CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1. on Thursday, 15th July, 1948, at 10 a.m.

Present:
The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).
The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. ANEURIN BEVAN, M.P., Secretary of State for Scotland. The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.
The Right Hon. GEORGE TOMLINSON, M.P., Minister of Education. The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.
The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air (Item 5). The Right Hon. G. R. STRAUSS, M.P., Minister of Supply (Item 5).
The Right Hon. W. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations. The Right Hon. LORD PAKENHAM, Minister of Civil Aviation (Item 5).
The Right Hon. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury (Items 1–3).

Secretariat:
Sir NORMAN BROOK.
Mr. W. S. MURRIE.
Mr. S. E. V. LUKE.
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

It had been intended that Parliament should be prorogued on 30th July; but it was likely that the Opposition might ask that Parliament should be adjourned, instead of being prorogued, so that it might be convened more easily if the international situation deteriorated or some other emergency arose during the summer recess.

After discussion the Cabinet agreed that the balance of advantage lay on the side of adjourning Parliament for the summer recess and authorised the Lord President to announce, at the appropriate time, that it was not the Government's intention to ask for prorogation until after the recess.

2. The Cabinet were informed that Mr. S. S. Silverman, M.P., and other Labour supporters who had favoured the suspension of the death penalty had suggested that, when the Lords' amendments to the Criminal Justice Bill were debated in the House of Commons later that day, the Government should make it clear that their compromise clause on the death penalty represented the limit of the concessions which they were ready to make on this question and that, if this was rejected, they intended to ensure, if necessary by recourse to the Parliament Act procedure, that the Bill should pass into law in the form in which it first left the Commons.

It was the view of the Cabinet that it would be a mistake in tactics for the Government to announce at the present stage what course they would follow if the compromise clause were not accepted by the House of Lords. It was possible that the Lords would reject this clause; but, if the Government announced in advance what they intended to do in that event, they would be inviting the Lords to reject it. The view was also expressed that it might be unwise to have recourse to the Parliament Act procedure on an issue of this kind, where public opinion was uncertain and Parliamentary opinion was not divided on Party lines.

The Cabinet agreed that the Government must first concentrate on getting the House of Commons to accept the compromise clause. There was no obligation on them to disclose in advance what course they might take if that clause were subsequently rejected by the House of Lords, and it would be inexpedient for Ministers to be drawn into public discussion of that question at the present stage.

The Cabinet—

Invited the Home Secretary to explain to Mr. Silverman and his colleagues, before the debate that afternoon, the reasons why the Government felt unable to give at this stage any public indication of the course which they might adopt if the compromise clause on the death penalty were rejected by the House of Lords.

3. The Cabinet were informed that the Conservative Opposition in the House of Lords, while they had agreed to make no further difficulties over those provisions of the Representation of the People Bill which concerned the Parliamentary franchise had asked whether the Government would give sympathetic consideration to an amendment designed to give Westminster and the City of London increased representation on the London County Council. These areas at present had eight seats on the London County Council; under the provisions of the Bill they would in future have only three. They had, however, large numbers of business voters and high rateable values; and on these grounds it was represented that they should together have six seats on the London County Council.

In discussion it was pointed out that this concession could not be made without reopening the claims of other London boroughs. Nor could the Government concede a claim which was admittedly based on business votes and rateable values.
The Cabinet—
Agreed that the Government spokesmen in the House of Lords should resist any attempt to introduce into the Representation of the People Bill amendments designed to give to Westminster and the City of London increased representation on the London County Council.

Electricity.
Control of Domestic Consumption. (Previous Reference: C.M. (47) 74th Conclusions, Minute 2.)

4. The Cabinet considered a memorandum by the Minister of Fuel and Power (C.P. (48) 183) on the control of domestic consumption of electricity.

The Minister of Fuel and Power said that, owing to the slow progress made in installing additional generating plant, the supply of electricity was likely to fall short of the peak demand until 1954 and the shortfall would be specially large during the next three winters. Arrangements would have to be made for spreading the load next winter, and plans covering both industrial and commercial consumers had been approved by the Production Committee on 2nd July (P.C. (48) 13th Meeting, Minute 2). The problem of spreading the domestic load had been examined by a committee under the Chairmanship of Sir Andrew Clow, which had recommended the introduction of a system of differential charges to discourage demand during the months of peak demand. It might be possible by this means to obtain a saving of between 250,000 and 500,000 kilowatts in domestic consumption. Some householders might find it difficult to meet the additional expense during the winter months, even though this would be offset by lower charges in the summer; but the burden would mainly fall on those who used electricity only for heating rooms. The detailed revision of tariffs would be undertaken by the Area Boards.

Discussion showed that there was general support for this proposal, which had been endorsed by the Production Committee. The following points were made:

(a) Care should be taken to explain to the public the purpose and effects of the proposed system of differential charges, in order to secure the maximum economy with the least possible friction. Publicity for this purpose should be concerted by the Ministry of Fuel and Power, the Economic Information Unit and the British Electricity Authority. Full use should be made of broadcast publicity.

(b) Was it necessary that the scheme should apply to the North of Scotland, where no deficit in generating capacity was expected next winter? It was pointed out that the detailed application of the scheme would be left to the Area Boards, who would have discretion to adopt arrangements appropriate to local circumstances.

(c) Should the scheme extend to consumers using slot-meters? These would be the least able to bear the heavier winter charges and there were so few of them that the economy achieved would hardly warrant the hardship caused. Moreover, they were already paying higher rates for electricity than those who paid quarterly. It was pointed out, in reply, that other consumers might feel aggrieved if the new system was not extended to consumers using slot-meters. Moreover, the use of slot-meters was not confined to the poorer people; they were widely used in hotels and lodging houses. Ministers agreed that the question whether the scheme should apply to slot-meters should be left for the Minister to decide in consultation with the British Electricity Authority and the Area Boards.

The Cabinet—
Approved the proposal in C.P. (48) 183 that the report of the Clow Committee should be published with an indication that the Government had accepted their recommendations, and that the British Electricity Authority should be asked to give effect to them.
5. The Cabinet considered a memorandum by the Lord Privy Seal (C.P. (48) 179) reporting the results of the review of the civil aircraft programme made by the Civil Aviation Committee. They also had before them a memorandum by the Minister of Supply (C.P. (48) 182) setting out his objections to the Committee's recommendations that Canadair aircraft should be bought for use by the British Overseas Airways Corporation, and a joint memorandum by the Minister of Supply and the Minister of Civil Aviation (C.P. (48) 180) covering the final report of the Committee of Enquiry into the Tudor aircraft.

The Lord Privy Seal recalled the general background against which the Civil Aviation Committee had carried out their review and drew attention to the main features of the long-term civil aircraft programme set out in paragraph 5 of C.P. (48) 179. The most difficult question which the Committee had had to consider was how to provide for the Empire services of B.O.A.C. during the interim period before the new British types became available. It had been hoped that B.O.A.C. would be able to rely for this purpose on Tudor IVs and Tudor II's and that the Tudor V (a variant of the Tudor II) might be used by B.S.A.A.C. but, in view of the disappointing results of the trials of the Tudor II, it seemed clear that neither it nor the Tudor V could be used on scheduled services and the Committee therefore recommended that sixteen Tudor IVs on order for B.O.A.C. should be transferred to B.S.A.A.C., and that B.O.A.C. should be allowed to buy twenty-two Canadairs on the understandings (i) that no immediate dollar expenditure would be involved, and (ii) that B.O.A.C. would undertake that this would not be allowed to prejudice the introduction on their services of the new British types as they became available.

The Minister of Supply dissented from this recommendation and proposed that B.O.A.C. should use Tudor IVs, the twenty-six Tudor II's on order being converted into Tudor IVs.

The Lord Privy Seal added that, in conducting his review of the civil aircraft programme, he had been disturbed by the lack of co-operation between the Ministry of Supply and the Ministry of Civil Aviation and by the evidences of friction between these Departments and the Corporations. He also thought it deplorable that so much of the deliberations of the Committee should have been divulged and that improper attempts should have been made by the interests concerned to influence the decisions to be taken by Ministers.

The Chancellor of the Exchequer informed the Cabinet that on the previous day the United States Ambassador had written to him suggesting that, if the Cabinet decided to depart from the "fly British" policy, they should buy United States aircraft rather than Canadairs. This proposal had been supported by the argument that Constellations, being better aircraft, would earn more dollars and an offer had been made to finance the purchase of Constellations through the Export-Import Bank in such a way as to involve no net dollar expenditure by the United Kingdom. In fact, however, the purchase of Constellations would be less attractive from the point of view of our dollar resources, since all the dollar earnings of any Constellations bought would have to be devoted to repayment of the purchase price, whereas the Canadian Government were willing to agree that the purchase of Canadairs should be financed out of the Canadian assets which we were at present committed to realise in repayment of the Canadian interest-free loan, with the result that we should reap the benefit of any dollars earned by the Canadairs without any corresponding increase in our dollar payments to Canada apart from the extension of the period of repayment of the interest-free loan.

The Cabinet's discussion was confined to the question whether the interim needs of B.O.A.C. should be met by Canadairs or Tudor IVs.

In support of the proposal to buy Canadairs it was argued that, in attractiveness to passengers and in pay-load, the Canadair
was in almost all respects superior to the Tudor IV and that, even after allowing for the additional capital cost of the Canadairs, the cost of operating them over a period of five years would be less than that of operating a corresponding number of Tudor IV's by a sum ranging, according to the varying estimates, from £5.3 millions to £18.5 millions. Moreover, there would be no difficulty in operating the Canadair on Empire airfields, but the bearing strength of some of those airfields was at present only just adequate for the Tudor IV and was thought likely to deteriorate. Again, it would be possible to give a better service on the North Atlantic route with Canadairs and so to earn, or save, more dollars. Other uses could be found for most, if not all, of the twenty-six Tudor II's and the decision not to compel B.O.A.C. to employ Tudors on their scheduled routes, though a departure from the "fly British" policy, need not involve any reflection on the merits of the British aircraft industry as a whole, nor any interference with the production of other aircraft by A. V. Roe, Ltd. While it was reasonable to require the Corporations to use British aircraft where the alternative foreign aircraft were not markedly superior, it would bring nothing but discredit both to British civil aviation and to the British aircraft industry if the Corporations were compelled to use aircraft, with which they could not hope to compete successfully for the available traffic.

Against the proposal to buy Canadairs it was argued that the superiority of the Canadair over the Tudor IV was not enough to justify a departure from the "fly British" policy. The Tudor IV's were already being operated successfully by B.S.A.A.C. and, although there might be difficulties in using them on certain Middle and Far East airfields, these difficulties should not be insuperable. The damage to the prestige of the British aircraft industry would be severe and would undoubtedly affect their overseas sales, and the aircraft industry would lose the valuable experience of operating British aircraft on the Empire routes. The Tudor IV was, in fact, being used on the North Atlantic route and it was doubtful whether on that route the Canadair would show any marked superiority. The purchase of Canadairs by B.O.A.C. would represent a much more serious departure from the "fly British" policy than the purchases of Constellations and Strato-cruisers, and the use of such a high proportion of American-designed aircraft would prejudice the chances of persuading B.O.A.C. at a later date to accept new British types.

Other points in discussion were:

(a) A. V. Roe, Ltd., were engaged on important development work for the Royal Air Force, and the Air Ministry would depurate any action that would prejudice this work. On the other hand, it seemed clear that, if any emergency arose in the next five years, the United Kingdom would have to rely on United States production for heavy bombers, and to that extent the departure from the "fly British" policy in respect of the Tudor aircraft could not be opposed on defence grounds.

(b) The Civil Aviation Committee had reached their conclusions without seeing the text of the final report of the Committee of Enquiry into the Tudor Aircraft. This report suggested that B.O.A.C. were mainly responsible for the delays and difficulties which had arisen in the development of the Tudor II and its criticisms of the Corporation would undoubtedly be used in any public controversy caused by the purchase of Canadairs. Further, the report contained no indication of the terms of reference of the Committee, who had been asked to report on the development and production of the Tudor aircraft and not on the use to which it might be put, and to a certain extent (e.g., in paragraph 68) the Committee had introduced into their report irrelevant and embarrassing matter. For these reasons it was suggested that the publication of the report might be delayed at least until the final results of the trials of the Tudor II were available and that, meanwhile, the Committee might be asked to modify its terms.
It was pointed out, however, that it would be difficult to justify delaying the publication of the report until after the debate on Civil Aviation in the House of Lords on 21st July and that it would be inexpedient to ask the Committee to alter the terms of their report.

The Cabinet—

(1) Approved the recommendations for the purchase of Canadairs in paragraph 15 (4) and (5) of C.P. (48) 179; authorised the Minister of Civil Aviation to announce this decision in the forthcoming debate in the House of Lords; and took note that the Minister would consult with the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, and the Minister of Supply on this part of his speech.

(2) Approved the publication of the final report of the Committee of Enquiry into the Tudor aircraft, subject to the inclusion in it of a statement of the terms of reference of the Committee; and authorised the simultaneous publication of a Government statement indicating the preliminary results of the Khartoum trials of the Tudor II.

(3) Agreed to resume discussion of the recommendations made in paragraph 15 (1)–(3) of C.P. (48) 179 when they had received the report which was being prepared on the procedure for ordering civil aircraft.

Cabinet Office, S.W. 1,
15th July, 1948.