



(c) crown copyright

Printed for the Cabinet. January 1949

**SECRET**

Copy No. 44

C.M. (49)

6th Conclusions

**CABINET 6 (49)**

**CONCLUSIONS** of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 24th January, 1949, at 11 a.m.

**Present :**

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (*in the Chair*).

- |  |   |
|--|---|
| The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.        | The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.            |
| The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer. | The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.                            |
| The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.      | The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.                                     |
| The Right Hon. VISCOUNT JOWITT, Lord Chancellor.                             | The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.       |
| The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.   | The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations. |
| The Right Hon. A. WOODBURN, M.P., Secretary of State for Scotland.           | The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.           |
| The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.                      | 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 following were also present :

- |  |   |
|--|---|
| The Right Hon. VISCOUNT HALL, First Lord of the Admiralty ( <i>Item 1</i> ).               | The Right Hon. E. SHINWELL, M.P., Secretary of State for War ( <i>Item 1</i> ). |
| The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air ( <i>Item 1</i> ). |   |

*Secretariat :*

- Sir NORMAN BROOK.  
Mr. A. JOHNSTON.  
Mr. S. E. V. LUKE.



Printed for the Cabinet. January 1949

**SECRET**

Copy No. 44

**C.M. (49)**

**6th Conclusions**

**CABINET 6 (49)**

*CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 24th January, 1949, at 11 a.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (*in the Chair*).

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. A. WOODBURN, M.P., Secretary of State for Scotland.

The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.

The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.

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 following were also present :

The Right Hon. VISCOUNT HALL, First Lord of the Admiralty (*Item 1*).

The Right Hon. E. SHINWELL, M.P., Secretary of State for War (*Item 1*).

The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air (*Item 1*).

*Secretariat :*

Sir NORMAN BROOK.

Mr. A. JOHNSTON.

Mr. S. E. V. LUKE.

## CABINET 6 (49)

---

### CONTENTS

<i>Minute No.</i>	<i>Subject</i>	<i>Page</i>
1	Defence Estimates .....	35
2	Palestine .....	36
3	Treaty for Austria .....	38
4	Tribunals of Inquiry (Evidence) Act, 1921 .....	38
	Inquiry into Allegations against Ministers and Officials of the Board of Trade, &c.	

Defence  
Estimates.  
(Previous  
Reference:  
C.M.(48)1st  
Conclusions,  
Minute 1.)

1. The Cabinet considered a memorandum by the Minister of Defence (C.P. (49) 16) proposing that the Defence Estimates for 1949-50 should total £760 million. The First Lord of the Admiralty and the Secretary of State for Air had accepted the components of this total which concerned their Departments, but the Secretary of State for War wished to press for £306 million for the War Office, instead of £304·7 million.

*The Minister of Defence* explained that the original estimates of requirements had totalled £833 million, and the Chancellor of the Exchequer had at that stage indicated that he was unwilling to make more than £700 million available for defence. Three downward revisions and further discussions with the Chancellor of the Exchequer had reduced the figure to £760 million, which included £2,350,000 for the Berlin air lift. This drastic pruning of Service requirements meant that, while the emergency programme of September last would be maintained, there would be some postponement of the re-equipment of the Services and of the long-term plans for improving living conditions. A start would, however, be made with production for re-equipping the three Services with modern weapons and with the building-up of Service stocks of oil.

*The Secretary of State for War* said that the figure of £304·7 million for the War Office was not founded on a revised estimate of the various detailed items. He thought it would be difficult in practice to avoid spending less than £306 million; and, if he were to accept the figure of £304·7 million, he could only hope to keep within it by increased appropriations-in-aid derived from more intensive efforts to sell surplus stocks.

*The Chancellor of the Exchequer* said that he was satisfied, after a scrutiny of requirements, that in present circumstances a total amount of £760 million was needed if the fighting Services were to be effective instruments. If this figure was approved by the Cabinet, he must ask that the War Office should take special steps to keep their expenditure within the limit of £304·7 million. It was essential that approved estimates should not be exceeded. As regards the future, the Services had failed so far to work out a properly co-ordinated scheme of defence and he had agreed with the Minister of Defence that a co-ordinated plan, which might bring great financial savings, should be prepared by May next.

In discussion, the following points were made:—

(a) The need to enable the Services to be used effectively in any emergency in the near future, coupled with the need to reorganise and re-equip them for more effective use in some future emergency, involved a heavy financial burden, as did rising costs of production and the need to rely more and more on fresh production, due to the dwindling and obsolescence of war-time stocks.

(b) A high proportion of Defence expenditure represented overheads and similar expenditure which was not susceptible of quick reduction. Further cuts, if imposed, would have to fall on proposals for re-equipment and modernisation, where they would have a disproportionate effect on the efficiency of the Services.

(c) The Army still absorbed a higher proportion of the estimates than the Admiralty or the Air Ministry. The Royal Air Force might become the largest component in the future, but this would depend on further work which had to be done on the balance between the three Services. The Fleet Air Arm already accounted for one-third of the man-power and almost one-third of the money devoted to the Navy.

(d) The reductions which the three Service Ministers had had to accept would seriously affect the works programme for married quarters and other living accommodation. Army Commanders at home and abroad had stressed the danger of substantial discontent because of the scarcity of adequate married quarters. The same

was true of the Royal Air Force, where the recruitment of long-servicemen would be greatly eased if better living quarters could be provided.

(e) The Service Ministers had instituted various enquiries, in which the assistance of outside experts had been enlisted, for the improvement of Service organisation. Further opportunities for employing persons experienced in large-scale organisation in reviews of Service administration should not be overlooked.

(f) It was suggested that the accumulation of reserve stocks of oil and other stores might be distinguished from other Service expenditure, since it represented expenditure on materials which would not be used until required and, if not required, could be disposed of.

(g) The higher Service Estimates would not necessarily require a reduction in the sums available for social services, since it was likely that the increase could be met out of the higher national income which was expected in 1949-50.

The Cabinet—

- (1) Approved the Defence Estimates for 1949-50, totalling £760 million, outlined in C.P. (49) 16.
- (2) Took note that the Minister of Defence would submit a report to the Defence Committee by May next on the results of an investigation which was being made into the future shape and size of the defence forces.

**Palestine.**  
(Previous  
Reference:  
C.M. (49) 4th  
Conclusions,  
Minute 2.)

2. *The Foreign Secretary* said that, since the Cabinet's meeting on 17th January, further consultations had been held with Commonwealth and Western Union Governments about the *de facto* recognition of the Government of Israel. The Prime Ministers of Australia and New Zealand had asked that no announcement should be made until they had been able to consult their Cabinets later in the week. The Governments of Pakistan and Ceylon were opposed to the grant of recognition; but there were signs that the Government of India, while still unwilling to accord recognition, might shortly adopt a more favourable view. The French Government were ready to grant recognition if they could conclude a satisfactory agreement on certain questions which they were discussing with the Government of Israel, and it was possible that these discussions might be successfully concluded later that day. The Benelux Governments were anxious that all the Western Union Governments should accord recognition simultaneously and had suggested that the question should be discussed at the meeting of the Consultative Council to be held later in the week. In these circumstances the Foreign Secretary thought it would be a serious mistake for the United Kingdom Government to proceed forthwith to accord recognition of the Government of Israel. If we acted independently, we should give offence to Commonwealth and Western Union Governments who were not opposed in principle to the grant of recognition; and it was right that we should act in concert with those Governments in view of the strategic importance of the Middle East to the defence of the Commonwealth and Western Europe generally. There were other arguments against making too hasty a move. By acting alone, we should be widely regarded as having condoned the action of the Government of Israel in breaking the United Nations truce and disregarding the Security Council's rulings. We could not afford to alienate Moslem and Asiatic opinion by appearing indifferent to our obligations both to the Arabs and to the United Nations. It would, however, be necessary for him to make some announcement in the debate on Palestine in the House of Commons on 26th January; and he therefore proposed to include in his speech a general statement to the effect that the United Kingdom Government had decided to consult

immediately with the Commonwealth Governments concerned and with the Governments of Western Union with a view to the *de facto* recognition of the Government of Israel, having in mind the importance of establishing direct relations with that Government at an early date.

After discussion it was agreed that in the circumstances described it would be inexpedient for the Foreign Secretary to go beyond the formula which he had suggested in the debate on 26th January. It would, however, be embarrassing if the French Government took independent action in advance of the meeting of the Consultative Council, and it was agreed that every effort should be made to dissuade them from doing so.

In further discussion, the following points were made:—

(a) If the results of the Israeli elections were satisfactory, the United States Government might decide to accord *de jure* recognition to Israel and Transjordan simultaneously. It had not, however, been found possible to proceed with the proposal, which the Foreign Secretary had put to the Cabinet on 17th January, for an announcement of Anglo-American agreement on Middle East policy as a whole.

(b) *The Foreign Secretary* said that he was being strongly pressed by some of the Arab Governments to provide limited quantities of military equipment and spare parts which were urgently required for internal security purposes. He thought that, subject to proper safeguards, some of these requests might be met. We had undertaken obligations to these Governments, and we should be open to criticism if we allowed the embargo on the sale of arms and equipment to make it impossible for them to maintain internal order.

It was pointed out that an unfavourable impression would be created if it became known that we were sending arms to Arab States while the discussions on the recognition of the Government of Israel were still proceeding. *The Foreign Secretary* undertook to submit to the Defence Committee detailed recommendations regarding the action to be taken on these requests.

(c) *The Prime Minister* said that he had been concerned at the further reports which had appeared in the press about the Cabinet's earlier discussions on Palestine. He felt it necessary once again to ask that Ministers should observe the greatest discretion in regard to the proceedings of the Cabinet.

The Cabinet—

- (1) Agreed that the Foreign Secretary should announce in the House of Commons on 26th January that His Majesty's Government proposed to consult with the other Commonwealth Governments and with Western Union Governments with a view to the *de facto* recognition of the Government of Israel.
  - (2) Invited the Foreign Secretary to ask the French Government to defer announcing their recognition of Israel until the question had been discussed by the Western Union Consultative Council.
  - (3) Invited the Foreign Secretary to submit to the Defence Committee detailed proposals regarding the requests for arms and equipment received from Arab Governments.
-

**Treaty for  
Austria.**  
(Previous  
Reference:  
C.M. (48) 27th  
Conclusions,  
Minute 4.)

3. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (49) 15) regarding the proposed resumption of the negotiations on the draft Treaty for Austria.

At the beginning of December 1948 the Austrian Government had invited the Four Occupying Powers to seek a basis on which the Treaty negotiations could usefully be resumed; and, as a result, it was proposed that the Foreign Secretaries' Deputies should resume their discussions in London on or about 7th February. The representatives of France, the United Kingdom and the United States had indicated their readiness to fall in with this proposal; and the Soviet Government, though they had not yet replied, were also expected to agree.

The Cabinet—

Took note, with approval, that the discussions on the draft Treaty for Austria were likely to be resumed in the near future.

**Tribunals  
of Inquiry  
(Evidence)  
Act, 1921.**  
Inquiry into  
Allegations  
against  
Ministers and  
Officials of  
the Board of  
Trade, &c.  
(Previous  
Reference:  
C.M. (49) 5th  
Conclusions,  
Minute 2.)

4. The Cabinet were informed that copies of the Report of the Lynskey Tribunal would be available in the Vote Office of the House of Commons at 6 p.m. on 25th January. Ministers who wished to obtain a copy of the Report without personal attendance at the Vote Office could obtain a copy from the Home Office, at or after that hour, on application to the Home Secretary's Private Secretary.

The Lord President was likely to be asked, in connection with his Statement on Business on 27th January, whether the Government would provide facilities for an early debate on the Report in the House of Commons. The Cabinet were inclined to think that, if a debate were requested, there would be advantages in holding it at the earliest convenient date.

*Cabinet Office, S.W. 1,  
24th January, 1949.*

G.R.



