CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 25th April, 1950 at 11.15 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. HUGH DALTON, M.P., Minister of Town and Country Planning.

The Right Hon. VISCOUNT ALEXANDER of HILLSBOROUGH, Chancellor of the Duchy of Lancaster.

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

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

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. HECTOR MCNEIL, M.P., Secretary of State for Scotland.


The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. E. SHINWELL, M.P., Minister of Defence.

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

The Right Hon. GEORGE TOMLINSON, M.P., Minister of Education.

The Right Hon. JAMES GRIFFITHS, M.P., Secretary of State for the Colonies.

The Right Hon. P. C. GORDON-WALKER, M.P., Secretary of State for Commonwealth Relations.

The following were also present:

The Right Hon. ALFRED BARNES, M.P., Minister of Transport (Item 4).

The Right Hon. H. T. N. GAITSKELL, Minister of State for Economic Affairs (Item 4).

The Hon. K. G. YOUNGER, M.P., Minister of State (Items 1-3).

Secretariat:

SIR NORMAN BROOK.

Mr. A. JOHNSTON.
CABINET 25 (50)

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1. The Cabinet were informed that there had been no material change in the situation in the London docks during the last twenty-four hours, but it must be expected that, as troops moved in, more men would come out on strike. Troops had so far been used only in the Royal docks but the Official Committee on Emergencies now sought authority to use troops, starting on the following day, for the unloading of perishable cargoes at Hays Wharf and in the West India Dock. They also recommended that the special committee set up in the Port of London should have discretion to call for the services of troops in other parts of the London docks, on the understanding that specific authority would be sought from Ministers before troops were employed in circumstances which might lead to a substantial extension of the strike. Accommodation was being prepared in the London parks so as to enable the full number of 20,000 troops to be employed, if required, in the docks. The strikers were proposing to march to a meeting in Victoria Park on the following day: the Commissioner of Police did not think that this march could be stopped in pursuance of the ban on political processions in the Metropolitan Police District, but he was keeping a close watch on the activities of the organisers to detect any possible breaches of the law. The police were also keeping a watchful eye on the strikers' pickets in Smithfield Market and elsewhere. The London Dock Labour Board were keeping in close consultation with the Ministry of Labour, and were showing a more co-operative attitude than the National Board had done on the occasion of the dock strike in 1949.

In discussion it was suggested that the introduction of troops into Hays Wharf and the West India Dock might be avoided if some of the dockers still at work there were diverted from the ships on which they were working to unload the perishable cargoes which needed urgent handling. It was pointed out, however, that if they were asked to do this the men would conclude that they were being used as strike-breakers. It was the view of the Cabinet that it would be preferable to use troops for the unloading of these perishable cargoes.

There were as yet no signs of the strike's spreading to ports other than London. It was, however, suggested that if ships which would normally have docked in London were diverted to other ports, this might provoke strike action in those ports.

The Cabinet—

(1) Agreed that troops should be used for the unloading of perishable cargoes at Hays Wharf and in the West India Dock.

(2) Authorised the Home Secretary to arrange for the special committee set up in the Port of London to be given discretion to call for the services of troops in other parts of the London docks, on the understanding that specific authority would be sought from Ministers before troops were employed in circumstances which might lead to any substantial extension of the strike.

(3) Asked the Minister of Transport to consider what steps could be taken to prevent ships from being diverted from London to other ports, where there was a risk of the strike spreading beyond the London docks.

2. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (50) 78) on the union of Arab Palestine with Jordan and the de jure recognition of Israel.

This stated that a union of Jordan and the part of Arab Palestine controlled by Jordan was likely to be voted shortly by the Assembly recently elected to represent both countries; and that, in the view of the Foreign Secretary, this union would make an
important contribution towards the stability of the area and would strengthen Israel against Arab expansionism. It was therefore recommended that when the union was proclaimed, His Majesty’s Government should at once announce their recognition of it and should declare that the provisions of the Anglo-Jordan Treaty would apply to the areas thus united to Jordan. This announcement should include appropriate reservations in respect of Jerusalem and the frontier between Arab Palestine and Israel, and should include a statement that the United Kingdom Government had no intention of establishing British military bases in time of peace in the portion of Arab Palestine to be united with Jordan. It was also recommended that His Majesty’s Government should simultaneously accord de jure recognition to Israel, with similar reservations in respect of Jerusalem and the frontier between Israel and the neighbouring Arab States. Finally, it was recommended that these two acts of recognition should be accompanied by a general statement reaffirming the desire of the United Kingdom Government for peace in the Middle East and their opposition to any use of force between Middle Eastern States.

The Minister of State said that events had run ahead of the recommendations in this memorandum, since the new Assembly at Amman had, as its first act on 24th April, passed a resolution proclaiming the union of this part of Arab Palestine with Jordan. If, therefore, full benefit was to be reaped from the policy advocated in the memorandum, the United Kingdom Government should lose no time in making the declarations recommended by the Foreign Secretary. These were likely to command widespread public support, both in this country and in most other parts of the world. Protests would doubtless be lodged by the members of the Arab League, but these would have no effective backing and need not influence our policy.

There was general support for the recommendations made in the memorandum. In discussion the following points were raised:—

(e) Should we not seek to secure the support of the United States Government for the policy which we were proposing to follow? The Cabinet were assured that the United States Government had been informed of the line which we proposed to take if and when King Abdullah proclaimed a union between Jordan and Arab Palestine. There was no reason to believe that they would take exception to our policy of welcoming this union, though they would probably be unwilling, for reasons of domestic politics, themselves to make a similar declaration. United States support would not commend our policy to the other Arab States; and, in the eyes of public opinion in other parts of the world, it needed nothing to commend it.

(b) Should not other Commonwealth Governments be informed and given an opportunity of making simultaneous declarations on similar lines? It was specially important that the Governments of Australia and New Zealand, who had at our request delayed their de facto recognition of Israel, should have advance notice of our intention to accord de jure recognition to Israel. The Cabinet agreed that other Commonwealth Governments should be informed at once of our intentions, and that the public announcement should be so timed as to give them reasonable opportunity to consider what corresponding action they should themselves take.

(c) The Chiefs of Staff had questioned the necessity for any public announcement that British military bases would not be established in the portion of Arab Palestine now united to Jordan and had asked that, if such an announcement had to be made, it should be explicitly confined to the establishment of such bases in time of peace. The Cabinet were informed that the Government of Israel had already been given an assurance that no such bases would
be established in peace-time. With a view to strengthening the position of that Government against their domestic critics, it was desirable that this assurance should now be given publicly.

(d) In paragraph 4 of C.P. (50) 78 it was stated that at a recent meeting of the Arab League Council King Abdullah's representative had acquiesced in a resolution to the effect that any member of the League signing a separate peace with Israel would be expelled and liable to sanctions. Was there any foundation for the rumour that it was on the advice of British officials in the Middle East that King Abdullah's representative had acquiesced in this resolution? The Minister of State said that no such advice had been given by or on the instructions of the Foreign Office, and he had no reason to believe that it had been given by any of His Majesty's diplomatic representatives in the area. He undertook, however, to make further enquiries on this point.

The Cabinet's conclusions were as follows:—

(1) A public declaration should be made at an early date on behalf of the United Kingdom Government recognising the union of Arab Palestine and Jordan and declaring that the provisions of the Anglo-Jordan Treaty applied to the areas united to Jordan. This declaration should contain reservations, as stated in paragraph 11 of C.P. (60) 78, regarding Jerusalem and the frontier between Arab Palestine and Israel; and it should also include a statement that the United Kingdom Government had no intention of establishing British military bases in peace-time in the portion of Arab Palestine now to be united to Jordan.

(2) The United Kingdom Government should accord de jure recognition to Israel, with similar provisos regarding Jerusalem and the frontier between Israel and the neighbouring Arab States.

(3) A general statement should be made reaffirming the desire of the United Kingdom Government for peace in the Middle East and their opposition to any use of force between Middle Eastern States.

(4) The Secretary of State for Commonwealth Relations should at once inform other Commonwealth Governments of the intention to make the declarations summarised in Conclusions (1)-(3) above.

(5) The Minister of State should arrange for the three declarations summarised in Conclusions (1)-(3) above to be made in a single statement in the House of Commons during the course of the current week. The timing of this statement should be concerted with the Secretary of State for Commonwealth Relations, with a view to giving other Commonwealth Governments a reasonable opportunity to consider whether they should take corresponding simultaneous action.

3. In connection with the discussion recorded in the preceding Minute reference was made to the continuing difficulties of securing the passage of sterling oil to the refinery at Haifa.

The Cabinet were informed that doubts had been expressed about the legality of the action taken by the Egyptian Government in preventing the passage through the Suez Canal of tankers bound for Haifa. This point had been raised in the debate on foreign affairs in the House of Commons on 25th March. It was suggested that the Cabinet should resume at an early date the preliminary discussion which they had held on this matter on 14th November, 1949. The Minister of State said that the legal issues involved were under consideration by the Law Officers.
The Cabinet—

Invited the Minister of State to arrange that, as soon as the Law Officers had given their Opinion, proposals for resolving the existing deadlock should be submitted for consideration by the Cabinet.

4. The Cabinet considered a memorandum by the Minister of Transport (C.P. (50) 76), prepared in consultation with the Minister of State for Economic Affairs, setting out the conclusions they had reached as a result of their further examination into the application of the British Transport Commission for increases in railway freight rates and dock charges.

The Minister of Transport said that he was satisfied that these increases could not be avoided by requiring the Railway Executive to reduce costs or by waiting for the results of the long-term integration of transport services. He was also satisfied that the effects on the cost of living and on prices generally had been exaggerated. The alternatives were, therefore, either to grant the increases or to give a Government subsidy to the British Transport Commission. If the Cabinet agreed with the conclusion which he and the Minister of State had reached, that the Commission’s application should be granted, he proposed to announce the Government’s decision in the House of Commons and to make available some of the information in C.P. (50) 76 with a view to drawing attention to the main issues involved.

The Minister of State for Economic Affairs said that it was clear from the further enquiry which he and the Minister of Transport had made that the railways’ losses were very largely due to the loss of Government traffic since the end of the war, and to a reduction in railway passenger traffic which seemed to be largely due to changes in the travelling habits of the public. Even when integration was completed, the road services would not be sufficiently large or remunerative to meet the deficit on railway operation, nor could that deficit be met by increased efficiency on the railways. If some of the information in C.P. (50) 76 were made available to Parliament and to the public, care would have to be taken about the release of the information in paragraph 11, which might be used by road operators in opposition to the increased petrol tax. He suggested that the Minister of Transport should present to the Production Committee from time to time statistics designed to show what progress was being made by the Railway Executive in lowering costs, raising efficiency and increasing revenue.

The Chancellor of the Exchequer agreed that the Commission’s application for an increase in railway freight rates and dock charges should be granted. He was not prepared to make a Government grant to the British Transport Commission to meet their deficit.

In subsequent discussion the following points were made:—

(a) If it had been shown that the present deficit on railway operation was a temporary feature, there might have been a case for granting a loan to the Commission to tide them over their present difficulties. In fact, however, the deficit appeared to contain permanent elements, due to the disparity between the level of costs and the level of charges; and the Commission would not be prepared, even if the Government had proposed it, to accept a loan to meet losses in their current operation which were not transient in character. While an increase in railway charges would give rise to some political difficulty, there would be similar difficulty in defending either the grant of a subsidy to a socialised service or the continuance of a weekly loss of about £500,000 for a period of one or two years.
(b) In the ordinary way any future application for the variation of transport charges would be directed to the Transport Tribunal and not to the Minister, since the Commission hoped, within the next year or so, to be able to put before the Tribunal co-ordinated charges schemes under the Transport Act. The increase in the petrol tax, which would seriously reduce the profits of the Commission on their road-passenger and haulage services, and any increase in wages granted to their lower-paid employees, would present the Commission with serious difficulties in the framing of their charges schemes. If, in addition, the Commission had to liquidate a deficit, which by that time might have amounted to £75–£100 million, the Commission's task in framing reasonable charges schemes would become almost impossible.

(c) Some Ministers were not entirely satisfied that the Commission had taken all possible steps to effect economies. It was pointed out that the Transport Tribunal had declined to consider in detail whether the deficit could have been met by greater economies in passenger services or by the attraction of passengers by better and cleaner railway carriages, though it was pointed out in this connection that the Government, rather than Railway Executive, were responsible for delaying the replacement of old rolling-stock by modern equipment. The Transport Tribunal had reported that the estimated economies for 1950 appeared to be disappointingly small; and, while it was true that (when allowance was made for the shorter hours worked) the man-power on the railways was probably no greater than before the war, it was felt that there was room for further economies in labour.

(d) Some railways overseas seemed to be in even greater financial difficulties. Although it was argued in C.P. (50) 76 that the revenue collected from commercial road vehicles covered expenditure on the roads, some Ministers considered that the long-term difficulties of railway operation in this country would have to be met by some form of Government assistance towards the maintenance of the permanent way.

(e) At a later stage it would be useful if a critical examination were made of the costs and revenue of the long-distance road-haulage service which the Ministry of Transport had operated during the war and which had now come under the British Transport Commission. The evidence given before the Transport Tribunal also suggested that there had been a substantial rise in the volume of traffic carried by "C" licence-holders and, while it might be difficult in present circumstances to pass legislation to restrict the operations of "C" licence-holders, Ministers would find it useful to know whether administrative action could be taken to prevent private haulage from growing at the expense of the traffic carried by the Commission.

(f) Although the time which the Cabinet had occupied in considering the Commission's application had increased the size of the deficit to be met, it had served the useful purpose of drawing the attention of the Commission to the need to provide fuller information to enable the Government to reach decisions on matters of this kind. Ministers could not be expected to give decisions on such issues unless they were in possession of enough detailed information to enable them to appraise the situation adequately.

(g) The Minister of Transport said that he had it in mind to submit to the Cabinet a memorandum on the main issues arising from the organisation and operation of the British Transport Commission. In preparing this, he would bear in mind the various points which had been raised in the discussion.

The Cabinet—

(1) Authorised the Minister of Transport to approve the application of the British Transport Commission for increases in railway freight charges and dock and canal
charges; but invited him to remind the Commission of the need for continuing scrutiny of their organisation in order to secure all practicable economies.

(2) Agreed that the Minister of Transport should announce the Government's decision in a statement to be made in the House of Commons later that week, and should make available detailed information in support of the decision on the lines of that contained in C.P. (50) 76.

(3) Took note that the Minister of Transport would shortly submit to the Cabinet a memorandum on general questions arising in connection with the organisation and operation of the British Transport Commission.

Cabinet Office, S.W. 1,
25th April, 1950.