CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 27th April, 1950, at 10 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 JOWITT, Lord Chancellor.

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 McNEL, M.P., Secretary of State for Scotland.

The following were also present:

The Right Hon. JOHN STRACHEY, M.P., Secretary of State for War (Item 4).

The Right Hon. ALFRED BARNES, M.P., Minister of Transport (Items 4 and 8).

The Right Hon. H. T. N. GAITSKELL, Minister of State for Economic Affairs (Items 7–8).

The Right Hon. LORD PAKENHAM, Minister of Civil Aviation. (Item 8).


The Right Hon. WILLIAM WHYTELEY, M.P., Parliamentary Secretary, Treasury (Items 1–3).

Secretariat:

Sir NORMAN BROOK.

Mr. A. JOHNSTON.
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1. The Cabinet expressed their appreciation of the efforts of the Whips in securing the attendance of so large a number of Government supporters in the critical divisions on the Budget Resolutions on the previous day.

The Cabinet were informed of the business to be taken in the House of Commons in the following week. Friday, 5th May, was to be devoted to the discussion of Private Members' Motions. It was agreed that the first of these, on science in industry, could be accepted; and that the Lord President should reply on behalf of the Government. The second supported the claim of the more poorly-paid workers to some increase in wages; and its terms had now been so adjusted that it could, if necessary, be accepted. It was agreed that the Minister of Labour should reply to this Motion on behalf of the Government.

2. The Minister of Education said that, in the debate on his Estimate on 4th May, two questions would be raised regarding the treatment of Church schools under the Education Act, 1944. The first of these related to the rate of Government grant payable to denominational schools under the Act of 1944; and on that point the Minister proposed to say that no change could be made in the settlement made by the terms of that Act. The second concerned the provisions of section 15 of the Act, which required the Minister to satisfy himself, before he decided that a denominational school need not be taken over as a controlled school, that the Church authorities would be able, as well as willing, to meet the financial commitments involved in aided status. The Church authorities were contending that it was unreasonable to require them to prove at this stage that they would be able to meet all the expenditure which they might be obliged to undertake in years to come. There was some force in this contention; and the Minister had been prepared, as a matter of administration, to allow the school managers to limit their assurances to a diminishing proportion of the total sums involved according to the time which would elapse before the building work was undertaken. The Roman Catholics feared, however, that acceptance of this administrative compromise might prejudice their freedom to challenge in future the principle underlying this section of the Act. It was possible that, in the forthcoming debate, the Opposition might propose some amendment of this section; and, if a reasonable proposal were put forward, the Minister was disposed to offer to consider it.

After some preliminary discussion the Minister said that he would submit a memorandum on this point for consideration by the Cabinet before the debate on 4th May.

The Cabinet—

Took note that the Minister of Education would submit to them, for consideration on 1st May, a memorandum on the possibility of amending section 15 of the Education Act, 1944.

3. The Minister of Agriculture said that, in the debate in the House of Commons that afternoon on the fishing industry, Opposition speakers were likely to press for the establishment of a White Fish Commission. It would be politically inexpedient for the Government to reject that suggestion without putting forward any alternative in its place. The Minister therefore sought authority to say, in the course of the debate, that the Government were willing to consider any constructive proposals for assisting the fishing industry, including (if it were made) the proposal for the establishment of a Commission.
The Minister of Food said that, so long as the Government were not committed to any particular solution, he raised no objection to the proposal made by the Minister of Agriculture.

The Cabinet—

Authorised the Minister of Agriculture to say, in the debate that day in the House of Commons, that the Government were prepared to consider any constructive proposals for assisting the fishing industry.

4. The Cabinet had before them a memorandum by the Home Secretary (C.P. (50) 84) on the London dock strike. This showed that there had been no substantial change in the situation since the Cabinet had last discussed it on 25th April. There were said to be signs that some of the strikers would be glad of an excuse to return to work, but would be unwilling to do so while Service-men continued to be employed in the docks. At a meeting of the London Dock Labour Board on the previous day it had been suggested that an announcement should be made that strikers who did not return to work by the morning of 26th April would be regarded as dismissed from the scheme, and that the troops should be withheld from the docks until 9 a.m. that morning in order to give the strikers an opportunity to return to work. The trade union representatives on the Board had not felt able to support this suggestion, and it had then been decided that the National Dock Labour Board should be asked for their advice. The Ministerial Committee on Emergencies, to whom this situation had been reported, believed that the National Dock Labour Board, if asked for advice, would favour the dismissal of the strikers; and they thought it would be inexpedient to threaten dismissal at the present time. They also thought it would be unwise to make the experiment of withholding the troops in order to see if the strikers returned to work, unless this was formally proposed on behalf of the Transport and General Workers' Union.

In discussion there was general support for the views of the Ministerial Committee. Ministers agreed that it would be a mistake to threaten the strikers with dismissal at the present juncture; and they thought it preferable that the National Dock Labour Board should not be encouraged to advise on the handling of the situation. The better course would be to show that the Government were determined to keep the port in operation, by proceeding with the building-up of the numbers of troops engaged in the docks.

The Cabinet—

Invited the Minister of Labour to arrange for the London Dock Labour Board to be informed that, in the view of the Government, it would be untimely for them to approach the National Dock Labour Board for advice on the handling of the situation.

5. The Cabinet considered a further memorandum (C.P. (50) 68) by the Lord Chancellor, the Home Secretary, the Minister of Defence, the Secretary of State for Scotland and the Minister of State regarding the proposal that negotiations should be opened with the United States Government with a view to securing their agreement to a modification of the war-time provisions under which the United States authorities exercised exclusive criminal jurisdiction in respect of members of their Forces stationed in the United Kingdom.

The Lord Chancellor said that he had discussed with the Ministers concerned the points on which the Cabinet had expressed
anxiety in their earlier discussion on 3rd April of the proposals in the original memorandum (C.P. (50) 42); and he was satisfied that these raised no difficulties which could not be met in the course of the proposed negotiations with the United States authorities.

In discussion Ministers agreed that this further memorandum (C.P. (50) 68) cleared up most of the doubts which had been expressed in their earlier discussion. They still thought it undesirable, however, that members of United States Forces in this country should be left permanently in a more favoured position, as regards criminal proceedings, than members of the Forces of other Commonwealth countries; and they expressed the hope that it would eventually be possible to put Commonwealth Forces on the same footing in this respect as United States Forces. They agreed, however, that the first step was to explore the possibility of securing some modification of the existing agreement with the United States Government.

The Cabinet—
Authorised the Foreign Secretary to enter into negotiations with the United States Government with a view to securing their agreement to an arrangement on the lines set out in paragraph 4 (d) of C.P. (50) 42.

Jordan and Israel.
(Previous Reference: C.M.(50)25th Conclusions, Minute 2.)

6. The Minister of State said that the United States Government had now expressed their views on the declarations regarding the union of Arab Palestine with Jordan which had been proposed in C.P. (50) 78 and approved by the Cabinet on 25th April. They raised no objection to the proposed declaration welcoming the union of Arab Palestine with Jordan: they made no comment on the proposal to accord de jure recognition to Israel; but they preferred that the United Kingdom Government should not make their proposed declaration reaffirming their desire for peace in the Middle East. Their reason for suggesting that this last general declaration should not be made at the present time was that they hoped that, in the course of the current discussions on foreign policy between representatives of the United Kingdom, the United States and France, it might be agreed that a joint declaration on the Middle East, in much stronger terms, should be made on behalf of all three Governments. In these circumstances the Minister of State proposed that the statement which he was to make that day, in answer to a Private Notice Question in the House of Commons, should be limited to the matters covered in paragraphs 18 (1) and (2) of C.P. (50) 78.

The Cabinet—
Agreed that, in the circumstances described by the Minister of State, the proposed statement on Jordan and Israel should not include any general declaration reaffirming the desire of the United Kingdom Government for peace in the Middle East.

Meals in Establishments Order.

7. The Cabinet considered a memorandum by the Minister of Food (C.P. (50) 72) recommending the revocation of the Meals in Establishments Order, which restricted the amount of food that might be served, and limited the charge that might be made, for meals in restaurants.

The Cabinet were reminded that the Production Committee and the Economic Policy Committee had both concluded, in June and November of 1949, that although there was a strong practical case for revoking this Order it should be retained on political grounds (P.C. (49) 15th Meeting, Minute 2 and E.P.C. (49) 43rd Meeting, Minute 1). There could be no doubt that the revocation of the Order would be advantageous to the tourist trade; and the only question
for the Cabinet was whether supporters of the Government would regard its withdrawal as an infringement of the policy of "fair shares."

In discussion it was suggested that, in view of current criticisms of the Budget and the importance of encouraging the continuance of restraint in respect of wage claims, this was not an opportune moment to withdraw this Order. Some Ministers also felt that the revocation of the Order would be misunderstood in some industrial districts in the north.

On the other hand, it was recognised that these vexatious restrictions on restaurant meals were undoubtedly increasing the difficulties of attracting tourists to this country, particularly from the United States. It was also considered that the Order was no longer very effective in limiting the amounts spent on restaurant meals.

The Cabinet's conclusion was that the Order might be withdrawn, for an experimental period during the tourist season, on the understanding that the position would be reviewed in September 1950, when it would be decided in the light of experience whether this restriction should be reimposed or finally withdrawn. It was the view of the Cabinet that the revocation of the Order should be announced in an unobtrusive manner, possibly by way of a letter to the British Travel and Holidays Association.

The Cabinet—

(1) Authorised the Minister of Food to arrange for the revocation of the Meals in Establishments Order, subject to the safeguards noted in paragraphs 10 and 12 of C.P. (50) 72.

(2) Agreed that the Meals (Service at Social Functions) Order should be withdrawn simultaneously.

(3) Took note that the position would be reviewed, in the light of experience, in September 1950, when the Cabinet would be invited to decide whether these restrictions should be reimposed or permanently withdrawn.

8. The Cabinet resumed their discussion of the Lord President's memorandum (C.P. (50) 60) on the efficiency and public accountability of socialised industries.

The Lord President said that his memorandum related primarily to the question of the public accountability of socialised industries. The boards had completed satisfactorily the transition from private to public ownership; and, as respects the past, the main criticism must be that through inadequate public relations work they had failed to secure full public recognition of the efficient manner in which they had performed this task. He was anxious, however, that his colleagues should approach the subject, not from the angle of appraising the degree of efficiency which the boards had secured so far, but from the point of view of what would have to be done to meet the demand that their accountability to Parliament and to the public should be more clearly established. Unless something was done to meet this demand, which commanded support in quarters which were well-disposed towards socialisation, Parliament might insist on establishing machinery, e.g., Select Committees for each socialised industry, which would not in the long run facilitate the smooth and efficient working of these industries. The responsible Ministers accepted, and the chairmen of the boards acquiesced in, the suggestion that there should be periodical enquiries, say every seven years, into the principal socialised industries. These should be general and not technical in character. Periodical enquiries would go some way to satisfy Parliament and the public, and the knowledge that there was to be this independent stocktaking at intervals would help to keep the boards alert. There was also
general agreement that there should be ampler opportunities for Parliamentary discussion, and three days had been promised for this purpose in the current Session. These debates should not always be arranged on the basis of Opposition demands for opportunities to voice criticism: there might be occasions when a debate would be sought by the responsible Minister or by Government supporters. Then again, although the relations between the responsible Ministers and the chairmen should be close and harmonious, it was important that the Ministers should be critical and independent-minded, and that the chairmen should give full weight to views expressed by them. The Socialisation of Industries Committee were looking into the working of Consumers' Councils. There was probably some room for improvement in the machinery for consultation between management and workers, though a great deal of useful work had been done in that field. There remained the question whether, if these various steps were taken, the public would be satisfied that the public accountability of the socialised industries had been fully secured, and that there were sufficient external checks to promote further efficiency where this could be attained. He himself still thought it desirable that the boards should take the further step of setting up a common efficiency unit answerable to the boards themselves, which would consist of a small number of skilled industrial consultants who could either give advice on problems referred to them by a board, or indicate where the necessary advice could be secured. Progressive private companies had achieved substantial economies by the employment of reliable industrial consultants; and the vast socialised industries inevitably presented problems on which a fresh angle of view, external to the management of each industry, would be of great value. He did not, however, wish to be dogmatic about the form of check which should be adopted: this was a matter for friendly discussion with the chairmen of the boards, who would be free to put forward their own suggestions as to the manner in which public concern on these issues could best be met. He thought the time was now ripe for a further discussion of all these issues with the chairmen of the boards, and he was anxious that the responsible Ministers should undertake such a discussion with the authority of the Cabinet behind them. It had been said that the boards had only been set up comparatively recently and that it was too early to be considering checks on their efficiency; but account had to be taken of the widespread public concern and of the danger that, if matters were left to drift, an unsatisfactory relationship would develop between the boards on the one hand and Government and Parliament on the other, which failed to make the boards sufficiently responsive to public criticism and would be difficult to modify at a later stage.

Discussion showed that the proposals in C.P. (50) 60 were generally acceptable to the Cabinet, apart from the proposed recommendation to the boards for the establishment of a common efficiency unit, on which there remained some divergence of opinion.

It was argued that the Cabinet were not in a position to form any judgment on the degree of efficiency achieved in the socialised industries. Before they could form such a judgment they would need to have before them more detailed information about the operation of the industries and the machinery available both to the boards and to the responsible Ministers for supervising the work of the industries and checking their efficiency. The efficiency of these industries must depend primarily on the calibre of the men who were put in charge of them, and nothing should be done which would needlessly detract from their sense of responsibility. In present circumstances much of the criticism directed against these industries was political and partisan in character, and was in contrast with the relatively small amount of criticism which had been directed against public boards set up by other Governments before the war. Nevertheless, from the angle of public accountability, many
Ministers considered that more frequent debates in Parliament and the institution of periodical enquiries would probably not be sufficient in themselves to allay public disquiet, and that the setting up of some form of efficiency check external to the individual boards would serve a useful purpose—though it would probably be undesirable to use the term "efficiency" in its title since this might be thought to imply an existing state of inefficiency. A unit of this kind could be used very effectively for probing into difficulties before they reached the stage at which Parliament and the public began to express concern about them.

As regards the type of problems which would arise in connection with socialised industries, there was general agreement that questions relating to the structure of an industry's organisation, where it was not established by statute, would not normally be appropriate for any form of investigation other than discussion between the responsible Minister and the board of the industry. As regards improvements in technical industrial operations, experience in the cotton industry and in engineering showed that outside consultants could make a useful contribution, though some of the boards would doubtless claim that they were already conducting adequate enquiries into possible developments. Experience would be required to show the field for external investigations in respect of operations at the coal-face, in generating stations, gas works, on the railways and so forth. There remained the administrative organisation and the steps necessary to ensure that staff were not wasted. The experience of the Ministry of Civil Aviation suggested that outside consultants could here perform a useful function; though admittedly some of the socialised industries already had Organisation and Methods branches.

The Cabinet next discussed the extent to which the responsible Departments were staffed to meet the needs which the Lord President had in mind in suggesting the establishment of a common efficiency unit. The parent Department could not, and should not, have technical experts who could give authoritative advice to the Minister which might lead him to over-rule a view expressed by the board of a socialised industry, since this would involve a wasteful duplication of staff with the socialised industry. The most that Departments could have were administrative officers, with experience in the administrative questions which arose, and statisticians, economists and scientists who could draw attention to general considerations suggesting the need for specific enquiries. These officers could indicate to the Minister the questions to which answers were required, but they could not be expected to advise on the technical steps necessary to meet any deficiencies which came to view.

Some discussion followed on the question whether any common efficiency unit which might be established should be responsible to the boards of the socialised industries, to the Minister or to Parliament. In favour of responsibility to the boards, it was argued that the members of the boards could not be expected readily to accept a proposal that the Minister or Parliament should employ an instrument for probing alleged weaknesses in their organisation. If such a unit were made responsible to the Minister or to Parliament, there would be pressure for the publication of its reports: if a report was favourable to a board, it would be said that the Minister had arranged for the board to be whitewashed and, if it were unfavourable, there might be difficulty in retaining the members of the board or public confidence in their ability. Moreover, the boards would collaborate more closely with an organisation which was responsible to them and which they called in when necessary. Some Ministers were doubtful, however, whether the establishment of a unit solely responsible to the boards would satisfy Parliament or the public. If a board was unduly complacent about its organisation, it would never ask for assistance from the unit. It would also be argued that a unit of this character in no way improved the public accountability of the boards. Those who considered that the board
had been left, by statute, in too independent a position would demand that any common unit should be at the service of the Minister to investigate alleged inefficiencies which came to his notice.

The general conclusion of Ministers was that proposals for such a common unit would have to be worked out in greater detail after the matter had been further explored with the chairmen of the boards of socialised industries. One possible solution would be to give any such unit a semi-independent position under the aegis of the British Institute of Management. While an independent unit of this kind would normally be called in for consultation by the boards, it might be possible to secure acceptance of an arrangement by which the responsible Minister asked the unit to undertake a specific enquiry or was associated with the board in instituting an enquiry.

The Cabinet—

(1) Approved in principle the general proposals in regard to socialised industries which were put forward by the Lord President in C.P. (50) 60.

(2) Agreed that the Socialisation of Industries Committee, in the light of the Cabinet's discussion, should decide upon the manner in which the need for some external checks on efficiency should be discussed with the chairmen of the boards of socialised industries.

Cabinet Office, S.W. 1,
27th April, 1950.