to the United Kingdom by air once a year at public expense for a month's leave. The concession would not operate until a man had done 9 months' service in the theatre.

   The cost is £310,000

   against which there would be a saving of Local Overseas Allowance £30,000

3. Reduction of period of overseas service to qualify for family passages at public expense

   At present families cannot join their husbands at stations overseas (including North-West Europe) at public expense unless the husband has nine months still to serve at the station. The application of this rule,
particularly to North-West Europe, is increasing the regrettably frequent separation of families brought about by cold-war conditions.

This proposal would reduce unconditionally the qualifying period for North-West Europe to six months and allow a similar reduction for other stations where accommodation was available at the C. in-C.'s discretion.

The estimated cost is £11,000

4. Schoolchildrens' visits to parents serving overseas

Educational facilities for older children are very limited at most overseas stations. The married serviceman has therefore either to leave his wife at home with the children during his overseas tour or to take her with him leaving the children at boarding schools or with relations in the United Kingdom.

Under this proposal school children would be allowed to visit their parents at the overseas station at public expense once every two years.

The estimated cost is £45,000

5. Extension of rules governing the payment of disturbance allowance, removal expenses and storage charges

Present rules may disqualify the married man, who is in present circumstances obliged to move his family from place to place for service reasons, from being paid anything towards such moves. It is impossible to provide for all cases, but the following proposals would go a good way towards ensuring that the serviceman is not always out of pocket as a result of having to move his family.

(a) A storage allowance for furniture necessarily stored while the family is overseas.

(b) Payment of disturbance allowance and removal expenses, when the family has to vacate accommodation (e.g. married quarters) at the old station and has to occupy fresh accommodation in the United Kingdom because of the impossibility of immediately joining the husband overseas.
(c) The payment of disturbance allowance whenever a serviceman is posted for six months or more irrespective of the type of accommodation he is to occupy.

The estimated cost is £240,000

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Note by the Secretary of State for Foreign Affairs

I circulate for the information of my colleagues the annexed record of a conversation in Berlin between the Joint Parliamentary Under-Secretary, Foreign Office (Mr. Nutting) and the Soviet Ambassador to the United Kingdom.

A.E.

29TH JANUARY, 1954

ANNEX

When Mr. Malik came to see me yesterday the main theme of his conversation was German re-armament and European security.

2. He began by saying that he welcomed those passages in Mr. Eden's speech which looked forward to creating greater confidence between the powers. If we could agree about German unity that would be a big step forward. But how could we do this so long as the West continued to insist that Germany should join the N.A.T.O. camp? I pointed out that what we were insisting upon was the right of the German people, through freely elected representatives, to make a free choice in these matters. Surely this was the sensible course and one which took account of past mistakes. Mr. Malik made it clear that we could not put our trust in the free choice of Germany. German democracy sounded very good, but what had happened to Stresemann and Company? West Germany was riddled with Nazis, neo-Nazi, Revenchists and Hitler's ex-Generals. With such people in positions of influence as they were today in Germany there could be no free choice for Germany, and only a continued threat to peace. These were the people who were backing E.D.C., for they saw in this device the opportunity to embark upon ultimately unlimited German re-armament and a crusade to recover by force the Oder-Neisse territories. Mr. Malik brushed aside all arguments about the restraints and safeguards provided by E.D.C., saying that the French could not possibly restrain a revival of German militarism.

3. I then asked Mr. Malik how he reconciled with all this the proposal in one of the earlier Soviet Notes in 1952 that a re-united Germany should have a national army. How did he propose that this national army should be controlled? There would be none of the guarantees against its unlimited expansion which E.D.C. contained. He replied that such restrictions as were desirable should be laid down and that Great Britain,
France and the Soviet Union should band together to see that they were adhered to. He declined my invitation to develop precisely how this would work; and when I suggested that this would be merely repeating the mistakes of the past he made no reply.

4. I also asked Mr. Malik why he had left out the United States. Mr. Molotov had spent much time in saying that we must go back to Potsdam. But the Americans were signatories of the Potsdam Agreement. What had become of them in his calculations? Mr. Malik made no direct answer, but instead launched into a lengthy attack upon American designs. The United States' purpose was clearly to perpetuate, even to widen, the gulf between East and West, and in particular the division of Germany. The United States did not want to unite Europe. On the contrary their policy was to profit politically and in every way from its continued division. I merely remarked rather bluntly that it was futile to try and divide Britain and Europe from the United States. These imputations were quite false and I invited Mr. Malik to await what Mr. Dulles would have to say at the Conference.

5. I summed up this part of our talk by saying that the united Western purpose was to help and encourage Germany to devote her immense energies and resources to peace and not to war, and to bring the German people, by their own free choice and consent, into a peaceful European community. There seemed to me no other safe or sensible policy. Mr. Malik agreed with this purpose but said E.D.C., backed as it was by America and E.A.T.O., would produce the very opposite result. I said that in that case there seemed to be no hope of our agreement. For, quite apart from what the Western Powers thought, the 50 million Germans in the Federal Republic would never agree to re-unification on the terms provided by the Soviet Government. If that was the case, Germany would remain divided. At this Mr. Malik shrugged his shoulders and said that perhaps this was inevitable. From Russia's point of view such a division, even if it meant West Germany in E.D.C., was preferable to a re-united Germany in the Atlantic bloc.

6. I then asked Mr. Malik what he thought of our plan for free elections in Germany. As Mr. Eden had made clear, this was the first essential step towards a re-united Germany. Mr. Malik said that elections conducted under the auspices of the four occupying powers could not possibly be free. This was a matter which the Germans, East and West, should arrange between themselves. I remarked that in the Western Zones two perfectly free parliamentary elections had been held, although the occupation continued. Mr. Malik denied that these elections were free, since 53 per cent of the Bonn Parliament were ex-Nazis or neo-Nazis, but he declined to name any. When I remarked that Naumann, whom we suspected of seeking a Nazi revival, had not gained one single seat for his party, Mr. Malik said the Naumann group were of no significance. The real Nazis were masquerading under democratic labels. I could not resist a dig about elections in the Eastern Zone. If elections under occupation conditions could not be considered free, how would Mr. Malik describe the results of the East Zone elections? I got no answer. Finally, we turned to China.

7. Mr. Malik dwelt on the importance of a Five-Power Conference and of recognising and admitting Communist China to the United Nations. If we recognised her, why did we not admit her right to represent China in the United Nations? I gave him the obvious answer. He replied,
rather weakly, that China felt herself threatened by MacArthur's march to the Yalu. I said that this was no excuse for China's interference. When Germany had swallowed up countries bordering on Russia in the late war, the Soviet Union had still remained neutral. Mr. Malik made no reply. Nor did he answer me when I asked why Communist China had not recognised us. All I got was talk about the trade embargo dictated and forced upon us by the United States.

(Signed) H.A. NUTTING

Berlin,

27TH JANUARY, 1954.
CABINET

RECRUITMENT OF COLOURED PERSONS
TO THE CIVIL SERVICE

Memorandum by the Chancellor of the Exchequer

In C. (54) 34 the Home Secretary reports on the examination of the possibilities of preventing any further increase in the number of coloured people seeking employment in this country, which the Cabinet invited him to arrange on 18th November, 1952 (C.C. (52) 106th Conclusions, Minute 7). At the same time the Cabinet invited me to arrange for the concurrent examination of the possibility of restricting the number of coloured people obtaining admission to the Civil Service. I now report on this.

The present position

Numbers

2. Civil Service staff records do not distinguish between coloured people and white people. Precise figures of the number of coloured people employed at present could therefore be obtained only by detailed enquiry. This has been thought to be undesirable. It is certain, however, that the number of coloured people employed whether as permanent or as temporary staff is not more than a few hundreds. There are at present some 660,000 non-industrial civil servants. The Post Office, which employs nearly half the total number of non-industrial civil servants and is also the Department whose work offers the greatest scope for the employment of coloured people, employs 175 of them in an established capacity and about 400 as temporaries.

3. As regards recruitment to the permanent Civil Service, the Civil Service Commission know the complexion of candidates only if the competition includes an interview. The Commission estimate that in 1952 only 6 coloured candidates were successful among 46,000 taking part in such competitions, which fill posts in the intermediate and higher grades, representing less than one third of the Service. Any estimate of the number of coloured people likely to enter the Civil Service year by year must obviously be very tentative. But on the information available it is thought that there may be, say, 20 to 40 coloured people entering each year, nearly all of them in the lower grades.

No real difficulties

4. Although there have been some difficulties over the assignment of one or two individuals, coloured candidates are not a serious problem for the Civil Service Commission. They are not so easy to place as white recruits, of course. The Service Departments, for example,
would not regard coloured candidates as being "qualified in all respects" to undertake the duties which would be required of them. But they are normally assigned without undue difficulty. Once assigned they do not seem to have given rise to any particular trouble, at any rate so far. There have been no representations from the National Staff Side on this question.

5. Over the Service as a whole, therefore, the employment of coloured civil servants has not given rise to much difficulty, and there seems to be no reason to expect that it will do so in the future.

Methods of restricting the entry of coloured people to the Civil Service

Temporary Staff

6. Temporary staff are recruited through the Ministry of Labour. And, if it were so desired, instructions could be issued banning the submission to Departments of coloured people for employment as temporaries. This would deprive the Service (and the Post Office in particular) of one source of recruitment, but the numbers are so small that this would not greatly matter. The instruction could be given administratively and without publicity. It would, however, sooner or later become public knowledge that a ban was being operated.

Established Staff

7. Established civil servants are recruited by the Civil Service Commission under published Regulations governing the eligibility of candidates in respect of age, health, nationality, qualifications etc. It would not be possible to revise the Regulations in such a way as to exclude coloured candidates effectively from eligibility for established Civil Service appointment without coming out into the open about it in one way or another. If we were prepared to come out into the open, then no doubt it would be possible to make arrangements to exclude the coloured candidates. But even so it would not be easy - if only because of the difficulty of defining a coloured person - and there would undoubtedly be many practical difficulties for the Civil Service Commission and the Treasury.

General

8. The introduction of a colour bar for recruitment to the Civil Service, whether of established or temporary staff, would be a signal departure from the traditional policy of non-discrimination which has been endorsed by successive Governments. It would be inconsistent with recent statements in the House and elsewhere by Government spokesmen. It could hardly fail to excite considerable adverse comment, not only in this country, but in the Commonwealth, the United Nations and elsewhere. It would, moreover, be inconsistent with present policy under which coloured people are liable to call-up in the United Kingdom on the same basis as all other United Kingdom residents (i.e. after two years residence) and are entitled to be considered for commissioned rank in all three Armed Services.
Conclusion

9. I conclude that there is little danger of the eligibility of coloured persons for employment in the Civil Service presenting anything but a minor practical problem so far as the Civil Service is concerned. On the other hand, any discrimination against them would either have to be, or become, overt and would involve difficulties of principle out of all proportion to any practical advantage which the Civil Service might derive from it.

R.A.B.

Treasury Chambers, S.W.1.,

1ST FEBRUARY, 1954.
PAY OF THE ARMED FORCES

Memorandum by the Chancellor of the Exchequer

While I am prepared to agree to modest and selective increases in Service pay, I cannot advise the Cabinet to accept the proposals put forward by the Minister of Defence and the Service Ministers in C, (54) 32.

General Level of Service Pay

2. I do not accept the contention that a case exists for a general increase in Service pay which might cost as much as £50 millions. The increases in pay which were given in 1950 were much larger than were necessary to take account of movements in outside wages at that time. The very considerable increases in 1950 were largely intended as an inducement to secure the rapid and substantial increase in the regular strength of the forces then required and were so described at the time. I accordingly cannot agree that increases in civilian earnings since 1950 establish a case for corresponding increases in Service pay. Nor, unfortunately, am I in agreement with the Service Ministers on the weight to be given to various factors in seeking to compare Service pay with civilian earnings. In particular I consider that the Service Departments seriously under-value the goods and services that are provided to a Serviceman in kind - which, incidentally, have become more valuable since 1950.

3. Pay plus marriage allowance and ration allowance for the average married private is about 230 per cent more than it was in 1938. The figure for a sergeant would be just under 200 per cent. The corresponding average figure for the adult male civil worker is 169 per cent. Comparisons between the pay of civilian workers and Servicemen in 1946 and to-day are also favourable to the Serviceman.

4. Service Ministers mention the recent increases in police pay. A constable's pay at £445 to-day represents an increase of £263 a year, or 144 per cent above the pre-war rate of £182. The police sergeant, at £590, is getting 127 per cent above the pre-war rate of £250. Even the minimum pay of an unmarried Army sergeant, who does not draw any allowances (though he, of course, gets his keep), has increased from 6/- a day in 1938 to 16/6d. to-day, i.e., by 175 per cent, with almost complete protection against the rise in the cost of necessities.

5. When it is considered that a Warrant Officer of eight years seniority can draw £14 a week or £700 a year in pay, marriage allowance and ration allowance, and a sergeant about £10 a week, or £500 a year, without putting any value whatever to items like travel, clothing or pension
rights, compared with national average earnings for men of about £9 5s. a week, or £480 a year, it is evident that the days when regular sailors, soldiers and airmen could be “got on the cheap”, as the Service Ministers put it, are already recognised as long past.

6. Admittedly the Service Ministers, having developed a case on general grounds, do not ask for a general increase; but there are very serious risks in basing substantial pay increases on general economic considerations and then applying those increases in a broadly selective manner to remedy particular manning difficulties. Some 60 per cent of the regulars in the Armed Forces would benefit. The risks of awarding such widespread increases, which would give between £2 and £3 a week more pay to many and nothing at all to the lowest paid, are clear. Pressures might soon develop to give a general rise on the grounds used by the Service Ministers, which are clearly of general application and not limited to N.C.O.s. If a general increase had to be given, it would have to be given to all, to avoid disturbing the new relativities established by the present proposals, and I would then have had to find the money for two pay rises instead of one.

7. The only proper step, if the increases are primarily directed to the easement of manning difficulties, is to devise narrowly selective increases which can be seen by the men themselves to be, and be publicly presented as being, designed solely for that purpose.

Specific Problems Facing the Services

8. The Treasury have examined in great detail with the Service Departments the nature of the difficulties with which the Services are faced. The appreciation which follows is based on a careful analysis of all the available information and statistics though, obviously, I cannot burden my colleagues with the detail.

Navy

9. Admittedly there is a need for improvements designed to deal with the shortages in the Seaman and the Stoker Mechanic branches, and to secure a specially high rate of transfer for the men enlisted on special service (seven-year) engagements soon after the war, because of the concentration - unfortunate, as it turned out - on this type of engagement between 1946 and 1949. But the proposals which have been put to the Treasury do not deal selectively with these problems; on the contrary, the Admiralty have proposed pay increases for all ranks above A.B. in all branches, and have proposed bigger increases in the ranks of Petty Officer and Chief Petty Officer than for Leading Seaman, though in fact the re-engagement and extension rate for the first two ranks is much better than for the last-named.

Army

10. The proportion of men with over six years' service is much lower than is considered desirable. But this springs largely from a lack of regular recruiting on the normal scale in the war years. Any man with over six years' service to-day was recruited before 1947, mainly during the war years or before 1939, and it is clear that men of six years' service cannot simply be created. I accept that the implication of this is that a higher proportion of the small field now available needs to be retained to offset this. But this sort of problem does not seem to call for changes over nearly the whole pay structure. I have already indicated
my readiness to concede improvements in the bounties given for extensions of service and am ready also to look at others which are specifically directed to the man with three to six years' service, or to the really skilled tradesman in vital trades.

R.A.F.

11. Similarly, for the R.A.F. I am prepared to agree to improvements in the bounties paid to serving men on signing on for long (pensionable) engagements; but I understand that the Air Ministry will not accept this offer unless the increased rates are paid retrospectively to men who have already signed on for a smaller inducement. I could not accept such retrospective application of new terms of service, as a matter of principle. I am also ready to agree to pay increases specifically directed towards the advanced trades in which the most acute shortages are felt. But I cannot accept that the general trend is so unsatisfactory (the number of men on pensionable engagements has increased by 50 per cent over the last three years, for example) that increases for all N.C.Os. of all trade groups and of all levels of skill are called for.

All three Services

12. In 1938 a sergeant's minimum was 6/- a day; to-day it is 16/6d. The minimum 1938 rate for a Warrant Officer I was 12/-: to-day it is 22/6d. The sergeant's lead over the private in pay alone (I.e. ignoring allowances) has increased from 4/- a day to 9/6d. a day; that of the Warrant Officer I from 10/- a day to 15/6d. a day. All the statistical information furnished by the Service Departments has shown that their difficulties are most serious at about the level of the man with three to six years' service, who is most likely to be a corporal or the equivalent in the other Services. Indeed, the Service Ministers stress this themselves in Annex A to their paper. Yet their proposals give very much larger increases to senior N.C.Os. For example, a typical Army corporal would get an increase of 22/6d. a week, a sergeant 35/- a week and a Warrant Officer I 42/- a week. In the proposed new group X the rises would be as much as 45/6d. a week for a sergeant and 52/6d. a week for a Warrant Officer I. To these increases must be added at least the increase of 7/- a week in ration allowance already conceded since 1950. I am sure that increases of this order are not called for, even at the lower levels, and that the further steep gradation for the higher ranks is unjustified.

Officers

13. The case originally put to me by the Minister of Defence referred only to other ranks. I was somewhat surprised to receive at a later date proposals for pay increases for officers as well. The services are not alone among the professions in thinking that there may have been some fall in the quality of new entrants in recent years. I think I am entitled to reserve my position until more specific evidence of difficulties in manning is made available, and this has not been done apart from the very general observations set out in paragraph 12 of C. (54) 32. I have already granted substantial increases, on cause shown, to the Medical and Dental Branches. At the moment my understanding is that most branches in the Army are running into a position where they have too many officers in the rank of Major. On the general position with regard to officers' pay, so far as can be judged, the rate of increase which they enjoy as compared with pre-war compares favourably with other classes of professional employment and with other Crown servants, especially when the effect of accelerated time promotion is taken into account, as it legitimately can be.
14. I have not referred to my budgetary difficulties or to the repercussions of substantial increase in Service pay on the general industrial situation, because I believe that, on merits, a solution can be found which need not seriously embarrass us in either aspect.

15. I suggest that the Service Departments and the Treasury should be asked to work out selective proposals designed to deal with the more serious problems affecting the Services. I originally offered to agree to highly selective increases which would in the aggregate have cost about £2 millions a year. I have recently indicated to the Service Ministers that I would be prepared, though with misgivings, to consider a higher amount of the order of £6 millions to £8 millions. I could not contemplate a higher figure than £8 millions and I suggest that any concessions of this order should be subject to three conditions:

(i) that the Service Ministers will not press for the so-called "morale-boosters" - free air travel from the Canal Zone and so forth - which were put before the Defence Committee some time ago and have now been raised again in C. (54) 35.

(ii) that the new rates be regarded as establishing the proper relativity for men in the Forces over 21 and their civilian counterparts and that on this basis officials of the Departments concerned now agree upon a rational basis of comparison between Service and civilian earnings for future use. The absence of this has bedevilled all discussion on Service pay since 1950.

(iii) that half of the cost of the increases comes out of the Defence Budget of £1,635 millions fixed for 1954/55.

R.A.B.

Treasury Chambers, S. W. 1.

1ST FEBRUARY, 1954.
CABINET

THE ROYAL TOUR OF CEYLON

NOTE BY THE PRIME MINISTER

I circulate to the Cabinet the text of a letter which I have received from the Prime Minister of Ceylon suggesting that The Queen should visit the Temple of the Tooth at Kandy. When this question arose in 1952, I wrote to the then Prime Minister of Ceylon, Mr. Senanayake, explaining that it was likely to be misunderstood by Her Majesty's Christian subjects if The Queen were to remove her shoes before entering the Shrine and to present an offering of gold to the Idol as is traditionally done by distinguished visitors to the Temple. Mr. Senanayake replied that, in the circumstances, he thought it best that The Queen should not visit the Temple during her visit to Ceylon. In the new circumstances envisaged by Sir John Kotelawala, there would be no question of a presentation of gold to the Idol, or of any religious ceremony.

W. S. C.

10, Downing Street, S.W. 1,
5th February, 1954.

My dear Prime Minister,

Colombo, 28th January, 1954.

Would you please refer to your letter of the 29th December, 1952, to my predecessor in office (Mr. Dudley Senanayake) regarding the Queen's visit to the Temple of the Tooth at Kandy. In this letter you had appreciated our anxiety that Her Majesty should visit the temple and suggested that this would be possible if it could be arranged for Her to do so without removing Her shoes or making
a direct offering. Mr. Dudley Senanayake in his reply to you at that time had stated that taking everything into consideration, the most satisfactory solution would be to omit this visit from the programme altogether. Both your letter and Mr. Dudley Senanayake's letter had been dealt with as private letters and had not come to my notice or to the notice of His Excellency the Governor-General until this programme was drawn up and the question of viewing the Royal Perehera from the Octagon of the Temple of the Tooth was considered. Had your letter come to our notice earlier, I would most certainly have taken this matter up with you much earlier and I am certain that the Governor-General would himself have discussed this matter with the Palace authorities when he was in London to confer with the Palace officials regarding the details of Her Majesty's programme in Ceylon. Conditions have changed considerably since Mr. Dudley Senanayake wrote to you about this matter. Indeed the anxiety of the people for a welcome to Her Majesty has been so great that we have had to turn down a large number of requests for various items on Her programme. But we find it is impossible to turn down the request that Her Majesty should visit the Temple and view the Sacred Tooth and the Jewellery endowed to the Temple by ancient Kings and Queens of Ceylon.

From time immemorial the capital of Ceylon had been located in the place where the sacred Tooth was kept. When the Kandyan Kingdom was ceded to the British in 1815 by the Kandyan Convention there was a special clause in the Convention which provided for the protection of the Buddhist Faith. Her Majesty's ancestors and Her uncles had all visited the Temple of the Tooth and had viewed the Tooth Relic and Jewellery. Reigning Kings of various countries have always viewed the Tooth Relic when they visited Ceylon and there is now a persistent demand from a very large section of the people of the country that Her Majesty should do likewise. Indeed, they say that quite apart from any other consideration, Her Majesty should visit the Temple as Queen of Ceylon and Head of the Commonwealth and not give cause for offence to a large number of Her Buddhist and Hindu subjects, who constitute over 85 per cent. of the population of the country.

I annex a letter addressed to me by the Custodians of the Temple and those responsible for the Royal Perehera. These gentlemen have invited Her Majesty the Queen to visit the Temple of the Tooth and attend a special exposition of the Tooth Relic when she visits the Octagon to view the Royal Perehera at Kandy. There will be no religious ceremony connected with Her visit to the Temple as the Maha Nayakas (Chief Priests) and Temple Chiefs have given this assurance and are particularly anxious to prevent any kind of misunderstanding among Her Christian subjects or cause any embarrassment to Her Majesty. Her Majesty will only have to remove her shoes on entering the Relic Chamber and our Officials who have discussed this with the Palace officials were told that she would be quite prepared to do so if it was the custom.

I feel most strongly both as Prime Minister and in my personal capacity that Her Majesty should accept this invitation and I trust that you will be good enough to transmit this letter to Her Majesty and support my recommendation that she should accept the invitation. It would be very unfortunate if the Queen of Ceylon...
and Head of the Commonwealth were to decline this invitation and wound the religious susceptibilities of a large section of Her loyal Subjects. If this were to happen, it would create religious dissension between the large Buddhist population and the comparatively small Christian population in Ceylon.

Yours sincerely,
J. KOTELAWALA.

Right Hon’ble Sir Winston Churchill, P.C., M.P.,
Prime Minister of the United Kingdom,
10 Downing Street,
London, S.W. 1.

The Hon. the Prime Minister,
Senate Building,
Sri Dalada Maligawa,
Kandy,
27th January, 1945.

Dear Sir,

We wish to emphasise the fact that the right to invite Her Majesty The Queen to view the Sacred Tooth Relic is vested in the two Maha Nayakas of Malwatte and Asgiriya, the Diyawadana Nilame and the Basnayake Nilames of the four Devales in Kandy. I, as representative of the Maha Nayakas and the four Temple Chiefs, extend to Her Majesty in humble duty the invitation to view the Tooth Relic and the jewellery before she goes to the Octagon to give the Temple Chiefs the mandate to start the Perahera. We give the assurance that Her Majesty will not be invited to participate in any religious ceremony, and we assume responsibility for this invitation.

We understand that a memorandum has already been presented to His Excellency the Governor-General urging the reasons for our request that Her Majesty should view the Sacred Tooth Relic in keeping with past traditions.

Signed.
Diyawadana Nilame.
Basnayake Nilame, Maha Devale.
Basnayake Nilame, Kataragama Devale.
Basnayake Nilame, Pattini Devale.
BRITISH TRANSPORT COMMISSION: INCREASE IN CHARGES

MEMORANDUM BY THE MINISTER OF TRANSPORT AND CIVIL AVIATION

In C. (54) 1 I reported that the British Transport Commission had applied for my authority to increase existing railway freight charges by 10 per cent. (subject to a limit of 10s. a ton), and that I had referred the application to the Transport Tribunal, acting as a Consultative Committee, for their advice.

2. I have now received their advice, which is to authorise these increases. I attach a summary (Annex II).

3. I am sure that the only course is to accept this advice and approve the increase in charges.

4. I cannot, however, disguise the fact that I am disturbed about the financial prospects of the Commission.

5. It seems that without some radical new approach, only regular increases in fares and charges can keep them solvent. I understand that they will be applying to the Transport Tribunal within a week or so for a further increase in London passenger fares.

6. It is arguable, however, that the Commission's charges are near their practical limit, and as these increases are not only politically difficult but might prove economically impracticable, I think that it will be necessary to do something to help them.

7. I fully share the Chancellor's view that the Commission must not look to the Government for help in meeting their normal operating costs, including wages. But they cannot be made competitive without large-scale modernisation of their railway equipment. I think the financing of this is quite another matter. It will be beyond their strength to provide for this and bear the full interest charges involved before such new investments become remunerative.

8. The Chairman of the Commission, Sir Brian Robertson, is now developing plans for modernising the railways. When they have progressed further, I shall bring them before my colleagues with proposals as to how they can be financed.

9. Meanwhile, I see no alternative but to go ahead with the proposed freight increases.

10. I seek authority
   
   (a) to announce in the House that I will authorise these increases, and
   
   (b) to publish the Tribunal Committee's advice in the Official Report.

11. All these considerations are set out more fully in Annex I.

A. L.-B.

Ministry of Transport and Civil Aviation, W. 1.
5th February, 1954.

45653
1. The Transport Tribunal acting as a Consultative Committee have advised me to authorise the increase of 10 per cent. in railway freight, dock and canal charges for which the British Transport Commission have asked.

2. The Committee (and it rests with them to decide this) did not hold a public inquiry or consult with traders. I have, however, received a certain number of representations. Various Scottish bodies have represented that any further increase in freight rates will be disastrous to Scottish interests, including fishing. They have also urged a scaling down of railway freight rates over long distances and the special treatment of commodities in which Scotland is particularly interested. In England the Traders' Co-ordinating Committee on Transport and the Association of British Chambers of Commerce have made representations. The former suggest that the increase should be limited to not more than 5 per cent. and that the facts should be fully disclosed and discussed with trade and industry before action is taken. The latter raise much wider issues. The Association emphasise the inflationary effect which a further increase in freight charges may have, particularly through the effect on the prices of coal and steel. They concede that there should be an increase to cover the December, 1953 wage award, but suggest that any further increase in wages should be met by increased efficiency and that there should be no increase in charges to cover other increases in costs pending an inquiry into the structure, organisation, and operation of British railways. This should be carried out by a Working Party on which the Commission, users of transport, and organised labour would be represented, with an impartial Chairman. Among the questions which should be considered are—possible under-utilisation of railway carrying capacity, probable existence of surplus carrying capacity, possibilities of achieving economies, and the whole question of the capitalisation of British Railways.

3. I am sure that the only course is to accept the Committee's recommendation and approve the proposed increase in charges.

4. I cannot, however, disguise the fact that I am disturbed about the financial prospects of the Commission. We can have faith that the Commission will get down very soon not only to the re-organisation of the structure of the railways required by the Transport Act, 1953, but also to the more difficult problem of cutting out unremunerative services, improving and extending remunerative services and generally bringing the whole organisation up to date. Nobody is more alive than Sir Brian Robertson to the need for improving the efficiency of their organisation and we must give them the chance to do it. Any resultant economies are, however, already heavily mortgaged to meet further increases in wages.

5. It seems, therefore, that without some radical new approach, only these regular increases in fares and charges can keep the Commission solvent. I have in fact just been told by Sir Brian Robertson that the Commission will be applying, within the next week or so, direct to the Transport Tribunal for a further increase in London Passenger Fares.

6. It is arguable, however, that the Commission's charges are near their practical limit. The Commission have already indicated that many of their passenger charges are so high that they cannot be further increased without driving the traffic to road and air or bringing into operation the law of diminishing returns. London passenger charges are not, in the Commission's view, enabling London Transport to meet their proper allocation of central charges but an increase, producing an additional £2-3 million would do this unless it is swallowed by further wage increases. Railway freight rates are now nearly 2½ times pre-war, and with the proposed increase would be over 2½ times pre-war. The rates for high-class merchandise may well be as high as possible in the face of steadily increasing road competition. In the case of coal and basic materials, a further increase in charges might produce more revenue but the effect on the national economy cannot be disregarded. It seems therefore that in spite of economies and improved efficiency, the stage may be approaching when the Commission cannot pay their way and their charges cannot usefully be further increased.

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ANNEX I

BRITISH TRANSPORT COMMISSION: INCREASE IN CHARGES

Fuller Statement of Considerations

1. The Transport Tribunal acting as a Consultative Committee have advised me to authorise the increase of 10 per cent. in railway freight, dock and canal charges for which the British Transport Commission have asked.

2. The Committee (and it rests with them to decide this) did not hold a public inquiry or consult with traders. I have, however, received a certain number of representations. Various Scottish bodies have represented that any further increase in freight rates will be disastrous to Scottish interests, including fishing. They have also urged a scaling down of railway freight rates over long distances and the special treatment of commodities in which Scotland is particularly interested. In England the Traders' Co-ordinating Committee on Transport and the Association of British Chambers of Commerce have made representations. The former suggest that the increase should be limited to not more than 5 per cent. and that the facts should be fully disclosed and discussed with trade and industry before action is taken. The latter raise much wider issues. The Association emphasise the inflationary effect which a further increase in freight charges may have, particularly through the effect on the prices of coal and steel. They concede that there should be an increase to cover the December, 1953 wage award, but suggest that any further increase in wages should be met by increased efficiency and that there should be no increase in charges to cover other increases in costs pending an inquiry into the structure, organisation, and operation of British railways. This should be carried out by a Working Party on which the Commission, users of transport, and organised labour would be represented, with an impartial Chairman. Among the questions which should be considered are—possible under-utilisation of railway carrying capacity, probable existence of surplus carrying capacity, possibilities of achieving economies, and the whole question of the capitalisation of British Railways.

3. I am sure that the only course is to accept the Committee's recommendation and approve the proposed increase in charges.

4. I cannot, however, disguise the fact that I am disturbed about the financial prospects of the Commission. We can have faith that the Commission will get down very soon not only to the re-organisation of the structure of the railways required by the Transport Act, 1953, but also to the more difficult problem of cutting out unremunerative services, improving and extending remunerative services and generally bringing the whole organisation up to date. Nobody is more alive than Sir Brian Robertson to the need for improving the efficiency of their organisation and we must give them the chance to do it. Any resultant economies are, however, already heavily mortgaged to meet further increases in wages.

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7. Taking the long view therefore, and bearing in mind that these regular increases in fares and charges are not only politically difficult, but may prove to be economically impracticable, I think that it will be necessary to do something to help them. I do not believe that British Railways, whose finances dominate those of the Commission, can be made competitive without large-scale modernisation of their equipment. It will be beyond their own resources to provide for this and to bear the full interest charges involved in the initial period before such new investments become remunerative.

8. Sir Brian Robertson is now working on plans for modernising the railways. When they have progressed further, I shall bring them before my colleagues with proposals as to how they can be financed.

ANNEX II

SUMMARY OF THE TRANSPORT TRIBUNAL COMMITTEE'S REPORT

1. The Commission consider that their estimates are optimistic and provisional and there may well be a further application for increased charges.

2. The estimates for a future year show a deficit of £25.2 million compared with a surplus of £4.5 million in 1952.

3. The worsening in the net receipts of British Railways is estimated at £22 million. It is estimated that passenger traffic will be less and freight traffic will be more than in 1952, but in both cases, owing to increased charges, gross receipts will be higher. The main items of increase in working expenses are wages £16.2 million, price levels £6.3 million and maintenance £16 million.

4. The Committee deal with the various increases in working expenses, and give a full explanation of the increased charge for maintenance. The Commission's practice was to charge to revenue a standard charge for maintenance based on pre-war expenditure properly adjusted and to charge the balance of maintenance expenditure to the Abnormal Maintenance Account. This Account stood at about £150 million on 1st January, 1948, and will probably be less than £50 million at the end of 1953. The Commission have already started, and now propose to complete, the change to a practice of charging to revenue the actual maintenance expenditure in each year. It is estimated that the effect of this will be to add £21 million to the maintenance costs charged against revenue as compared with 1952. The Commission have included only £16 million additional in the estimates for the future year and will, if necessary, charge the remaining £5 million against the Abnormal Maintenance Account. The Committee think that this temporary relief of £5 million is as much as would be justifiable.

5. The Committee discussed the allocation of central charges. They conclude that the amount of £39.5 million allocated by the Commission to the railways is not excessive and that the net railway receipts in a future year will be £23 million less than that amount.

6. The Committee agree with the Commission that no appreciable contribution to the immediate necessities of British Railways can be expected from passenger traffic.

7. The additional revenue from the proposed increase in rail freight charges is estimated at £23 million. This estimate is speculative, but it would be unwise to act upon the view that the Commission have under-estimated the yield.

8. The 10 per cent. increase in dock and canal charges would produce a net revenue slightly, but not unduly, higher than would be required to meet a proper allocation of central charges.

9. The Committee advise that regulations be made as soon as possible, authorising the Commission to make the increased charges specified in their application.
7. Taking the long view therefore, and bearing in mind that these regular increases in fares and charges are not only politically difficult, but may prove to be economically impracticable, I think it will be necessary to do something to help them. I do not believe that British Railways, whose finances dominate those of the Commission, can be made competitive without large-scale modernisation of their equipment. It will be beyond their own resources to provide for this and to bear the full interest charges involved in the initial period before such new investments become remunerative.

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CABINET REPORT OF THE ROYAL COMMISSION ON BETTING, LOTTERIES AND GAMING

Memorandum by the Secretary of State for the Home Department and Minister for Welsh Affairs

The Cabinet agreed on 19th November (C. (53) 68th Conclusions, Minute 8) to resume consideration of my memorandum on off-the-course betting (C. (53) 317) at a later meeting. The matter has now become one of some urgency, since Mr. Mitchison has given notice that he will move a resolution relating to the Report of the Royal Commission on Betting, Lotteries and Gaming on 19th February. The motion is second order, but the first order, which is on the subject of mental health, may not take the whole of the time, particularly in view of the fact that the subject is to be considered by a Royal Commission.

2. I suggested in C. (53) 317 that there should be discussions with the Opposition as a prelude to a general debate on the Commission's Report. Now that an Opposition Member has announced his intention of moving a resolution I think we should not miss the opportunity of making the best use of a discussion in the House on the subject of betting in a form which is less likely than any other to embarrass the Government. If, moreover, we can persuade the Opposition to give some general commendation to the Commission's proposals, which, as Mr. de Freitas announced in the debate on the Pool Betting Bill, they have considered "carefully and in detail", it may eventually become possible to introduce legislation in an atmosphere relatively free from party controversy.

3. That such legislation is needed I have no doubt. The important recommendations of the Royal Commission are those about the control of pool betting and the legalisation of cash betting off the course. The proceedings on the Pool Betting Bill on 29th January and the newspaper reactions to them have shown that there is strong support for the proposals about pool betting, and I think that it may be difficult to resist pressure to introduce Government legislation on this subject next Session if the Pool Betting Bill makes no further progress. The legalisation of cash betting is a much more controversial issue, but there was impressive support for it in the evidence given before the Royal Commission, including the evidence of the Lord Chief Justice, the Chief Magistrate of the Metropolis, the Chief Constables' Association and the Police Federations. Soon after the Report was published the Archbishop of Canterbury published a letter in his Diocesan Gazette in which he said "I am inclined to support the Commission's recommendation myself, though very reluctantly and subject to more safeguards and restrictions than the Royal Commission suggests; there is an unanswerable case for a change in the present law, which is unjust as between rich and poor and which cannot be enforced: the cure offered
by the betting office may prove worse than the disease, but it seems to me worth trying, subject to very strict controls”.

4. The consideration to which I attach the greatest importance is the very serious danger to the morale of the police which must always be present while illegal forms of betting continue on so large a scale. I have recently had to consider a number of appeals from police officers in Leeds against punishments imposed on them for accepting money from bookmakers carrying on illegal businesses and we are running a grave risk of widespread corruption if we do nothing to amend the law about cash betting.

5. I hope, therefore, that my colleagues will agree that I should have discussions with the Opposition before Mr. Mitchison’s resolution is debated in which I would seek to secure an agreement that both the Government and the official Opposition spokesman should indicate agreement with the general conclusion of the Royal Commission that the law must be amended by legalising the provision of facilities for cash betting off the course subject to a strict system of control, which would include the registration of bookmakers engaged in this form of business; but that neither party is committed at this stage to the acceptance of the Royal Commission’s detailed recommendations on control.

D.M.F.

Home Office, S.W.1.,

5TH FEBRUARY, 1954.
8th February, 1954

CABINET

THE NATIONAL FOOD SURVEY

MEMORANDUM BY THE MINISTER OF FOOD

The National Food Survey was started in 1940 as a means of watching the nation's diet in war. In its earlier years the Survey was concerned only with working-class households, but since 1950 its scope has been enlarged. We now receive the results of a continuous series of sample enquiries which every quarter cover some 3,000 households with a balanced distribution as between geographical areas, town and country, income groups and families of varying size. In this way we obtain much information about food consumption and the effect upon food habits of changes in real income. I am advised that the techniques employed are sound and that we can rely upon the results as an indication of current trends.

2. My colleagues will be glad to know that the most recent reports, which cover the period down to October, 1953, are generally satisfactory. A wider range of foods was becoming freely available last year, and there had been a small rise in real earnings during the preceding twelve months which the public seem to have spent mainly on food. On average, the nation's food consumption returned to the best level at any time since the war, though for special reasons the same level was reached temporarily in 1950.

3. We constantly hear a great deal about old age pensioners, but the Survey shows that there is no ground for anxiety about the diet of this section of the population. Their average expenditure on food was not much below the national average and, bearing in mind that the food requirements of old people are in some respects below the average, their nutritional standard was satisfactory.

4. But there is a disquieting element. Over the four-year period for which complete figures are available the standard of diet for families with four or more children has been falling. The increase in family allowances in 1952 has not checked this trend. Indeed, the same inadequacy of diet has now spread to families with three children and is also seen in those with at least three children and adolescents. Taken together, these larger families account for about 20 per cent. of the population, and about 40 per cent. of all school-children.

5. Since family allowances were increased, families with three children have spent the equivalent of about three-quarters, and families with four or more children about half, of the extra allowance on food. Part of the remainder must have gone to meet the rise in the cost of fuel, light, rent, rates and services (including transport) which amounts to about 6 per cent. in the same period. We do not know how these families spend all their money. No doubt some of it could ideally be saved for extra food. But the large families do, already, spend about 50 per cent. of their income on food, compared with about 30 per cent. for the country as a whole.

6. The chief shortage is of calcium and protein—both especially necessary to children and adolescents. In the circumstances of to-day we cannot but continue to interest ourselves in nutrition generally, and especially in getting children properly fed. Any further deterioration must, therefore, be a matter of concern. Milk is the key to the problem because, even with the special addition of calcium to the loaf,

* Details are given in the appendix.
bread provides only about half as much calcium as milk for these families. Moreover, milk is among the more expensive staple foods and perhaps the first to which they turn for savings under economic pressure.

7. All this suggests that we must be cautious in our approach to the possibilities of reducing the general milk subsidy by increasing the price. But our main concern must be with the children rather than the public at large. I do not seek at this stage to make a specific proposal, but there are certain positive steps which could be further examined if my colleagues thought fit.

8. The Welfare Scheme already provides a full pint daily for children under the age of five and expectant mothers; and little would be gained by increasing the quantity or further reducing the price. It would also be impracticable to provide milk for older children and adolescents in their homes. But the third of a pint provided (mostly for five days a week and in term time only) in schools is much less than a school-child needs. I understand that before the war two-thirds of a pint was provided in a few schools; and when the war-time scheme was restricted to a third of a pint because milk was scarce, it was publicly stated more than once that the quantity would be raised to two-thirds of a pint when the supply was available. Milk is now so plentiful that we shall, before long, be faced with embarrassment over its disposal. To give extra milk to school-children would reduce the amount going to manufacture and so raise the average realisation price; and for that reason, while the gross cost to the Exchequer might be some £8 million a year, the net cost would be far less than this.

9. In the normal course, the National Food Survey Annual Report for 1952 would be published early next summer and that for 1953 in the autumn of this year. I am being pressed for early publication and have considered the possibility of publishing condensed versions in advance of the full Annual Reports. But while publication will provide a reply to those who have pleaded the cause of the old-age pensioners, it will almost certainly expose us to criticism over the large families since despite the measures taken in 1952 to increase family allowances the position of these families appears to be deteriorating. My colleagues may, therefore, feel that we should decide whether any special step to help the large families should be announced in advance of publication.

G. LL.—G.

MEMORANDUM BY THE PRESIDENT OF THE BOARD OF TRADE

I think that my colleagues may like to know that an approach is about to be made to the United States Government on certain matters arising on the Report of the Committee on Weights and Measures Legislation (Cmd. 8219), which was published in May, 1951.

2. The Report contained, inter alia, the following recommendations:

(i) The Government should take steps, in concert with the Commonwealth and the United States, to abolish the Imperial System of measurement in favour of the complete adoption of the Metric System over a period of about twenty years.

(ii) Whether this long-term proposal (i) were accepted or not, the Imperial Yard should be defined as 0·9144 of the International Metre exactly and the Imperial Pound as either 0·453 592 37 or 0·453 592 3 of the International Kilogramme exactly; and the United States Government should be informed of these proposals in the hope of securing identical values for the yard and the pound in both countries.

(iii) After a period of five years, none of the existing troy weights or pennyweights should any longer be lawful for use in trade; and the Government, if it accepted these proposals, should so inform the Commonwealth and the United States and should invite them to take similar and, if possible, simultaneous steps.

3. Consultations, begun under the Labour Government, showed that all the Commonwealth Governments were either in favour of, or would raise no objection to, the implementation of the recommendation that the yard and the pound should be defined in terms of the metre and the kilogramme, but that very few of them were in favour of the complete adoption of the Metric System in place of the Imperial System. No approach was made at that time to the United States Government, since the Foreign Office advised that the prior agreement of all the other Governments concerned would place us in a much better position to press the Americans to meet us.

4. In 1952, after I had re-examined the whole Report in the light of these enquiries, I made a statement in the House of Commons about it (with the agreement of the Home Affairs Committee—H.A. (52) 29th Meeting, Item 2). I said that the Government were prepared to accept the proposed re-definition of the yard and pound, but I definitely rejected the suggested adoption of the Metric System. I added that consultations on the other recommendations would be initiated with the trading, local authority and other organisations concerned.
5. These consultations have been going on since then, and we now propose to approach the United States Government to see whether they would be prepared—
   (a) to alter the definitions of their yard and pound to bring them into line with those recommended by the Committee; and
   (b) to abolish the troy and pennyweight systems of measurement.

At the same time we propose to sound them on the possibility of establishing a definite numerical relationship between their gallon and ours.

6. The Imperial System of measurement is used in the British Commonwealth and by the United States of America, and all the Commonwealth countries until recently based their yards and pounds on the Imperial Standards in Westminster, so that their units of length and mass have varied in the same way as the British units. But the United States has for the past 60 years or so defined its yard and pound in terms of the International Metre and Kilogramme, so that, although they were originally intended to be the same as the British yard and pound, they are now in fact, owing to the physical variation of the Imperial Standards and the greater constancy of the Metric Standards, different from the British yard and pound.

Canada re-defined its yard and pound in terms of the metre and kilogramme two or three years ago, and used ratios which differ both from the most recently ascertained experimental values for the Imperial Units, and from the arbitrary ratios proposed in the Weights and Measures Report. Australia is about to do the same.

7. The differences between the units are extremely small and have no significance for ordinary trade; but recently standards of engineering accuracy have increased to the extent that, for certain gauges of very fine tolerance used for the highest precision work, the differences in the yards are beginning to have some significance, and we have already had a protest from a precision-gauge maker about the delay in implementing the present recommendation. Differences in the pound have not yet attained any significance even in the highest precision use.

8. The recommendation for re-defining the yard and pound would mean abandonment of the primacy of the Standards kept at Westminster, but against this there would be only one yard and pound in the Commonwealth and if the United States is prepared to vary very slightly the present ratios set between their yards and pounds and the metre and kilogramme, the whole world would be using reconcilable units of measurement in the Imperial System in the same way as it now uses the units of the Metric System. (We know that Canada would be willing to make the amendment.)

9. The troy and pennyweight systems of measurement are used in the United Kingdom, the Commonwealth and the United States solely for dealings in precious metals; the rest of the world uses the Metric System for this purpose. The units are each defined by reference to the appropriate pound, the United Kingdom and the Commonwealth units by reference to the Imperial Pound and the United States unit by reference to United States pound. Here again, therefore, there are minute differences between the Commonwealth and United States units, but the chief reason for the proposed abolition of the two series is the simplification which would result in the Imperial System by the abolition of the ounce troy (480 grains) which is quite different from the ounce avoirdupois (437½ grains) which is the ounce chiefly used in trade. Consultations with a number of organisations in this country have shown considerable support for the proposal provided similar and simultaneous action is taken by the United States of America and the Commonwealth.

10. The Imperial and American gallons differ to such an extent (the American gallon is roughly five-sixths of ours) that it is considered unreasonable to suggest any adjustment of values to bring the units into agreement, but it is possible that a fixed numerical relationship could be agreed between them by defining each in terms of the litre.

11. The Commonwealth countries and the Colonies have recently been asked for their views on the abolition of the troy and pennyweight systems and on the relationship between the gallons.

P. T.

Board of Trade, S.W.1,
6th February, 1954.
CABINET

RELATIONS WITH THE SOVIET UNION

NOTE BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

I circulate for the information of my colleagues the annexed record of a conversation in Berlin between Sir Frank Roberts, Deputy Under-Secretary of State, Foreign Office, and the Soviet Ambassador to the United Kingdom.

A. E.

10th February, 1954.

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I lunched alone with Mr. Malik yesterday and had a rather more interesting conversation than I had expected. We were both able to talk quite freely. We talked mainly about Germany. Mr. Malik's theme was, of course, the danger of a revival of German militarism, despite our own and French good intentions over the European Defence Community (E.D.C.), which he did not question. He argued, as usual, that the Americans needed continued world tension in order to avoid serious economic trouble, but that on the other hand she wished to withdraw her boys from Europe and that she must therefore find the necessary replacement from the Germans. We should find ourselves faced with an American-German alliance which neither we nor the French could control. Mr. Malik had no reply to my question that, if the Americans really were going to withdraw from Europe, the Soviet Union had no reason to fear the E.D.C., even if it included a rearmed Germany. I developed our E.D.C. case fully and gave him every opportunity to propose some practical alternative for dealing with what we both regarded as a potential German danger. He did not however propose anything practical as an alternative. I told Mr. Malik that we were very glad to have got down to serious discussion of the German problem and that we hoped Mr. Molotov would study our plan carefully as a really serious contribution to the solution of the German problem. The few comments he made were not particularly critical, and he certainly implied that it would be seriously studied, although Mr. Molotov would have ideas of his own to put forward. Mr. Malik of course argued the case for leaving the Germans to arrange their own affairs. I also told Mr. Malik that we hoped we would be able to deal very seriously with the Austrian question and, indeed, to settle it here in Berlin. He agreed that an Austrian settlement should be possible, provided the Americans did not insist upon Austria being part of their European military system. This required space, which Austria would provide. He also argued with considerable insistence on the danger of an Anschluss. I told Mr. Malik that I had heard no suggestion that Austria should join either the North Atlantic Treaty Organisation or the E.D.C. As regards the Anschluss, the position was now entirely different from that between the two wars. The Austrians had got used to the idea of being a small state instead of a great empire, and they had found that the Anschluss was not a very successful alternative. Provided Austria were economically viable, she would wish to retain her independence, and so would we all. I could not therefore understand why the Russians themselves were preventing an economically viable Austria by insisting upon such harsh economic terms in the Treaty.

In the course of his many critical remarks about America, Mr. Malik said the trouble about the Americans was that they had profited rather than suffered from two wars and that they approached the German problem light-heartedly because they had not suffered from the Germans as we, the French and the Russians had.

(Signed) FRANK K. ROBERTS.

Memorandum by the Lord Chancellor

The Cabinet considered on 20th January the possible courses of action which would be open to the Government in the event of a breakdown in the defence negotiations with Egypt. They were disposed to agree that the best policy in those circumstances would be to wind up the Base in the Canal Zone, to re-deploy our forces in the Middle East in our own time, and to state that we are standing on our rights under the Anglo-Egyptian Treaty of 1936. We should then aim at reducing our troops in Egypt within two years to the numbers (10,000 land forces, and 400 pilots with the necessary ancillaries for administrative and technical duties) allowed by the Treaty. The Cabinet appointed a Committee under my Chairmanship to consider how the minimum military security of such a force could be reconciled with the other provisions of the Treaty.

2. The Chiefs of Staff, after consultation with the Commanders-in-Chief, Middle East, have prepared a military plan for carrying out this policy. This is outlined in the Appendix.

Briefly, the military authorities would propose to wind up the Base by clearing Tel El Kebir first and rolling up from the south. The 10,000, together with 2,000 R.A.F., would eventually take up their position in an area round Monscar/Abu-Sueir, which contains one good airfield. They would then be adjacent to a land-force Treaty area, though not within it: it would not be practicable to accommodate a force of this size within the Treaty areas prescribed for land forces. From this position they could control the bridges over the Canal and the supply of black oil to Cairo. Their lines of communication, and their eventual line of evacuation, would be through Port Said. The project of a defended perimeter near Suez, which was mentioned in the Cabinet's discussion on 28th January, has been abandoned - partly for legal reasons (it is very far from the Treaty areas for land forces) but mainly because there is no accommodation for such large numbers near Suez and it would not be justifiable to build it now.

3. On the military aspects of this plan, we think it right to direct the Cabinet's attention to the following points, which are raised in the report by the Chiefs of Staff:

(i) This plan for winding up the Base could not be carried out successfully without active Egyptian co-operation, including their guarantee of security of access to our forces throughout. If guerilla activities increase in the Canal Zone, we shall not be able to salvage very much from the Base, and the situation of our troops in the Zone will become increasingly uncomfortable as their numbers drop.
(ii) When the Base had been evacuated or abandoned, there would be no military purpose in maintaining a force of 12,000 in the Canal Zone. And, as the numbers dropped to that figure, the possibility of hostile Egyptian action would increase. The Cabinet will therefore wish to consider whether this plan would leave the 12,000 in serious jeopardy. On this the Chiefs of Staff say that, if our remaining troops were attacked by the Egyptian Army, they could hold their own until reinforced, provided that they had air support and that their communications could be re-opened in time.

(iii) This disposition of our forces would not suffice to secure the right of free passage through the Suez Canal. But, with a force of this size, there is no way in which we could be certain of securing this if Egypt wished to obstruct it. The Minister of Transport will, however, consider, in consultation with the Chiefs of Staff and in confidential discussions with the Government's representatives on the Council of the Canal, whether there are any means by which vital installations on the Canal can be protected against the risk of sabotage.

4. On the legal aspects our views are as follows.

Before the outbreak of the war the United Kingdom was entitled under the Treaty to maintain a specified number of troops within specified areas in the Canal Zone. For their part, the Egyptians undertook to carry out specific obligations in respect of the provision of roads, etc, which they have not in fact fulfilled. During the war the number of British troops and the areas in which they were stationed were increased far beyond the limits prescribed in the Treaty for peace-time conditions. But this could be justified either by Article 7 of the Treaty or by the fact that the Egyptian Government had invited or at least acquiesced in it. After the war we continued to maintain troops in excess of the Treaty limits both as regards numbers and as regards the area in which they were stationed, but the Egyptians did not make any formal complaint on this score, as they might have done. In 1947, however, they did take us to the Security Council, asking it to direct total and immediate evacuation of British troops from Egypt on the ground that the 1936 Treaty no longer bound Egypt, having outlived its purposes and being inconsistent with the Charter. The Security Council did not reach any conclusion. It was not until October, 1951, that the Egyptians formally denounced the Treaty, thus putting themselves legally in the wrong. Up to 1951 we were technically in breach. Although Egypt continued to negotiate with us, it is obviously arguable whether that could be said to amount to acquiescence in such technical breaches. But after the Egyptian denunciation, and perhaps to some extent before it, it is arguable that we were entitled under the doctrine of "self-help" to maintain forces sufficient to ensure the security of the forces prescribed by the Treaty, particularly as they were subject to constant threats of violence by the Egyptians and even to physical attacks.

5. It may be that an international tribunal would not find these arguments convincing. But we shall not need to rely only on these if we announce that we are in the process of evacuating the Base and reducing our troops to the numbers prescribed in the Treaty and if we ensure that all our actions are henceforward seen to be directed towards this end. We are clearly entitled to take a reasonable time to withdraw; we are also entitled during this period to safeguard the security of our troops. This legal position would be strong and would appeal to the United States in particular and world opinion in general.
6. We are agreed that under international law the Treaty subsists at least until the end of 1956 when it is due for revision. The question whether we could justify in law the positions occupied by our troops remaining in Egypt in 1956 depends on the circumstances at that time. We cannot forecast them now. But it is not necessary for us to announce now the precise positions which we expect to be occupying in 1956. And, if the legality of our position is challenged in the meantime, we shall be on strong ground if we can show that the object of our policy is to get back towards the Treaty limits.

SIMONDS

Lord Chancellor's Department, S. W. 1.

9TH FEBRUARY, 1954.
APPENDIX

REDUCTION OF BRITISH FORCES IN THE CANAL ZONE

Report by the Chiefs of Staff

In accordance with your instructions, we submit after consultation with the Commanders-in-Chief, Middle East, an outline plan for reduction of the British forces in the Canal Zone to Treaty limits, and their withdrawal within the Treaty area, to be completed within two years; and our comments on the plan and its implications. A relevant map is at Annex.

Possible Egyptian Courses of Action

2. The problem depends largely upon how the Egyptians react. The view of the Commanders-in-Chief, with which we agree, is that immediately negotiations are broken off, guerrilla attacks and non-co-operation will increase considerably unless we have announced our intention to evacuate; and that the Egyptians will certainly cut off our labour and deny us all the necessities of life that they can. Under the conditions of Course (c) suggested by the Foreign Secretary, we agree with the Ambassador that a declaration, which refers prominently to our rights under the 1936 Treaty, would push the Egyptian Government strongly towards stepping up guerrilla activities and denying us essential facilities. We consider that we must be prepared to meet that situation at any time. We have, however, assumed that:

(a) Egypt would not try to deny the use of the Suez Canal either by us or by the shipping of other nations.

(b) The Egyptian armed forces would not take overt hostile action against us.

We realise that in the event, and as our strength decreases, these latter assumptions may prove to be false.

The 1936 Treaty

3. There are a number of factors which make strict adherence to the letter of the 1936 Treaty impracticable. The most significant are:

(a) The Treaty areas for the Army are very small and not suitable for defence.

(b) The accommodation which Egypt undertook under the Treaty to provide for the Army in the Treaty areas has never been provided. The troops remaining, if confined strictly to the Treaty areas, could only be accommodated under austerity conditions.
Problem of Liquidating the Base

4. In order to liquidate the Base over half a million tons of stores and equipment, plus some 11,000 vehicles and 1,000 rolling stock, including locomotives would have to be shipped out in addition to unit baggage and personnel. We cannot remove our property without the use of Egyptian railways and ports. If the Egyptians refused to co-operate we would be compelled to provide the railway and port operating personnel and equipment required from this country, an enormous undertaking, or destroy or abandon the bulk of the contents of the Base.

The Plan of the Commanders-in-Chief, Middle East

5. In the view of the Commanders-in-Chief, whatever locality is chosen for the forces remaining after withdrawal to the Treaty area, it is essential that we should have adequate transportation facilities into and through PORT SAID for the evacuation of stores from the Base, for the withdrawal and re-deployment of our forces, for the import of supplies, for the maintenance of the forces remaining, for possible reinforcement, and for eventual withdrawal if this was decided upon.

6. If compelled to carry out this plan the Commanders-in-Chief would propose to clear Tel El Kebir first, which they consider would permit them to withdraw one brigade to Cyprus where it would be available as a first reinforcement. They suggest that this would make it obvious to the Egyptians at an early stage that we were taking active steps to withdraw within Treaty limits. They would then propose to roll up from the south into an area containing 10,000 land forces and some 2,000 R.A.F. personnel.

7. The Commanders-in-Chief consider that the final area to be held must be capable of defence and contain port facilities, oil storage, water and at least one first class airfield. There is no one locality within the Canal Zone which satisfies all these requirements, but in the view of the Commanders-in-Chief, the most practicable area is that of Moascar/Abu-Sueir. They point out that control of this area would give us the advantage of being able to dominate the bridges over the Suez Canal and to retain some control over the black oil supplies of Cairo.

Comments on the Plan of the Commanders-in-Chief

8. We consider that we should be taking an unwarranted risk if combatant troops were withdrawn until the evacuation of the Base was virtually completed. We cannot therefore agree to the automatic withdrawal of one brigade to Cyprus consequent upon the evacuation of Tel El Kebir. We must show that we mean business and are determined and able to carry our plan through in our own way and in our own time.

9. We agree that the forces remaining must be based on a small perimeter, in which its ammunition and supplies, say one month's maintenance, will be stored, and which must contain a first class airfield. It is essential, however, that the forces remaining should not be tied to the defence of a perimeter, but should be mobile and capable of taking limited offensive action.
10. We appreciate that Port Said has great advantages over Suez from the transportation and reinforcement aspect. An area round Geneifa with communications through Suez might be tactically easier for the land force to defend than the Moascar/Abu-Sueir area. It would have the serious disadvantage, however, of forcing us to use the round-Africa route for evacuation, maintenance and reinforcement. This aspect of the problem requires further detailed examination, in conjunction with the Commanders-in-Chief. Whichever area is selected, security of access from the ports to the area retained is absolutely essential, otherwise our forces will be placed in a completely untenable position.

Military Implications

11. Irrespective of the area selected for the perimeter, the major military implications would be as follows:-

(a) After the first withdrawal of fighting troops it would no longer be possible to contemplate operations in the Delta.

(b) At any stage during the withdrawal operation, the remaining garrison might have to be reinforced, probably by air, to ensure its safety or the security of its communications; the existing re-deployment plan would have to be revised to permit this.

(c) The ability of the R.A.F. to support the land forces would be gradually reduced as airfields were evacuated. When finally they were restricted to the use of at most two airfields susceptible as they would be to enemy artillery fire, the small remaining local air forces would have to be supported by outside resources, such as Cyprus and possibly aircraft carriers. We could not be certain of being able to bring in reinforcements or supplies by air lift.

(d) On completion of the plan, there would be left a force of one division less one brigade group, with some armour. If attacked by the Egyptian armed forces, this force should be capable of holding its own until it could be reinforced, always provided it was assured of effective air action in support and that its communications could be re-opened in time. It would not be able to ensure passage of the Suez Canal, nor to protect British interests in Egypt. It would be fulfilling no useful military purpose.
Conclusions

12. Our conclusions are that:

(a) The plan could only be successfully carried out with active Egyptian co-operation, including their guarantee of security of access to our forces throughout.

(b) The Egyptians are far more likely to be un-co-operative and to increase guerrilla action and administrative measures against us. If they do so, it would be necessary at once to authorise the Commanders-in-Chief to take some or all of the "essential military measures to maintain our position in Egypt" detailed in Annex to D, (53) 25 of 21st April, 1953.

(c) As our combat strength in the Canal Zone decreased, the threat of Egyptian hostile action must increase. At all times we must be able to reinforce our forces in the Canal Zone rapidly, and on a large scale.

(d) There is no military object in retaining a force in the Canal Zone after the Base has been evacuated. If, however, its retention is necessary for political reasons, it must be accepted that, should the Egyptians attack the force or attempt seriously to interrupt its communications, either by overt or covert means, the only effective sanction would be to deploy all the forces available to Her Majesty's Government against the Egyptian Government, i.e. to go to war with Egypt and force her to bend to our will.

(Signed) J. HARDING
G. GRANTHAN (V.C.N.S.)
R. IVELAW-CHAPMAN (V.C.A.S.)
CABINET

EAST/WEST TRADE

NOTE BY THE PRIME MINISTER

A Committee of Ministers under my Chairmanship has considered, in the light of the Cabinet's discussion on January 18, the possibility of extending trade with the Soviet bloc. The Committee's conclusions and recommendations are set out in the attached report.

I submit for the Cabinet's decision the four points of policy summarised in paragraph 10 of the report.

I believe that the time is ripe for a new approach to this problem. I would not at this stage dismiss the possibility that we may be able to persuade the United States Administration to face the task of justifying a new policy to their Congress and public. Our best chance of doing so is to renew personal contact with Mr. Harold Stassen, the Director of the Foreign Operations Administration. If the Cabinet share my view, I will send him a message suggesting that he should come to London in the near future to discuss this problem in person, unless he thinks that by so doing he would weaken the influence which he can exercise on it in Washington.

W. S. C.

10 Downing Street, S.W. 1,
12th February, 1954.
On January 18 the Cabinet discussed the advantages which would flow from an extension of trade with countries in the Soviet bloc. They decided that, in preparation for a fresh approach to the United States Administration, United Kingdom Ministers should first formulate a policy consistent with the new strategic hypothesis of a prolonged period of international tension without major war and should see how that policy would work out in terms of a revised list of the goods which should continue to be denied to the Soviet bloc. It was then suggested that the revised list should be framed on the principle that we should in future deny to the Soviet bloc only goods of direct military value (C.C. (54) 3rd Conclusions, Minute 5).

2. The current embargo lists have since been reviewed by a Committee of Ministers under the Prime Minister's Chairmanship. The Committee have found that the strict application of the principle suggested by the Cabinet would remove from the embargo lists certain machine tools and other goods which would help the Russians to reduce the lead which the Western Powers now have over them in some important technical developments necessary to modern war. The export of such goods to the Soviet bloc might make a significant difference to the war-making capacity of the Russians, and would certainly provoke criticism from public opinion in this country. The Committee therefore decided that the range of goods which should continue to be subject to embargo should include not only goods of direct military value but also some which, though not of direct military value, had an indirect military importance of such significance that their export to the Soviet bloc should continue to be prohibited.

3. The existing lists have been revised on that basis, with the following result:

(i) No reductions are proposed in the Munitions List and the Atomic Energy List. These Lists were already confined to goods of direct military value.
(ii) It is proposed that the Embargo List of Strategic Industrial Goods should be reduced from 263 items to about 135.
(iii) It is proposed that quantitative controls (Part II of the Industrial List) should be abandoned.* These controls at present apply only to items which are of lesser importance to the Soviet war potential.

4. A revised version of the Embargo List for Industrial Goods is set out in Appendix I. This contains 133 items. The Committee are agreed that the export of all these items to the Soviet bloc should be subject to embargo. Two further questions are, however, submitted for decision by the Cabinet: —

(i) Should copper be added to this List?
(ii) Should we also add to the List three further types of machine tool whose export to the Soviet bloc was criticised by Conservative speakers when this question was the subject of political controversy in 1950?

5. Copper.—The considerations affecting copper are set out in Appendix II. They may be summarised as follows: —

Copper is important to the electrical industry in peace, and in war is extensively used in the production of military equipment and munitions. The development of the Soviet electrical industry is known to be lagging, partly because of shortage of copper; and the power-generating system would be a weak link in the chain of Soviet industrial production in war. The Soviet bloc depends on imports for about 20 per cent. of its peace-time requirements of copper. The Defence Departments argue that, by continuing to restrict these imports, we could hamper the development of the Soviet war potential and also prevent the accumulation of war reserves.

Against this it is argued that the peace-time uses of copper are so numerous that it must be regarded as a basic industrial product; and that it would be inconsistent with the new policy now proposed to deny copper to the Soviet countries for the purpose of hampering the development of their electrical industry.

* Subject to the Cabinet's decision on ships, on which a memorandum will shortly be circulated by the First Lord of the Admiralty.
which is an essential part of their general economic structure. It is also argued
that, as they already command 80 per cent. of their peace-time requirements of
copper, the Soviet authorities could readily arrange, if they wished, that their
military needs of copper should be met in full by rationing its civilian uses. If
the current embargo were lifted, sterling area countries could expect to secure a
significant share of this new market for the export of copper, both as a raw material
and in semi-fabricated form.

The majority of the Committee considered that the balance of the arguments
lay in favour of excluding copper from the revised Embargo List.

6. Machine Tools.—The revised Embargo List contains a number of types
of machine tool selected by the Minister of Supply as having an indirect military
importance. The Cabinet are, however, invited to consider whether three further
types of machine tool should be added to the List, viz.:

(i) Remaining types of vertical boring and turning mills, of which some types
are already included.
(ii) Large centre lathes
(iii) Large planing machines.

Of these, the first could be used in the manufacture of gun turrets and jet engine
rings; the second in the turning of gun barrels; and the third in the manufacture
of tanks and gun mountings.

The argument against including these items is that, though used in the
manufacture of munitions, they are also of general value in ordinary industrial
production. They have no greater military significance than some of the items
which we should propose, under the new policy, to free from embargo. Two of
them, viz., (ii) and (iii) above, have not hitherto been subject to embargo, but only
to quantitative control; and, if they were included in the revised Embargo List, it
would be more difficult to justify that List in negotiation with the Americans as
reflecting the new principle which we wish to apply.

On the other hand, these types of machine tool featured prominently in the
controversy between the political Parties in this country in 1950, regarding the
export to Soviet countries of machinery capable of being used to increase its
industrial war potential, at a time when we were in urgent need of machine tools
for our own rearmament programme. They were specifically mentioned by
Conservative spokesmen in the Debate in the House of Commons on September 18,
1950, as among the heavy machine tools which should not be exported to the
Soviet bloc.

7. The items which the Committee would propose to exclude from the existing
Embargo List are set out in Appendix III. In the negotiations which will have to
be undertaken with the United States Government and other members of the Paris
Group, we shall probably be under pressure to restore to the Embargo List some of
the items whose exclusion is here proposed. If, for the sake of securing interna­tional agreement, we are compelled to add to our short list additional items which
are of little strategic importance, it is desirable that we should choose for this
purpose items which are also of little commercial significance to us. The list in
Appendix III has therefore been classified in three groups—goods in which there is
unlikely to be any export trade from the United Kingdom to the Soviet bloc; goods
in which our export trade is unlikely to be large; and goods in which we might have
an important export trade with the Soviet bloc.

8. The Committee have considered how these proposals could best be
presented to the United States Government. They recommend that the revised list
should be put forward as representing a new policy appropriate to a new situation.
We should make it clear that, if a new Embargo List of this character were adopted,
we should be ready to publish it and to enforce it strictly by all means within our
power, including transaction controls. If at the outset we related our revised list to
a new conception of policy, we should have established an initial position from
which we could afford to make concessions, by adding to the list items which are
of little trade importance to us, if we found that the Americans were unwilling to go
as fast as we would wish in moving over to a new policy. And, later on, if the
situation should improve, we could reassert our full claim.

9. It is agreed that any approach made to the United States Government at
this stage should be limited to the question of trade with the Soviet Union and its
Satellites in Europe. The time has not yet come to review the policy governing
trade with China.
10. The following points are submitted for decision by the Cabinet:—

(i) Should copper be included among goods to be denied, on strategic grounds, to the Soviet bloc (paragraph 5)?

(ii) Should the revised Embargo List include the three additional types of machine tool which featured prominently in the controversy in 1950 (paragraph 6)?

(iii) Is it agreed that it would be a reasonable policy in present circumstances that countries represented in the Paris Group should now be free to export to the Soviet bloc any goods save those included in the Munitions List, the Atomic Energy List and the revised List of Strategic Industrial Goods set out in Appendix I (subject to the decision on (i) and (ii) above)?

(iv) Do the Cabinet agree that this revised list should be presented to the Americans as the result of applying a new policy consistent with the new hypothesis of a prolonged period of international tension without major war (paragraph 8)?
### Metal Working Machinery

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001 (part)</td>
<td>Vertical boring and turning mills as specified.</td>
</tr>
<tr>
<td>1002 (part)</td>
<td>Jig boring machines.</td>
</tr>
<tr>
<td>1006 (part)</td>
<td>Deep hole drilling machines and drills.</td>
</tr>
<tr>
<td>1009</td>
<td>Vertical inverted spindle drilling machines.</td>
</tr>
<tr>
<td>1019</td>
<td>Contour profile grinders.</td>
</tr>
<tr>
<td>1021</td>
<td>Jig grinders.</td>
</tr>
<tr>
<td>1022</td>
<td>Lap radial grinders as specified.</td>
</tr>
<tr>
<td>1024</td>
<td>Spline grinders.</td>
</tr>
<tr>
<td>1041 (part)</td>
<td>Automatic lathes as specified.</td>
</tr>
<tr>
<td>1043</td>
<td>Combination boring and turning lathes.</td>
</tr>
<tr>
<td>1044</td>
<td>Combination lathe, drilling and milling machines, specially designed for mobile military workshops or naval craft.</td>
</tr>
<tr>
<td>1051</td>
<td>Spar millers.</td>
</tr>
<tr>
<td>1053</td>
<td>Armour plate planers.</td>
</tr>
<tr>
<td>1065</td>
<td>Military-type jigs, fixtures and accessories.</td>
</tr>
<tr>
<td>1072 (part)</td>
<td>Presses, mechanical or hydraulic, as specified.</td>
</tr>
<tr>
<td>1073 (part)</td>
<td>Wire, tubing and strip machinery as specified.</td>
</tr>
<tr>
<td>1084</td>
<td>Machine tools using spark erosion or ultra-sonic vibration.</td>
</tr>
<tr>
<td>1085</td>
<td>Balancing machines.</td>
</tr>
<tr>
<td>1086</td>
<td>All machines and equipment specially designed for manufacturing armaments and implements of war.</td>
</tr>
<tr>
<td>1087</td>
<td>Broaching machines.</td>
</tr>
<tr>
<td>1088</td>
<td>Gear-making machinery as specified.</td>
</tr>
<tr>
<td>1090</td>
<td>Profiling and duplicating machinery as specified.</td>
</tr>
</tbody>
</table>

### Chemical and Petroleum Equipment

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1102</td>
<td>Ammonia oxidation equipment as specified.</td>
</tr>
<tr>
<td>1103</td>
<td>Anti-biotics production equipment as specified.</td>
</tr>
<tr>
<td>1106</td>
<td>Centrifugal solvent extractors.</td>
</tr>
<tr>
<td>1109</td>
<td>Freeze-drying equipment.</td>
</tr>
<tr>
<td>1110</td>
<td>Gas-liquefying equipment and equipment for handling liquefied gas.</td>
</tr>
<tr>
<td>1118</td>
<td>Nitrators.</td>
</tr>
<tr>
<td>1131</td>
<td>Pumps (except vacuum pumps) as specified.</td>
</tr>
<tr>
<td>1132</td>
<td>Vacuum pumps as specified.</td>
</tr>
<tr>
<td>1133</td>
<td>Corrosion resistant valves and cocks.</td>
</tr>
<tr>
<td>1153</td>
<td>Fuel production equipment as specified.</td>
</tr>
</tbody>
</table>

### Electrical and Power-Generating Equipment

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1201 (part)</td>
<td>Electric furnaces as specified.</td>
</tr>
<tr>
<td>1210</td>
<td>Searchlight control units.</td>
</tr>
<tr>
<td>1255</td>
<td>Marine diesel engines as specified.</td>
</tr>
</tbody>
</table>

### General Industrial Equipment

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1305 (part)</td>
<td>Sendzimir type rolling mills.</td>
</tr>
<tr>
<td>1325</td>
<td>Excavating and earth-moving equipment, specially designed for airborne transport.</td>
</tr>
<tr>
<td>1335</td>
<td>Radio valve manufacturing machinery.</td>
</tr>
<tr>
<td>1339</td>
<td>Compressors and blowers as specified.</td>
</tr>
<tr>
<td>1335</td>
<td>Industrial diamonds as specified.</td>
</tr>
<tr>
<td>1336 (part)</td>
<td>All tools incorporating diamonds.</td>
</tr>
<tr>
<td>1337</td>
<td>Dynamometers as specified.</td>
</tr>
<tr>
<td>1338</td>
<td>Graphite as specified.</td>
</tr>
<tr>
<td>Item No.</td>
<td>Brief Description</td>
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<tr>
<td>1401</td>
<td>Floating docks.</td>
</tr>
<tr>
<td>1405</td>
<td>Ice-breakers as specified.</td>
</tr>
<tr>
<td>1410</td>
<td>Tankers; tank barges, whaling factories.</td>
</tr>
<tr>
<td>1415</td>
<td>Warships as specified.</td>
</tr>
<tr>
<td>1425</td>
<td>Batteries (submarine).</td>
</tr>
<tr>
<td>1430</td>
<td>Cables for harbour defence.</td>
</tr>
<tr>
<td>1435</td>
<td>Minesweeping equipment.</td>
</tr>
<tr>
<td>1450 (part)</td>
<td>Four-wheel-drive vehicles.</td>
</tr>
<tr>
<td>1485</td>
<td>Gyro-compasses and repeaters.</td>
</tr>
<tr>
<td>1493</td>
<td>Aircraft landing mats.</td>
</tr>
</tbody>
</table>

**Transportation Equipment**

**Electronics and Precision Instruments**

- Communication equipment specially designed for aircraft use.
- Communication equipment using infra-red radiation or ultrasonic waves.
- "Jamming" apparatus.
- Location apparatus as specified.
- Location apparatus (under-water).
- Radar and radio navigation equipment as specified.
- Pulse modulators as specified.
- Radio direction-finding equipment as specified.
- Radio receivers (panoramic).
- Telecontrol equipment for pilotless aircraft and guided weapons.
- V.H.F. radio relay equipment as specified.
- Amplifiers as specified.
- Antennae pattern recorders as specified.
- Co-axial cables as specified.
- Transformer and choke laminations as specified.
- Frequency meters as specified.
- Radio field strength meters as specified.
- Radio-frequency signal generators.
- Special tuned circuits as specified.
- Diodes and triodes as specified.
- Photoelectric cells as specified.
- Photomultiplier tubes.
- Television camera tubes.
- Electronic valves as specified.
- Sensitive balances (including electronic).
- Computers, electronics.
- Electrometers.
- Impedance-measuring apparatus as specified.
- Microscopes as specified.
- Optical curve generators as specified.
- Oscilloscopes (cathode ray) as specified.
- High-speed cameras.
- Micro-flash equipment.
- Spectrographs, spectrometers and monochrometers as specified.
- Strain gauge recording equipment.
- Short time measuring equipment.

**Metals, Minerals and their Manufactures**

- Ball and roller bearings as specified.
- Iron powder as specified.
- Munitions components and materials as specified.
- Alloys containing molybdenum, tungsten, cobalt, &c., as specified.
- Aluminium hard alloys for aircraft construction in specified forms.
- Cobalt as specified.
- Columbium as specified.
- Germanium and compounds.
### Metals, Minerals and their Manufactures—(continued)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1658 (part)</td>
<td>Molybdenum as specified.</td>
</tr>
<tr>
<td>1668</td>
<td>Tungsten wire and filament.</td>
</tr>
<tr>
<td>1670</td>
<td>Tantalum as specified.</td>
</tr>
<tr>
<td>1671</td>
<td>Titanium metal.</td>
</tr>
<tr>
<td>1672</td>
<td>Ferro-thorium; ferro-uranium.</td>
</tr>
<tr>
<td>1679</td>
<td>Zirconium as specified.</td>
</tr>
</tbody>
</table>

### Chemical and Petroleum Products

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1701</td>
<td>Detonators as specified.</td>
</tr>
<tr>
<td>1702</td>
<td>Hydraulic fluids, synthetic.</td>
</tr>
<tr>
<td>1703</td>
<td>Stabilisers for explosives as specified.</td>
</tr>
<tr>
<td>1725</td>
<td>Furfural, furfuryl alcohol, tetrahydrofurfuryl alcohol.</td>
</tr>
<tr>
<td>1727</td>
<td>Glycols and their compounds.</td>
</tr>
<tr>
<td>1729</td>
<td>Hexamethylene tetraamine.</td>
</tr>
<tr>
<td>1731</td>
<td>Hydrazine, -hydrate, -salts.</td>
</tr>
<tr>
<td>1732</td>
<td>Hydrogen peroxide over 50 per cent. strength.</td>
</tr>
<tr>
<td>1737</td>
<td>Methyl isobutylketone.</td>
</tr>
<tr>
<td>1741</td>
<td>Nitroguanidine.</td>
</tr>
<tr>
<td>1742</td>
<td>Guanidine nitrate.</td>
</tr>
<tr>
<td>1744</td>
<td>Pentaerythritol, -tetranitrates.</td>
</tr>
<tr>
<td>1748</td>
<td>Picric acid.</td>
</tr>
<tr>
<td>1751</td>
<td>Polytetrafluoroethylene.</td>
</tr>
<tr>
<td>1755</td>
<td>Silicon organic compounds as specified.</td>
</tr>
<tr>
<td>1756</td>
<td>Sodium azide.</td>
</tr>
<tr>
<td>1764</td>
<td>Trifluorochloroethylene.</td>
</tr>
<tr>
<td>1773 (part)</td>
<td>Gasoline (motor and aviation).</td>
</tr>
<tr>
<td>1789</td>
<td>High octane blending agents for aircraft fuels as specified.</td>
</tr>
</tbody>
</table>

### Rubber and Rubber Products

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1820</td>
<td>Pneumatic tyres and tubes of a kind specially constructed to be bullet-proof or to run when deflated.</td>
</tr>
</tbody>
</table>

### ADDITIONAL ITEMS AGREED FOR EMBARGO

- (a) Plant for producing titanium metal.
- (b) Diesel engines of 50 h.p. and above with a high content of non-magnetic material.
- (c) Fishing vessels with characteristics which make them suitable for naval use.
- (d) Merchant ships with similar characteristics.
- (e) Merchant ships of over 15 knots speed.
- (f) Passenger ships.
- (g) Coasters of under 1,000 tons.
- (h) *Certain machines specially designed for manufacture or testing of electronic components.
- (i) *Certain machines and equipment specially designed for making or measuring gas turbine blades.

* Revised and more specific definitions to be agreed between Departments concerned before international discussions begin.
APPENDIX II

COPPER

REPORT BY THE INTERDEPARTMENTAL SECURITY EXPORT CONTROLS WORKING PARTY

World Production and Consumption

The following table shows world smelter production and consumption of virgin copper in 1952 (the Soviet bloc being excluded):

<table>
<thead>
<tr>
<th>Production Country</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>(thousands of tons)</td>
<td>(thousands of tons)</td>
</tr>
<tr>
<td>985 United States</td>
<td>1,291</td>
</tr>
<tr>
<td>377 Chile</td>
<td>26</td>
</tr>
<tr>
<td>292 Northern Rhodesia</td>
<td>Nil</td>
</tr>
<tr>
<td>202 Belgian Congo</td>
<td>Nil</td>
</tr>
<tr>
<td>200 Canada</td>
<td>117</td>
</tr>
<tr>
<td>192 Germany</td>
<td>215</td>
</tr>
<tr>
<td>106 Rest of Europe</td>
<td>351</td>
</tr>
<tr>
<td>93 Japan</td>
<td>92</td>
</tr>
<tr>
<td>163 Rest of World</td>
<td>146</td>
</tr>
<tr>
<td>Nil United Kingdom</td>
<td>348</td>
</tr>
<tr>
<td><strong>2,610</strong></td>
<td><strong>2,586</strong></td>
</tr>
</tbody>
</table>

Supply Position in the Soviet bloc

2. Soviet bloc production has been rising steadily and in 1952 reached an estimated total of 411,000 tons. Planned production for 1955 is 634,000 tons but the bloc has recently been unable to fulfils the planned rate of increase and it is likely that production in 1955 will fall far short of this figure.

3. Soviet bloc imports are estimated to total at least 100,000 tons a year. Little of this is imported direct from producing countries, most of it being shipped through devious channels and at premium prices.

4. The total quantity of copper available to the bloc in 1952 can, therefore, be estimated at about 500,000 tons.

Consumption in the Soviet bloc

5. There is abundant evidence that the Soviet bloc countries are very short of copper (for example, not only are they willing to pay high prices for imports but they are taking various measures to develop substitutes, especially in the electrical industry). They would no doubt use more copper if they could get it, but it is not possible to estimate the maximum amount.

6. There is no information about the way in which copper is assigned to various uses in the bloc, but the electrical industry is no doubt the greatest user. Some indication of the quantity required for peace-time defence uses may be derived from the experience of the United Kingdom: out of 550,000 tons consumed in the United Kingdom in 1952 (a peak year in the defence production programme), some 100,000 to 150,000 tons were estimated to be required for the defence industries.

7. No estimate can be given of the amount of copper the bloc would need in war but here again some indication can be derived from our own experience. In the peak war year of 1942, United Kingdom consumption was 820,000 tons as against some 350,000 tons in 1938.

Case for and against an Embargo on Copper

8. The defence view is that copper merits embargo because of its importance in the electrical industry and its extensive use in war in the production of military equipment and munitions. The development of the Soviet electrical industry is known to be behind schedule, partly because of shortage of copper. The power-generating system would be a weak link in the chain of Soviet industrial production in war.
9. In war-time, the consumption of copper increases enormously and by far the greater part of it is used for direct military purposes; in the last war our consumption of copper doubled and half of it was spent in ammunition.

10. The bloc is very short of copper and appears to be dependent upon imports for about 20 per cent. of its supplies. If there is no restriction on its imports, the bloc will be free to develop its war potential not only by assigning more copper to industry but also by building up the very large reserve it would need in war, when all imports would probably be stopped.

11. Against this it is argued that the peace-time uses of copper are so multifarious that it can only be regarded as a basic industrial product and that, even though it plays a vital part in war-time production, this is equally true of other products of general utility which we should not think of embargoing. Further, it would be inconsistent with the principle on which the present embargo list is based to include copper in order to hamper the Soviet bloc electrical industry, which is no more than a sector of the bloc's general economy. Even though copper production in the bloc is behind schedule, supplies are adequate to meet the current needs of defence production.

12. Copper is now becoming much more plentiful outside the bloc and it will become increasingly difficult to make our controls effective, even if they are reinforced by the general imposition of transaction and transhipment controls. These additional controls would, of course, interfere with the free operation of the London Metal Market.

13. The removal of the embargo on copper in its primary forms would enable the sterling area to obtain a substantial increase in exports to the bloc. But the present embargo also covers semi-fabricated forms, such as wire and strip, which are widely used in the electrical and other industries. Freedom to sell semi-fabricated copper products would probably result in a large increase in United Kingdom exports of manufactured goods for these industries.
APPENDIX III

ITEMS PROPOSED FOR EXCLUSION FROM THE EMBARGO LIST ARRANGED IN ORDER OF TRADE IMPORTANCE

I.—NO EXPORTS LIKELY

These are items which are either exported by the Soviet bloc or are not exported by the United Kingdom:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1541</td>
<td>Cathode ray tubes as specified.</td>
</tr>
<tr>
<td>1552</td>
<td>Rectifier or amplifier tubes (cold-cathode types).</td>
</tr>
<tr>
<td>1577</td>
<td>Meteorological sounding balloons.</td>
</tr>
<tr>
<td>1583</td>
<td>Oscillographs, recording.</td>
</tr>
<tr>
<td>1630</td>
<td>Scrap iron and steel.</td>
</tr>
<tr>
<td>1645</td>
<td>Cadmium.</td>
</tr>
<tr>
<td>1646</td>
<td>Calcium.</td>
</tr>
<tr>
<td>1661</td>
<td>Nickel as specified.</td>
</tr>
<tr>
<td>1667</td>
<td>Strontium as specified.</td>
</tr>
</tbody>
</table>

II.—EXPORTS IMPOSSIBLE TO FORECAST BUT UNLIKELY TO BE LARGE (e.g., not more than £1 million per annum in the near future)

These are items for which there is no record of more than occasional Soviet bloc attempts to purchase in the United Kingdom:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1107</td>
<td>Chlorine production equipment as specified.</td>
</tr>
<tr>
<td>1112</td>
<td>Hydrogen-producing equipment as specified.</td>
</tr>
<tr>
<td>1113</td>
<td>Hydrogenation equipment as specified.</td>
</tr>
<tr>
<td>1116</td>
<td>Methanol oxidation equipment as specified.</td>
</tr>
<tr>
<td>1120</td>
<td>Certain specified items of chemical processing equipment.</td>
</tr>
<tr>
<td>1124</td>
<td>Sulphur burners and pyrites roasters.</td>
</tr>
<tr>
<td>1127</td>
<td>Water-treatment equipment, industrial.</td>
</tr>
<tr>
<td>1140</td>
<td>Vacuum insulated containers for liquids or liquified gases.</td>
</tr>
<tr>
<td>1141</td>
<td>Stainless steel tanks as specified.</td>
</tr>
<tr>
<td>1145</td>
<td>Gauges for pressures over 100 atmospheres.</td>
</tr>
<tr>
<td>1151</td>
<td>Oil-refining equipment as specified.</td>
</tr>
<tr>
<td>1152</td>
<td>Oil and natural gas-production equipment as specified.</td>
</tr>
<tr>
<td>1155</td>
<td>Heater return bends for petroleum refineries.</td>
</tr>
<tr>
<td>Item No.</td>
<td>Brief Description</td>
</tr>
<tr>
<td>----------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Electrical and Power-Generating Equipment</strong></td>
<td></td>
</tr>
<tr>
<td>1202</td>
<td>Electrodes for underwater cutting.</td>
</tr>
<tr>
<td>1265</td>
<td>I/C marine engines, out-board, over 50 h.p.</td>
</tr>
<tr>
<td><strong>General Industrial Equipment</strong></td>
<td></td>
</tr>
<tr>
<td>1301</td>
<td>Casting equipment as specified.</td>
</tr>
<tr>
<td>1310</td>
<td>Electro-static separators.</td>
</tr>
<tr>
<td>1311</td>
<td>Sintering equipment.</td>
</tr>
<tr>
<td>1350</td>
<td>Carbon-black manufacturing plants.</td>
</tr>
<tr>
<td>1360</td>
<td>Spinnerets as specified.</td>
</tr>
<tr>
<td>1375</td>
<td>Air-conditioning units, packaged.</td>
</tr>
<tr>
<td>1381</td>
<td>Core drill bits.</td>
</tr>
<tr>
<td>1395</td>
<td>Electro-static precipitators.</td>
</tr>
<tr>
<td><strong>Transportation Equipment</strong></td>
<td></td>
</tr>
<tr>
<td>1470</td>
<td>Railway flat cars as specified.</td>
</tr>
<tr>
<td>1475</td>
<td>Railway tank cars as specified.</td>
</tr>
<tr>
<td>1480</td>
<td>Railway well cars as specified.</td>
</tr>
<tr>
<td><strong>Electronics and Precision Instruments</strong></td>
<td></td>
</tr>
<tr>
<td>1505</td>
<td>Ionosphere recording apparatus.</td>
</tr>
<tr>
<td>1535</td>
<td>(part only) Television camera tubes.</td>
</tr>
<tr>
<td>1538</td>
<td>(part only) Electronic valves as specified.</td>
</tr>
<tr>
<td>1561</td>
<td>Absorption meters, infra-red.</td>
</tr>
<tr>
<td>1567</td>
<td>Densitometers.</td>
</tr>
<tr>
<td>1571</td>
<td>Geophysical prospecting equipment as specified.</td>
</tr>
<tr>
<td>1578</td>
<td>Micro-hardness testers.</td>
</tr>
<tr>
<td>1579</td>
<td>(part only) Microscopes as specified</td>
</tr>
<tr>
<td>1582</td>
<td>(part only) Optical curve generators as specified.</td>
</tr>
<tr>
<td>1589</td>
<td>Resistors, temperature-sensitive as specified.</td>
</tr>
<tr>
<td>1594</td>
<td>Voltmeters as specified.</td>
</tr>
<tr>
<td>1596</td>
<td>Warburg apparatus for the examination of living tissue.</td>
</tr>
<tr>
<td>1598</td>
<td>X-ray and electron diffraction equipment as specified.</td>
</tr>
<tr>
<td>1599</td>
<td>X-ray tubes, 1,000 P.K.V. and over.</td>
</tr>
<tr>
<td><strong>Metals, Minerals and Manufactures</strong></td>
<td></td>
</tr>
<tr>
<td>1620</td>
<td>Platinum products as specified.</td>
</tr>
<tr>
<td>1641</td>
<td>Bismuth.</td>
</tr>
<tr>
<td>1666</td>
<td>Sodium.</td>
</tr>
<tr>
<td>1675</td>
<td>Vanadium as specified.</td>
</tr>
<tr>
<td>1680</td>
<td>Asbestos (strategic grades).</td>
</tr>
<tr>
<td>1691</td>
<td>Mica (strategic grades).</td>
</tr>
<tr>
<td><strong>Chemicals and Petroleum Products</strong></td>
<td></td>
</tr>
<tr>
<td>1704</td>
<td>Rubber-compounding agents as specified.</td>
</tr>
<tr>
<td>1719</td>
<td>1, 2—Dibromoethane.</td>
</tr>
<tr>
<td>1720</td>
<td>Dinitrotoluene solids and oils.</td>
</tr>
<tr>
<td>1723</td>
<td>Ethyl Benzene.</td>
</tr>
<tr>
<td>1739</td>
<td>Monochlorobenzene.</td>
</tr>
<tr>
<td>1747</td>
<td>Phosphoric acid catalyst.</td>
</tr>
<tr>
<td>1750</td>
<td>Polyethylene.</td>
</tr>
<tr>
<td>1752</td>
<td>Potassium tetroxide.</td>
</tr>
<tr>
<td>1760</td>
<td>Thallium bromoiodide.</td>
</tr>
<tr>
<td>1761</td>
<td>Titanium tetrachloride.</td>
</tr>
<tr>
<td>1766</td>
<td>Vanadium compounds.</td>
</tr>
<tr>
<td>1775</td>
<td>Reference fuels.</td>
</tr>
<tr>
<td>1780</td>
<td>Lubricating oils and greases.</td>
</tr>
<tr>
<td>1786</td>
<td>Additives for motor oil.</td>
</tr>
<tr>
<td>1787</td>
<td>Liquid gum inhibitors.</td>
</tr>
<tr>
<td>1788</td>
<td>Tetra-ethyl lead, fluid and certain mixtures.</td>
</tr>
<tr>
<td>1793</td>
<td>Hydraulic fluids, petroleum base.</td>
</tr>
<tr>
<td>1796</td>
<td>Coke and coke flour.</td>
</tr>
</tbody>
</table>
### Rubber and Rubber Products

**Item No.**  
**Brief Description**

1802 Masterbatch.  
1821 Pneumatic tyre casings; truck, bus, off-the-road and industrial types as specified.  
1822 Pneumatic tyre casings for soil compactors of 10 tons or over.  
1840 Water lubricated bearings.  
1845 Rotary drilling hose, high pressure.

### Miscellaneous

1910 Optical glass as specified.  
1920 Paper or synthetic film for dielectric use.

### III.—Exports Likely to be of Importance

These are items which the Soviet bloc either bought before controls were introduced or have attempted to buy since. Estimates of trade per annum likely in the near future are shown against each group of items.

#### Machine Tools

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1008</td>
<td>Unit-head type drilling machines as specified.</td>
</tr>
<tr>
<td>1016</td>
<td>Internal cylindrical grinding machines as specified.</td>
</tr>
<tr>
<td>1025</td>
<td>Thread grinding machines.</td>
</tr>
<tr>
<td>1072</td>
<td>(part only) Presses, mechanical or hydraulic as specified.</td>
</tr>
<tr>
<td>1071</td>
<td>Forging machines as specified.</td>
</tr>
<tr>
<td>1007</td>
<td>(part only) Multi-spindle drilling and/or tapping machines as specified.</td>
</tr>
<tr>
<td>1018</td>
<td>Crankshaft, crankpin, cam and camshaft grinders as specified.</td>
</tr>
<tr>
<td>1001</td>
<td>(part only) Vertical boring and turning mills as specified.</td>
</tr>
<tr>
<td>1003</td>
<td>Horizontal combination boring, drilling and milling machines as specified.</td>
</tr>
<tr>
<td>1036</td>
<td>Crank- and camshaft lathes.</td>
</tr>
<tr>
<td>1041</td>
<td>(part only) Automatic lathes as specified.</td>
</tr>
<tr>
<td>1073</td>
<td>(part only) Wire, tubing and strip machinery as specified.</td>
</tr>
<tr>
<td>1023</td>
<td>Roll grinding machines.</td>
</tr>
<tr>
<td>1038</td>
<td>Relieving lathes.</td>
</tr>
<tr>
<td>1015</td>
<td>External cylindrical grinding machines, centreless.</td>
</tr>
<tr>
<td>1017</td>
<td>Surface grinding machines, multi-spindle.</td>
</tr>
<tr>
<td>1070</td>
<td>Forging hammers as specified.</td>
</tr>
<tr>
<td>1090</td>
<td>(part only) Profiling and duplicating machinery as specified.</td>
</tr>
<tr>
<td>1089</td>
<td>Honing and/or lapping machines.</td>
</tr>
<tr>
<td>1035</td>
<td>Axle lathes.</td>
</tr>
<tr>
<td>1037</td>
<td>Hollow spindle (oil country type) lathes.</td>
</tr>
<tr>
<td>1040</td>
<td>Turret lathes as specified.</td>
</tr>
<tr>
<td>1042</td>
<td>Surfacing and boring lathes as specified.</td>
</tr>
<tr>
<td>1060</td>
<td>Cam-operated thread cutting machines as specified.</td>
</tr>
<tr>
<td>1074</td>
<td>Thread rolling machines.</td>
</tr>
<tr>
<td>1027</td>
<td>Grinders for broaching tools.</td>
</tr>
<tr>
<td>1020</td>
<td>Gap gauge grinding machines.</td>
</tr>
<tr>
<td>1050</td>
<td>Thread milling machines as specified.</td>
</tr>
<tr>
<td>1061</td>
<td>Pipe threading machines as specified.</td>
</tr>
<tr>
<td>1026</td>
<td>Combined internal and external grinding machines as specified.</td>
</tr>
<tr>
<td>1052</td>
<td>Combination miller and planer as specified.</td>
</tr>
<tr>
<td>1085</td>
<td>Dynamic balancing machines as specified.</td>
</tr>
<tr>
<td>1091</td>
<td>Shaving machines.</td>
</tr>
</tbody>
</table>

These Machine Tools are arranged in order of decreasing importance from the commercial point of view. If all of these items are de-controlled, exports should total approximately £1.5 million per annum.
### Chemical and Petroleum Equipment

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1101</td>
<td>Acid concentrating equipment as specified</td>
</tr>
<tr>
<td>1123</td>
<td>Sulphur extraction equipment.</td>
</tr>
<tr>
<td>1130</td>
<td>Compressors as specified.</td>
</tr>
<tr>
<td>1134</td>
<td>Electrically controlled automatic valves.</td>
</tr>
<tr>
<td>1135</td>
<td>Pipe valves for working pressures of 900 or more p.s.i.</td>
</tr>
<tr>
<td>1146</td>
<td>Moulding machines for plastics.</td>
</tr>
<tr>
<td>1150</td>
<td>Oil well drilling and exploration equipment as specified.</td>
</tr>
<tr>
<td>1154</td>
<td>Welded or seamless steel casing, tubing and line pipe as specified.</td>
</tr>
</tbody>
</table>

These are miscellaneous items, some of importance in other export industries. Exports should total £4 million per annum.

### Electrical and Power Generating Equipment

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1201</td>
<td>Electric furnaces as specified. (part only)</td>
</tr>
<tr>
<td>1250</td>
<td>Condenser tubes.</td>
</tr>
<tr>
<td>1256</td>
<td>Diesel engines as specified.</td>
</tr>
<tr>
<td>1260</td>
<td>Electric motors over 1,000 h.p. (part only)</td>
</tr>
</tbody>
</table>

Exports should total £4 million per annum.

### General Industrial Equipment

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1305</td>
<td>Metal rolling mills (all types) and controls.</td>
</tr>
<tr>
<td>1315</td>
<td>Tinning units, electrolytic.</td>
</tr>
<tr>
<td>1321</td>
<td>Crucibles, artificial graphite.</td>
</tr>
<tr>
<td>1322</td>
<td>Tractors, petrol or diesel as specified.</td>
</tr>
<tr>
<td>1330</td>
<td>Calenders (rubber working).</td>
</tr>
<tr>
<td>1331</td>
<td>Masterbatch mixers.</td>
</tr>
<tr>
<td>1332</td>
<td>Tyre-curing presses as specified.</td>
</tr>
<tr>
<td>1351</td>
<td>Mining equipment—&quot;Rocker&quot; shovels.</td>
</tr>
<tr>
<td>1374</td>
<td>Abrasives as specified.</td>
</tr>
<tr>
<td>1386</td>
<td>Tools incorporating diamonds. (part only)</td>
</tr>
<tr>
<td>1387</td>
<td>Wheels and other tools incorporating diamond abrasives.</td>
</tr>
</tbody>
</table>

Exports of rolling mills and equipment should total £4 million per annum.

### Electronics and Precision Instruments

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1509</td>
<td>Location apparatus as specified. (part only)</td>
</tr>
<tr>
<td>1512</td>
<td>Radar and radio navigation equipment as specified. (part only)</td>
</tr>
<tr>
<td>1515</td>
<td>Radio-direction-finding equipment as specified. (part only)</td>
</tr>
<tr>
<td>1517</td>
<td>Radio transmitters and components as specified.</td>
</tr>
<tr>
<td>1519</td>
<td>Telephone and Telegraph equipment as specified.</td>
</tr>
<tr>
<td>1575</td>
<td>Leak-detecting instruments.</td>
</tr>
<tr>
<td>1586</td>
<td>Pyrometers as specified.</td>
</tr>
<tr>
<td>1587</td>
<td>Quartz crystals and plates.</td>
</tr>
</tbody>
</table>

Exports should total £4 million per annum.

### Metals, Minerals and their Manufactures

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1601</td>
<td>Ball and roller bearings as specified. (part only)</td>
</tr>
<tr>
<td>1635</td>
<td>Alloys containing molybdenum, tungsten, cobalt, &amp;c., as specified. (part only)</td>
</tr>
</tbody>
</table>

Exports should total £100,000 per annum.

Estimates of exports resulting from decontrol of the above List I items total between £3 million and £5 million per annum. If, in addition, List II were abolished, it would result in greater exports, the most important item being power-generating plant.
TOBACCO SMOKING AND CANCER OF THE LUNG

MEMORANDUM BY THE MINISTER OF HEALTH

It is necessary, because of the deep public interest in all matters concerning cancer, to bring to the attention of my colleagues the question of the relationship between tobacco smoking and lung cancer. This matter was considered by the Home Affairs Committee on 5th February, when it was agreed that an early public statement should be made in the House of Commons (H.A. (54) 3rd Meeting, Item 2).

2. Briefly the position is that my Standing Advisory Committee on Cancer and Radiotherapy have had the question before it since early in 1951, following the appearance of an article in the medical press which suggested that the statistical evidence showed a relationship between smoking and lung cancer. At first the Committee were sceptical; but further statistical evidence has since emerged, as well as counter-arguments from the Imperial Tobacco Company, and this has all been considered by a panel under the Chairmanship of the Government Actuary. As a result, the Committee have now advised me in the following terms:—

"Having considered the report of the panel under the Chairmanship of the Government Actuary on the statistical evidence of an association between smoking and cancer of the lung, and having reviewed the other evidence available to them, the Committee are of opinion:—

(1) It must be regarded as established that there is a relationship between smoking and cancer of the lung.

(2) Though there is a strong presumption that the relationship is causal, there is evidence that the relationship is not a simple one, since:—

(a) the evidence in support of the presence in tobacco smoke of a carcinogenic agent causing cancer of the lung is not yet certain;

(b) the statistical evidence indicates that it is unlikely that the increase in the incidence of cancer of the lung is due entirely to increases in smoking;

(c) the difference in incidence between urban and rural areas and between different towns, suggest that other factors may be operating, e.g., atmospheric pollution, occupational risks.

(3) Although no immediate dramatic fall in death-rates could be expected if smoking ceased, since the development of lung cancer may be the result of factors operating over many years, and although no reliable quantitative estimates can be made of the effect of smoking on the incidence of cancer of the lung, it is desirable that young people should be warned of the risks apparently attendant on excessive smoking. It would appear that the risk increases with the amount smoked, particularly of cigarettes."

3. I should also mention that the Medical Research Council have recently received an offer from certain British tobacco companies to put up £250,000 for research into the causation of cancer of the lung, and the offer is under consideration.
4. Research so far undertaken both here and in the United States has not identified any cancer-producing substance in tobacco smoke. It seems certain that several factors or a combination of them are responsible for lung cancer, and not only smoking—the disease occurs in non-smokers. But the statistical evidence does seem to indicate that there is a causal relationship between smoking and lung cancer, even if we do not know how or to what extent one causes the other.

5. In view of the wide public interest in this question, the tobacco companies' offer of research funds, and the fact that it may at any time become widely known that I have advice from my Standing Advisory Committee, I feel bound to make an early statement. The Home Affairs Committee accepted this view, and remitted to a Sub-Committee (consisting of the Lord President, the Secretary of State for Scotland, the Financial Secretary, Treasury and myself) consideration of the form of the statement and of the question of accepting the tobacco companies' offer of funds. I expect to be in a position to report orally to my colleagues the conclusions of the Sub-Committee at the meeting of the Cabinet on Wednesday, 10th February.

I. M.

Ministry of Health, W.1,
8th February, 1954.
CABINET

THE ROYAL TOUR OF CEYLON

NOTE BY THE SECRETARY OF THE CABINET

By direction of the Prime Minister I circulate for the consideration of the Cabinet the attached text of a telegram from the Queen's Private Secretary to the Private Secretary to the Prime Minister.

(Signed) NORMAN BROOK.

Cabinet Office, S.W. 1,
8th February, 1954.

5th February, 1954.

Soulbury has now written firmly supporting Kotelawala's advice that The Queen should visit Tooth and enclosing copy of Kotelawala's letter to Sir Winston Churchill.

2. Naturally The Queen will defer any decision till we hear from you.

3. Her Majesty had hoped that this controversial matter would not be raised by Ceylon and I had written more than once to Soulbury urging that it should be avoided if possible.

4. It has not been possible and Ceylon Government evidently attach importance to the visit. I should tell you that in view of her own constitutional position as Queen of Ceylon and also in view of serious possibilities likely to follow rejection of advice, Her Majesty would be inclined to accept it.

5. The Queen has no personal views against visiting Temple, which has been done by other members of her family, providing no religious service or offering is involved. She had undertaken to do this as Princess Elizabeth in 1952.

6. She hopes that, if Cabinet favours her accepting Kotelawala's advice and she then accepts it, Sir Winston Churchill may be prepared, if necessary, to explain her constitutional position vis-a-vis Ceylon and reasons for her action to Church authorities and particularly to Archbishop of Canterbury.
CABINET

THE ROYAL TOUR OF CEYLON

MEMORANDUM BY THE SECRETARY OF STATE FOR COMMONWEALTH RELATIONS

With reference to the Prime Minister's Note of 5th February, C. (54) 39, about the proposed visit by The Queen to the Temple of the Tooth in Kandy, I circulate to my colleagues the attached note showing how the question has arisen.

2. As will be seen, the only question which now arises is whether, when visiting the Temple, Her Majesty should remove her shoes. The Ceylon authorities have made it clear that this act would not be regarded in Ceylon as having any religious significance, but it might give rise to misunderstanding in this country; though I think this could be avoided if it is suitably explained to the Press at the time.

3. There is no doubt that, if Her Majesty were to decline the invitation, there would be considerable feeling in Ceylon and the success of The Queen's visit would be gravely prejudiced. Taking off or covering shoes is a regular act of courtesy performed when persons enter a place of worship such as a mosque, and such acts have certainly been performed by Viceroy's and Royal Personages in various countries in the past. It is, in fact, similar to the practice of taking off one's hat in church.

4. In all the circumstances, I feel sure that The Queen will be well advised to accept the invitation.

5. It occurred to me that it might help to avoid misunderstanding if it were arranged that Her Majesty's shoes were not removed but were shod with some other covering. I telegraphed personally to the Governor-General of Ceylon asking him whether this would be a possible alternative. He has replied that he regrets to say that no alternative to the removal of shoes would be possible. He adds that no religious significance is attached to it in Ceylon and that the Bishop of Colombo, who has been consulted, has no objection to the removal.

SWINTON.

Commonwealth Relations Office, S.W. 1,
8th February, 1954.
NOTE

When in 1951 it was intended that Her Royal Highness Princess Elizabeth should visit Ceylon, it was arranged that one of the principal items in the programme should be a Royal procession of elephants, &c., known as the Raja Perahera, at Kandy, in her honour. The intention was that Her Royal Highness, following the traditional custom of the Kings of Kandy should witness the procession from the Octagon, an annexe of the Temple of the Tooth, the most sacred Buddhist temple in Ceylon. Access to the Octagon is through the Temple and it was proposed that Her Royal Highness, following the practice of the Kings of Kandy, on her way to the Octagon should visit the Shrine Room of the Sacred Tooth, a relic traditionally believed to be the tooth of Buddha. It was agreed at the time that on her visit to the Shrine Her Royal Highness would remove her shoes and make a gold offering.

2. This programme was given some publicity in the press in this country and led to protests on the ground that it would involve reverence to a heathen idol. Owing to the death of King George VI, however, the visit of Her Royal Highness to Ceylon did not take place.

3. When the arrangements for The Queen's present visit were being considered, the Prime Minister wrote privately to the Prime Minister of Ceylon (Mr. Dudley Senanayake) as described in his note and in January 1953 received the reply that Mr. Senanayake thought it best that The Queen should not visit the Temple.

4. No more was heard of this matter till the beginning of last month, when the authorities of the Temple of the Tooth revived the proposal that The Queen, on her way to the Octagon, should enter the Shrine Room of the sacred relic and see the relic, together with the Temple jewellery. They gave an assurance that there would be no question of any act of worship or homage; The Queen would not be invited to make any offering, but she would be expected to remove her shoes in the Shrine Room itself. The Prime Minister and the Governor-General of Ceylon did their utmost to persuade the authorities not to press this proposal, but without success. The Temple authorities insisted that no religious significance could or would be attached to acceptance of their invitation; that the relic had been exhibited to previous Members of the Royal House; that refusal would be construed by the great majority of inhabitants, numbering about 5 million out of 8 million inhabitants of Ceylon, as an insult to their religion; and that, in that event, it would be impossible for the Perahera to be held.

5. In these circumstances, the Prime Minister of Ceylon agreed to submit the invitation to The Queen through the Governor-General, who has transmitted it to Sir Michael Adeane, informing him that he completely concurs in the Prime Minister's advice. The Governor-General has also informed Sir Michael Adeane that, in his opinion, if the relic were not seen by The Queen and the Perahera not held, extremists would take the opportunity to fan the flames of religious fanaticism, with results which would be most detrimental to the success of the Royal visit.

6. The Governor-General states that every effort will be made in the Press and elsewhere to emphasise that the mere viewing of the relic has no religious significance whatever. He adds that the proceedings will only take a few minutes, and that the removal of the shoes cannot be interpreted as an act of worship or homage. Steps will be taken to screen The Queen and ensure absolute privacy when she takes off her shoes before entering the Shrine. Immediately she leaves it they will be put on again.
KENYA
DETENTION OF SUPPORTERS OF MAU MAU

Memorandum by the Secretary of State for the Colonies

The present situation in Kenya requires that more effective steps should be taken to neutralise the passive supporters of Mau Mau and, in particular, the large number of unemployed Kikuyu who have drifted into Nairobi. They form most of the criminal element in the city and are ready converts to Mau Mau. Amongst other things steps must be taken which will increase substantially the number of persons to be held on Governor's detention orders. Since there is nothing more demoralising than to be shut up with nothing to do, it is intended to employ such persons compulsorily. The work will not be penal or oppressive and I propose to lay it down that market rates of wages will be paid. Under existing Emergency Regulations it is open to the Governor to declare any detention camp a special detention camp for rehabilitation purposes and the persons in those camps can be required to work.

2. Circumstances such as these were not foreseen when the Forced Labour Convention of 1930, to which Her Majesty's Government and the Kenya Government have adhered, was drawn up; it is not clear whether the action proposed in the preceding paragraph would be a breach of that Convention. It can be argued that the exemptions provided in the Convention in case of emergency would cover what is proposed. It can, however, certainly be argued also that they do not and that a technical breach of the Convention would be involved. In any case extensive use of the emergency powers in the way proposed would be likely to give rise to international and Parliamentary criticism. Commenting on similar regulations in force in Malaya, the United Nations Ad Hoc Committee on Forced Labour (1953) said that such powers "if broadly interpreted and extensively applied, could lead to a system of forced labour as a means of political coercion". Short of complete denunciation of the Convention by Her Majesty's Government, there is no escape from the obligations under the Convention. A breach of the Council of Europe Convention on Human Rights is also probably involved: Article 15 permits derogations from the obligations accepted in time of public emergency, but only so far as may be consistent with "other obligations under international law."
3. I am satisfied however that the situation in Kenya requires that the breach, if such it is, be accepted and justified on the grounds that:

(i) we are dealing with exceptional circumstances not contemplated by the Convention;

(ii) we are not offending against the spirit of the Convention which was framed primarily to prevent the exploitation of labour;

(iii) the measures taken are emergency measures and will be rescinded as soon as normal conditions have been restored.

4. Copies of the relevant telegraphic correspondence with the Kenya Government are attached. I now seek endorsement of the policy proposed.

C.L.

Colonial Office, S.W.1.

8TH FEBRUARY, 1951.

ANNEX

Telegram No. 72 dated 27th January, 1951 from the Governor of Kenya to the Secretary of State for the Colonies

Commander-in-Chief has presented "Appreciation on the Future Military Policy in Kenya 1951" and I hope to send you copy very shortly. Appreciation emphasises that any military plan adopted must not prejudice the long-term political policy for Kenya and, after reviewing the whole situation, concludes, since infliction of crippling casualties on the enemy is not possible in conditions in which the security forces have to operate against Mau Mau, certain drastic administrative measures are urgently necessary in support of military action if the Emergency is to be brought to an end.

2. Chief of these are:

(a) Large-scale detention of Kikuyu on suspicion as a prophylactic measure, i.e. change in present detention practice.

(b) By 1st April clean-up of Nairobi by:

(i) evacuation of all Kikuyu, Meru and Embu from Nairobi and their detention; or

(ii) alternatively, the evacuation and detention of all unemployed or suspected Kikuyu, etc. from the City.
(c) Provision of inaccessible and distant detention camps with capacity of 100,000 persons and capable of expansion.

(d) After clean-up of Nairobi, removal of all or part of Kikuyu labour from the settled areas.

(e) Reorganisation of higher Emergency control into:

(i) Top-Level Emergency Cabinet consisting of Governor, Commander-in-Chief, Deputy Governor and possibly Blundell.

(ii) Small executive body based on, but smaller than, present Colony Emergency Committee with Crawford as Chairman and Hinde as Executive Officer.

(iii) Emergency Secretariat on the lines of Cabinet Secretariat to secure liaison and co-ordination between Departments of the Government and Branches of the General Headquarters.

(iv) Formation of ad hoc Working Parties to produce plans for such matters as detention camps, Nairobi clean-up, sanctions and reorganisation in the Kikuyu reserves, etc.

(f) Build-up of the Home Guard so that they and the police can take over areas to be vacated by the military.

(g) A number of measures for stricter administrative discipline in the reserves and in Nairobi City.

3. Generally, I agree that present somewhat static situation requires drastic action if the end of the Emergency is to be expedited and the danger of spreading Mau Mau to other tribes avoided, and that clean-up of Nairobi and build-up of Kikuyu guard (now being undertaken) are particularly Important. I also agree entirely with the need for reorganisation of the higher Emergency control on the broad lines of paragraph 2(e) above, so as to ensure the maximum liaison between the military and the civil authorities in what is after all difficult combined operation against an impalpable and numerous enemy, and proposals are the result of discussion between Erskine and me.

4. I doubt, however, whether detention of as many as 100,000 Kikuyu is feasible or would produce good results and could not agree to indiscriminate expulsion and detention of all Kikuyu, Meru and Embu from Nairobi (paragraph (t) (i) above). Latter may have some immediate security advantages but would, in my opinion, prejudice any future solution for the Nairobi-based loyalists (as in the reserves) and would seriously disrupt services and the economic life of the city.
5. In short, I am sure the Commander-in-Chief is right in thinking that we cannot bring the Emergency to an end without detaining a large number of helpers as distinct from managers of Mau Mau; and action in Nairobi is particularly urgent. But we should not hit out blindly by detaining all in a given area. This has been tried in the past in Leshau Ward after the Meiklojohn murder and it produced no result. But a selective measure based possibly on:

(a) information from headmen in Nairobi as to who are helpers of Mau Mau and

(b) further information now being compiled as to who in Nairobi are not in genuine employment

is required.

(2) If numbers become very great we will be unable to control what goes on in the camps, and rehabilitation efforts will be swamped because the camps will become breeding grounds of a revived Mau Mau movement. I therefore consider that to put 100,000 Kikuyu in camps would do more harm than good. But a phased movement with a top limit, at present, of 50,000 on it, is I think inescapable. In Nairobi the men far exceed in numbers the women and children who, I am assured by the Provincial Commissioner of the Central Province could return to the reserves.

6. To enable me to take action quickly on the lines suggested in this telegram, I should be glad to know whether you would agree to the broadening of the basis for detention to cover:

(a) those who are unemployed and have no place to which they could safely be sent in the reserves, and who constitute therefore a threat to the maintenance of public order. This would be particularly directed against Kikuyu loafers and spivs in Nairobi who are known to support the Mau Mau or to form most of the City's criminal element.

(b) those suspected of supporting the Mau Mau. At present as you know, it has been the policy to confine the Governor's Detention Orders to those against whom there is information from at least two reliable sources that they are managers of Mau Mau, and only total of 400 odd have been so detained. I and my advisers feel this no longer meets the situation and that in order to demonstrate that the Government must be supported, and that overt or covert support of the Mau Mau will no longer be tolerated, all suspected or potential trouble-makers should be detained, and previous high and limiting qualifications for a Governor's Detention Order be lowered. I understand this has been policy in Malaya, combined with rehabilitation measures which we are introducing here; and both Commander-in-Chief and I consider situation in Kenya now requires similar action.
7. I should also like your agreement to persons so detained being required to work, by their detention camps being designated Special Detention Camps under Rule 22 of Emergency (Detained Persons) Regulations 1953 (Government Notice No. 1729 of 1953). This I consider to be essential if the larger number it is now proposed to detain are to be rehabilitated in any way. Experience at existing Athi River and Manda detention camps has shown that without work rehabilitation cannot even begin.

8. Lastly, with the possibility of detaining as many as 50,000 men - women and children would be returned to their relatives in the reserves - it will be necessary for me to delegate my powers under Emergency Regulation No. 2 of Emergency Regulations 1952 (Government Notice No. 1103 of 1952) and I should like your agreement to this also.

9. I understand as regards paragraph 2(e) (iii) above - Emergency Secretariat - that Secretary of State for War, when here, said he could provide suitable person for important post of Head of the Secretariat. Such an appointment for the next six months or so would certainly be of great assistance.

10. Commander-in-Chief has seen this telegram and pointed out that if 2(b) (ii) (i.e. selective removal from Nairobi) is adopted, it will have to be applied on large scale and there will probably be considerable disruption of normal life of the City. On the question of numbers to be detained, Commander-in-Chief has pointed out that we are under obligation to accept 6,000-10,000 from outside Kenya and have a further 12,000 to move to the settled areas and areas of other tribes in Kenya. It is his belief that we should plan for 100,000.

11. I regret putting to you major changes in emergency policy at such short notice and having to ask for an early reply but I am satisfied that the existing situation requires rapid changes of policy and new methods.
TELEGRAM NO. 136 DATED 5TH FEBRUARY, 1954
FROM THE SECRETARY OF STATE FOR THE COLONIES
TO THE GOVERNOR OF KENYA

Your telegram No. 72.

Emergency Policy.

On general policy and organisation I am not yet ready to give you my considered views but in the meantime I am sending this reply to your immediate request.

2. Your paragraph 6

I have no objection to your broadening basis for detention within your present legal powers to the extent you deem necessary provided that powers are exercised against individuals on grounds (however slender) connected with Mau Mau and not against categories of persons. I also presume it is not your intention to deprive any such persons of their right to object to an Advisory Committee.

Your paragraph 7

I agree to this proposal but since we shall be in technical breach of the Forced Labour Convention it will be necessary for me to consult my colleagues before giving you authority. I consider it important firstly that in this connection public emphasis should be laid on the rehabilitation character of the camps which should I think be designated "Rehabilitation Camps", and secondly that the greatest care is taken in selecting staff for these camps so as to avoid any untoward incidents which might bring them into the limelight.

Your paragraph 8

I presume it is your intention to delegate your powers to Provincial Commissioners and I should see no objection to this provided clear instructions were issued on the way in which they are to be exercised. You will no doubt increase the number of your Advisory Committees to ensure that objections can be heard without too much delay.

3. I shall be very ready to examine any further measure you may consider necessary when I visit you as I hope to do towards the end of this month.