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

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.
The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.

The following were also present:

Mr. Ness Edwards, M.P., Parliamentary Secretary, Ministry of Labour and National Service.
The Earl of Huntingdon, Parliamentary Secretary, Ministry of Agriculture and Fisheries (Items 1-3).

Secretariat.
Sir Edward Bridges.
Sir Gilbert Laithwaite.
Mr. W. S. Murrie.

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Conscientious Objectors.

1. The Cabinet had before them—

(i) a memorandum by the Minister of Labour and National Service (C.P. (45) 139) regarding the release of conditionally registered conscientious objectors from the conditions on which they had been registered; and

(ii) a memorandum by the Chancellor of the Exchequer (C.P. (45) 146) regarding the treatment of conscientious objectors in the Civil Service.

The Cabinet considered first the proposals made by the Minister of Labour and National Service in C.P. (45) 139.

The Parliamentary Secretary, Ministry of Labour and National Service, explained that, under the National Service (Armed Forces) Act, 1939, a conscientious objector who was ordered by a tribunal to be registered on conditions was bound by these conditions until the end of the existing emergency. The date fixed for the end of the emergency might be some considerable time in the future and it seemed desirable that legislation should be introduced to empower the Minister of Labour and National Service to release conditionally registered conscientious objectors from their conditions before the legal end of the emergency. The Minister of Labour and National Service would propose to use this power to release conscientious objectors by groups based on their age and the length of time during which they had been conditionally registered, and he would arrange, so far as possible, for the groups to be released after the completion of the release of the equivalent Army groups. Conscientious objectors released from their conditions would be subject to any controls which were at the time applicable to other civilians of the same age.

The following points were raised in discussion:—

(a) It was pointed out that the Royal Air Force might have to postpone the release of men in particular groups after men in the equivalent groups had been released from the Army. In these circumstances, would it not be desirable to postpone the release of conscientious objectors until the completion of the release of the equivalent groups in all three of the Services?

(b) Conscientious objectors who had undertaken agricultural work would remain subject to the operation of the Essential Work Order after their release.

(c) It was explained that it was not proposed to release conscientious objectors in Class “B.”

The Cabinet—

(1) Authorised the Minister of Labour and National Service to prepare a Bill amending the National Service (Armed Forces) Act, 1939, on the lines proposed in C.P. (45) 139.

(2) Invited the Minister of Labour and National Service to consider, in consultation with the Service Ministers, whether it would be possible to arrange to defer releasing conscientious objectors in any particular age and length of service group until after the completion of the release of the equivalent age and length of service groups in all the three Services.

The Cabinet then considered the proposals made by the Chancellor of the Exchequer (C.P. (45) 146).

The Chancellor of the Exchequer explained that a number of conscientious objectors had been directed to remain in the Civil Service and that, in order that they should not profit by comparison with their colleagues who had entered the Armed Forces, they had not received promotion and, where they had undertaken increased responsibilities, had been given no increase in pay. By the end of 1945 a substantial number of Civil Servants would have returned from the Forces and new recruits from the Forces would have begun to enter the Civil Service. It was accordingly proposed that from
this date the ban on promotion should be removed. It was also pro-
posed that conscientious objectors who had been in the Civil Service
and, on being directed to other forms of national service, had
obeyed their instructions, should be reinstated, although their war
service would not reckon for pension, as would the war service of
other Civil Servants. Conscientious objectors who had refused to
obey directions were not entitled to reinstatement, but any case in
which the person concerned applied for reinstatement would be
considered by the Treasury on its merits.

In discussion it was urged that, until the Cabinet had before
them further information with regard to the rate at which demobil-
sation would proceed, it would be undesirable to come to a final
decision with regard to the date from which the ban on the pro-
motion of conscientious objectors should be removed, since there
was likely to be considerable discontent if conscientious objectors
were promoted at a time when any considerable number of their
colleagues were still serving with the Armed Forces.

The Cabinet—

(3) Gave general approval to the proposals for the treatment
of conscientious objectors in the Civil Service set out in
C.P. (45) 146.

(4) Took note that the Chancellor of the Exchequer would
bring before the Cabinet again the question of the date
from which conscientious objectors who had been
directed to stay in the Civil Service would be allowed to
receive promotion, once further information was avail-
able with regard to the rate at which demobilisation
would proceed.

Armistice Day.

(Previous
Reference: W.M. (44) 140th
Conclusions, Minute 10.)

2. The Cabinet had before them a Memorandum by the
Secretary of State for the Home Department (C.P. (45) 143) about
the celebration of Armistice Day.

The Home Secretary explained that until 1939 it had been
customary for Armistice Day to be celebrated by the holding of
a special service at the Cenotaph in Whitehall at 11 a.m. on the
11th November, and of local services throughout the country at the
same hour. During the war, however, the holding of services on
the 11th November had been abandoned. The question now arose
whether on Sunday, the 11th November next, there should be a
reversion to the pre-war practice of a ceremony at the Cenotaph
and a decision was also required on the more general question of
commemoration ceremonies in future years.

On the general question, he felt that there should not be
separate days of remembrance for the two wars, and he proposed
that, should The King approve the holding of the Armistice Day
service on the 11th November next, the preliminary announcement
should make it clear that, although Armistice Day would be cele-
bated on the usual lines this year as a day of remembrance for
those who had fallen in both wars, in the near future some other
date would be fixed as a national day of remembrance on which
those who had fallen in the two wars would be honoured and
remembered. Meanwhile, he would examine with representatives
of the Churches, of the British Legion and of other interested parties
the question of settling a national day of remembrance for 1946
and future years.

In discussion the question was raised whether it was desirable
to hold the special service at the Cenotaph in Whitehall on the
11th November next, and the suggestion was made that it might be
sufficient to continue this year the practice adopted during the war.
The general view was, however, that the balance of advantage lay
in reverting on this one occasion to the pre-war practice under which
a special service had been held at the Cenotaph.
With regard to the selection of a national day of remembrance for 1946 and future years, it was pointed out that, while the Armistice celebrations in November had become in some sense a recognised institution, the uncertainty of the weather at this time of year was a strong objection, and that the Sunday following the 11th November was normally celebrated as Civic Sunday. There were also objections to the selection of the anniversary of the end of the Japanese war since this would make the ceremony fall during a holiday period. Attention was called to the desirability, if it were possible, of fixing a day which the United States would also be willing to observe as Remembrance Day, and the suggestion was made that the possibility of relating the date selected to the date of the signature of the Atlantic Charter should be considered. It was also pointed out that before any final decision was reached an opportunity should be given for consultation with the Dominions.

The Cabinet—

(1) Agreed that the Home Secretary should take The King’s Pleasure as to the revival of the ceremony at the Cenotaph on the 11th November, 1945.

(2) Invited the Home Secretary, in the light of the discussion and in consultation with the interests concerned, to consider further the selection of a date on which a National Day of Remembrance for both wars could be celebrated.

3. The Cabinet had before them a Memorandum by the Lord Chancellor (C.P. (45) 149) on the subject of the Trade Disputes and Trade Unions Act Repeal Bill.

The Attorney-General said that the Lord Chancellor had felt it desirable to bring to the attention of the Cabinet the proposal which had been provisionally approved by the Legislation Committee that the Bill, which would, of course, arouse considerable political controversy, should be introduced very early in the Session. The question also arose as to which Minister should be responsible for the Bill in the House of Commons. Since the proposed Bill provided for a straightforward repeal of the Act of 1927 and did not raise the complex legal points which had arisen on the Bill of 1930, it was for consideration whether some Minister of Cabinet rank should not be made responsible. It was also essential that one Department should undertake the responsibility for preparing briefs and getting facts together for the use of the Minister in charge of the Bill.

In discussion there was general agreement that the Bill should be debated as early as possible in the Session, and it was felt that the Minister of Labour and National Service should accept primary responsibility for the Bill in the House of Commons. It would probably be necessary to allow two days for the Second Reading of the Bill, and it might be convenient if the Attorney-General moved the Second Reading. The Minister of Labour and National Service could then wind up on the first day and the Foreign Secretary might speak at the end of the second day.

Attention was drawn to the proposal referred to in paragraph 2 of C.P. (45) 149 that it should be for the executive committee of each union to approve the form of the new rules that would be required as a result of the repeal of the Act of 1927. It was pointed out that difficulties might arise if the Bill purported to lay down the procedure to be adopted by unions in this matter, and that it might be preferable to provide that, while the executive committee might circulate new rules, they should not be operative until the next general meeting of the union. Alternatively, it might be provided that the rules should be approved by the appropriate authority under the constitution of the union.
The Cabinet—

(1) Agreed that the Second Reading of the Trade Disputes and Trade Unions Act Repeal Bill should be taken at an early date after Parliament had reassembled and gave general approval to the arrangements for the debate outlined at "X" above.

(2) Agreed that the Minister of Labour and National Service should be generally responsible for the Bill in the House of Commons and that his Department should undertake any work connected with the preparation of briefs.

(3) Invited the Lord Chancellor, in consultation with the Secretary of State for Foreign Affairs and the Minister of Labour and National Service, to consider in the light of the discussion the provisions to be included in the Bill with regard to the approval of trade union rules.

4. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (45) 167) covering the draft of a Bill to bring the Bank of England under public ownership.

After the Chancellor had explained the main provisions of the Bill discussion followed, of which the main points were the following:—

(a) The Lord President pointed out that the Bill, as a hybrid Bill, would be the subject of a special procedure, and it would be necessary to take special steps to ensure that the Government's interests were duly safeguarded.

(b) Discussion showed general agreement with the proposals in Clause 1, as to the terms on which the existing Bank Stock would be taken over. It was important, however, that it should be made clear that the basis of compensation to holders, while appropriate in the present case in respect of Bank Stock, which was a Trustee security, would not necessarily be appropriate in other cases of nationalisation and should not therefore be regarded as a precedent.

(c) The main discussion took place on Clause 4 (3), which conferred on the Bank of England power to request information from, and to make recommendations to, banks on banking operations and authorised the Treasury, if they thought it expedient in the public interest, to make such regulations and give such directions as they thought necessary for the purpose of ensuring that any such requests or recommendations were carried out.

(d) It was pointed out by the Secretary of State for India that the wording of this Clause was very wide and, indeed, was wider than the power conferred on the Treasury in Clause 4 (1) to give directions to the Bank of England, which power was limited by Clause 4 (2).

(e) The use of the term "banking operations" was questioned by the President of the Board of Trade, who thought that this might be regarded as covering day-to-day operations, and suggested that the words "in regard to banking operations" should be omitted from Clause 4 (3). Some consequential amendment of the long title of the Bill might also be necessary.

(f) Several Ministers asked what were the sanctions behind Clause 4 (3). The Chancellor of the Exchequer explained that to insert a clause containing such sanctions or imprisonment or a fine would look unreal. Discussion showed general agreement with the view expressed by the Minister of Health that the real sanctions were those implicit in the relations between the Bank of England as a central Bank and the commercial Banks.

(g) The view was also expressed that, while it was necessary that there should be power to give directions, it was undesirable also to take the power to make regulations. If the latter power was taken, the question would at once arise whether such regulations would be the subject of affirmative or negative resolutions. While...
the actions of the Minister could, of course, be called in question by Parliament, it was undesirable that the directions given in these matters should be automatically brought before Parliament.

(h) The Foreign Secretary thought that it would be better to redraft Clause 4 (3) on the basis that the Treasury should have power to authorise or request the Bank of England to issue directions to the Joint Stock Banks, and in their relations with the Joint Stock Banks the Treasury should act through the Bank of England. This was in conformity with the view already expressed that the ultimate sanction in these matters was a banking sanction.
This suggestion met with general approval.

The Cabinet—

(1) Expressed general approval of the Bank of England Bill appended to C.P. (45) 167, subject to the amendment of Clause 4 on the lines indicated in discussion.
(2) Authorised the Chancellor of the Exchequer to arrange for this Clause of the Bill to be redrafted, and to submit the Bill to the Legislation Committee without further reference to the Cabinet.

5. The Cabinet had before them a Report by the Secretary of State for Foreign Affairs, Chairman of the Overseas Reconstruction Committee (C.P. (45) 160), on the industrial disarmament of Germany.

At their meeting of the 15th June, 1945, the Cabinet had approved certain proposals as regards the initial measures to be taken for the destruction of Germany's industrial war potential, but had deferred consideration of the more detailed proposals. These detailed proposals had now received further consideration, and in the result the statement of policy on industrial disarmament appended to C.P. (45) 160 had been prepared. The statement was based on the following assumptions which were vital to the whole scheme:—

(i) Germany would be prohibited for an indefinite period from maintaining armed forces, possessing arms and munitions or maintaining plant for their manufacture;
(ii) Germany would not be dismembered, though important territories would be ceded to neighbouring States; in particular, the Rheno-Westphalian industrial district would not be withdrawn from the German economic complex;
(iii) Germany would not be occupied indefinitely but for a sufficiently long period (not less than ten years) to allow the changes in her industrial structure, which would result from the measures recommended, to have a chance of becoming permanently established.

The immediate purpose was to achieve security against the possibility of future German aggression, and the proposals in the memorandum therefore embodied a drastic policy over a selected field of German industry with a view to eliminating the basis of Germany's industrial war potential. Arrangements were being made for a study to be undertaken separately of the longer term aspect of our policy towards German industry, viz., the economic and trade aspects from the point of view of British exports and balance of payments.

The Secretary of State for Foreign Affairs said that the proposals now put forward on behalf of the Overseas Reconstruction Committee represented the result of long and careful discussion. Our representatives on the Control Commission for Germany and on
the Reparations Commission were in urgent need of definite instructions as to our immediate policy towards German industry, and he trusted that the present proposals, which were solely concerned with the security aspect, would commend themselves to the Cabinet. The economic aspect would have to be considered separately on merits.

The following points were made in discussion:

(a) On the one hand, it was strongly urged that it was almost impossible in practice to draw a clear line of division between the economic and the security aspects of this matter. Was it not difficult to reach a final conclusion on the recommendations now before the Cabinet, save in the light of a review of economic reactions? Surely it was necessary to consider Germany's requirements from the economic and social point of view, if there was to be any hope of maintaining order in that country over a long period of years. And must not account be taken of the fact that reconstruction in Germany would be a costly business and must involve some restoration of her industrial potential? How was such reconstruction to be financed? It could only be either by generally developing export markets on a sufficient scale or by loans from the Allies. Experience after the last war had shown the grave problems involved in either of these courses.

(b) The policy proposed in the paper was one of great severity. It contemplated the destruction, or at any rate the putting out of action of a very wide range of German industry. It had in view, further, the occupation of Germany for a period of not less than ten years. Could we rely on the continued support, over so long a period, of public opinion in this country for these drastic steps? Conditions in the forthcoming winter would probably greatly appeal to humanitarian feeling in the United Kingdom. Was it wise to commit ourselves to a policy which lack of support here might make it impossible for us to carry through?

(c) It was urged, on the contrary, that the policy embodied in the statement appended to the Report by the Overseas Reconstruction Committee, was not nearly as severe as was desirable. In particular, it was unwise to exclude the remainder of the chemical industry, including precision and optical instruments and radio, from the groups to be destroyed or placed under control. A similar point arose in connection with the postponement of action against the manufacture of ball and roller bearings, on which the Report was inconsistent with itself.

It was explained that in the case of ball and roller bearings, all that was involved was a postponement to enable sufficient bearings to be produced to make possible the small amount of German industrial reconstruction that was regarded as inevitable. The position of the remainder of the chemical industry was already under urgent examination by the Control Commission, which would be reporting in due course, and no final decision had yet been taken on this.

(d) Admittedly we had to contemplate the risk of an emotional reaction against the policy now proposed. But the facts had to be faced. The choice before us was between the adoption of severe measures of reconstruction of this character or a revival of the conditions which in the period between the wars had led to Germany finding herself in a position to involve the world in the war which had just concluded, and this would have to be made clear to the electorate. Moreover, if public opinion was not prepared to support a policy of the order now in view, it would greatly reduce the prospect of the World Organisation's being able, when established, to attain its objectives.

(e) We must take full account of the demands of the economic side and of the risks that as a result, e.g., of the bankruptcy of the Ruhr, we might find ourselves with the need for disposing of a starving population and the political and internal security risks which that involved. On the other hand, as the Cabinet was aware, there was very strong pressure from Allies who had suffered in the
war, for a substantial measure of reparation, even from Western Germany, at whatever cost to the population of that area. Our present object was to provide a measure of reparations material from those industries which we did not want Germany to continue.

(f) The need for a review of economic reactions was fully accepted and arrangements for a report upon them had already been made. The present proposals were essentially interim in character and did not prejudice the long-term issue. As explained in paragraph 7 of the Annex to C.P. (45) 160, the programme before the Cabinet represented no more than an initial one for dealing with certain industries so important to the war potential of Germany that there could be no reason for delay in dealing with them pending more detailed examination of the whole field.

(g) The Secretary of State for Dominion Affairs said that Field-Marshal Smuts had indicated his strong support for the proposals now put forward by the Foreign Secretary.

Summing up the discussion, the Prime Minister said that we were confronted with a difficult balance of considerations. The discussion had made it clear that the Foreign Secretary's proposals dealt purely with a short-term programme and so were limited to the bases of war as we knew them now, and that a separate examination would be made of the longer term aspect of our policy. Meanwhile, it was urgent to instruct our representatives on the Control Commission and on the Reparations Commission and the general sense of the Cabinet was, he thought, that for this purpose the statement of policy on industrial disarmament annexed to the Foreign Secretary's paper should be accepted.

The Cabinet—

Agreed with the view expressed by the Prime Minister at "X," and invited the Secretary of State for Foreign Affairs to communicate the statement of policy on industrial disarmament annexed to C.P. (45) 160, to the British representatives on the Control Commission for Germany and on the Reparations Commission for their guidance.

Cabinet Office, S.W. 1,
13th September, 1945.