CABINET 28 (50)

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W. 1, on Thursday, 4th May, 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 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. ISACS, 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. SIR STAFFORD Cripps, K.C., M.P., Chancellor of the Exchequer.

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. P. J. NOEL-BAKER, M.P., Minister of Fuel and Power (items 1 and 5).

The Right Hon. G. R. STRAUSS, M.P., Minister of Supply (item 5).

The Hon. K. G. YOUNGER, M.P., Minister of State (items 3–5).

The Right Hon. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury (item 1).

The Right Hon. ALFRED BARNES, M.P., Minister of Transport (item 5).

The Right Hon. MAURICE WEBB, M.P., Minister of Food (item 5).

The Right Hon. SIR HARTLEY SAW-CROSS, K.C., M.P., Attorney-General (items 2 and 3).

Secretariat:

SIR NORMAN BROOK.

MR. A. JOHNSTON.
## CABINET 28 (50)

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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 was necessary that the House should pass that week a motion welcoming the decision of the United Kingdom Government to join with other Commonwealth countries in extending financial assistance to Burma. The Leader of the Opposition had insisted that full opportunity should be given to debate this motion; it was likely that he would himself speak in the debate, and would divide the House on the motion. The Cabinet agreed that in these circumstances the Prime Minister, as well as the Minister of State, should speak in support of the motion; and they invited the Chief Whip to arrange for the debate to be held on a day when it would be convenient for the Prime Minister to speak.

The Cabinet’s attention was drawn to difficulties which had arisen over the Coal-Mining (Subsidence) Bill. Mr. W. H. Mainwaring, M.P., had spoken against the Bill on second reading on the ground that it made no provision for subsidence damage which occurred before 1st January, 1947, and would be of no assistance to the Rhondda Valley, where a great deal of subsidence had occurred during the war years; and he had indicated that he intended to maintain his opposition to the Bill. In the current Parliamentary situation it would be impossible to carry this Bill if any division of opinion about it developed among Government supporters. Moreover, the support of Labour members representing other mining areas would be alienated if any concession were now made in response to these representations by Mr. Mainwaring. It was the general view of Ministers that Mr. Mainwaring would not succeed in persuading other Government supporters to join him in opposition to the Bill; and the Cabinet agreed that no attempt should be made to apply the provisions of the Bill to damage occurring before 1st January, 1947.

The Cabinet were informed that on 9th May a Prayer was to be moved in the House of Lords for the annulment of the Coal Industry Nationalisation (Superannuation) Regulations, 1950. It would be alleged in the debate that these Regulations failed to give effect to certain pledges given by the Lord Chancellor in the proceedings on the Coal Industry Nationalisation Act, 1946, regarding the circumstances in which compensation would be paid for loss of prospects. The Minister of Fuel and Power said that it was unlikely that this Prayer would be pressed to a division. Steps had now been taken to remove the grievances felt in the two particular cases which had occasioned most of the criticism of these Regulations. And the annulment of the Regulations would have the effect of denying compensation to all who would otherwise have received it. In further discussion the suggestion was made that workers in some of the socialised industries were aggrieved by the large sums which had been paid in compensation to persons who had held salaried positions in those industries.

2. The Minister of Education said that he had now ascertained that the Opposition did not favour the introduction of amending legislation to enable a denominational school to be given provisional aided status when it could not finally be decided whether the church authorities would be able to meet their share of the cost of necessary improvements to the school. In these circumstances he did not propose to refer to the possibility of amending legislation in the answer which he was to give to a Parliamentary Question that afternoon; and, in the debate which was to follow, he would confine himself to the administrative measures by which he was seeking to overcome the difficulties experienced by the church authorities in satisfying the requirements of section 15 of the Education Act, 1944.

The Attorney-General said that he had not had time to go fully into the legality of these administrative measures, which the Minister had described to the Cabinet at their meeting on 1st May. He was,
however, doubtful whether the Minister would be well-advised to state publicly that he was proposing to exercise his discretion under section 15 of the Act by reference to hard-and-fast rules prescribing the percentage of the capital sums required which the school managers must have in hand at the date of their application. Section 15 (2) of the Act required the Minister to satisfy himself that the managers would be able and willing, when the time came, to meet the expenditure which would fall to be borne by them under section 15 (3) (a); and it was doubtful whether he was entitled to rule that managers would not be able to discharge that obligation in the future merely because they could not command at the time of their application more than a specified proportion of the estimated sum which was likely then to be required.

The Lord Chancellor agreed that, if the Minister found it necessary to make any public reference to the percentage figures which he had mentioned in the Cabinet's earlier discussion, he should present these as general criteria which influenced him in exercising his discretion under the section, and not as absolute conditions which school managers had to satisfy before the Minister was willing to give a direction under the section.

The Cabinet

(1) Agreed that the proposal for amending legislation outlined in paragraph 8 of C.P. (50) 87 should not be pursued; and that the Minister of Education should continue to administer section 15 of the Education Act, 1944, on the lines which he had indicated to the Cabinet in their earlier discussion on 1st May.

(2) Invited the Minister of Education to take into account the advice offered by the Attorney-General and the Lord Chancellor in any public explanation of the basis on which he proposed to administer this section of the Act.

South-West Africa.

(Previous Reference: C.M. (46) 88th Conclusions.)

Proceedings before the International Court.

3. The Cabinet considered a memorandum by the Secretary of State for the Colonies, the Secretary of State for Commonwealth Relations and the Minister of State (C.P. (50) 88) on the forthcoming proceedings before the International Court of Justice on certain legal aspects of the question whether South-West Africa should be placed under trusteeship.

The Secretary of State for the Colonies said that these proceedings were due to commence on 16th May, and the Registrar of the Court had asked to be notified by 6th May whether the United Kingdom Government intended to participate in them. The arguments for and against participation were nicely balanced. The Court would be asked to pronounce upon the international status of South-West Africa and the international obligations of the Union Government towards it. If it were to decide that South-West Africa had the status of a "non-self-governing territory," it was of the greatest importance, from the point of view of our general interests as a Colonial Power, that we should have an opportunity of putting before the Court our views regarding the obligations of Colonial Powers under Article 73 of the United Nations Charter. In particular, it would be greatly to our advantage that the Court should endorse our view that Colonial Powers were not obliged by that Article to transmit to the United Nations information on political and constitutional developments in dependent territories. The Court would also be called upon to determine the second question, whether the Union Government were competent to modify the international status of South-West Africa. If it should decide that this power did not rest solely with the Union Government, it would be of great importance to us that this opinion should relate to the status of the territory as a former mandated territory; for it would be highly inconvenient to the
United Kingdom Government if the Court should give an opinion implying that the international status of a non-self-governing territory could not be modified by the metropolitan country without the concurrence of the United Nations Assembly. If the Court were likely to make pronouncements on either of these questions which would embarrass us in our future dealings with the United Nations in respect of our own dependent territories, it was desirable that our views should be placed before the Court. On the other hand, there was undoubtedly a risk that any intervention on our part would be construed as support for the policy of the South African Government in respect of South-West Africa, or even for the native policy of the present Government of the Union.

The Secretary of State said that, on balance, he was inclined to the view that the United Kingdom Government should be prepared to intervene in the proceedings in order to safeguard their own interests. He therefore recommended that the Government should be represented in the proceedings, but that their representative should ask leave to reserve his right to speak later in the proceedings if any general points were raised which affected this country's interests. He also recommended that the Government should take an appropriate opportunity to make it clear that their appearance before the Court did not imply support for the native policy of the South African Government.

The Secretary of State for Commonwealth Relations said that the Union Government would take it amiss if, having supported the United Nations resolution referring these issues to the Court, we now failed to intervene in the proceedings before the Court. He agreed, however, that the question now before the Cabinet should be determined by reference solely to United Kingdom interests, and without regard to the feelings of the Union Government. On these grounds he supported the recommendations made by the Secretary of State for the Colonies. He had just received a summary of the submissions which the United States Government were proposing to put before the Court; and it was clear from these that the general issues mentioned in paragraph 3 of C.P. (50) 88 would in fact be raised in the arguments before the Court. This confirmed his view that the United Kingdom Government should be represented in the proceedings in order to protect their interests. He was, however, doubtful whether the Court would agree that our representative should hold a watching brief: he would be expected to express his views early in the proceedings.

The Minister of State said that the arguments were very evenly balanced, but he supported the proposals in C.P. (50) 88 on the understanding that our representative would speak with great discretion and that we should do our best to make it clear that our appearance in the proceedings did not imply support of the policy of the Union Government.

In discussion there was general agreement that, if the United Kingdom Government were represented in these proceedings, it would be difficult for their representative to refrain from speaking until it appeared that the Court was likely to give an opinion adversely affecting the general interests of the United Kingdom as a Colonial Power. As representing one of the main Colonial Powers, he would be expected to assist the Court in general argument and would be pressed to speak at an early stage. Such intervention was bound to be represented, in political circles, as implying support of the South African case. Thus, we should certainly incur political odium by intervening in these proceedings. What hope was there that we should be able to persuade the Court to give a ruling favourable to our own interpretation of Article 73 of the United Nations Charter? The Court was most unlikely to be sympathetic towards the South African claim; and the particular issue of South-West Africa was, surely, a most unfavourable one on which to argue the general
questions set out in paragraph 3 of C.P. (50) 88. By our intervention we should be inviting the Court to pronounce upon those general questions, in a context most unfavourable to our case. And, having entered an appearance and deployed our arguments, we should find it more difficult to dissociate ourselves from an unfavourable decision. We were not ourselves directly concerned in the particular issue which had been referred to the Court, and were under no obligation to be represented in the proceedings. Would it not be better, therefore, to refrain from sending a representative, so that we might be the more free thereby to argue that the Court's opinion was related to the special circumstances of this particular case, viz. a former mandated territory, and was not of general application to the relations between a metropolitan Power and its non-self-governing territories? We had already been forced to take the line that we could not accept, in relation to our dependent territories, the interpretation placed by the United Nations Assembly upon Article 73 of the Charter; and it would not be very much more difficult for us to take the line, if need be, that we were equally unable to accept, in relation to our dependent territories, the implications of an advisory opinion given by the International Court in respect of South-West Africa. There was undoubtedly a grave risk that the Court might give an opinion in terms which might be embarrassing to us in our future dealings with the United Nations in respect of our dependent territories; but it was the general view of the Cabinet that these embarrassments would probably be increased if the United Kingdom Government had been represented in the proceedings before the Court.

The Cabinet—

Agreed that the United Kingdom Government should not be represented in the forthcoming proceedings before the International Court of Justice on certain legal aspects of the question whether South-West Africa should be placed under trusteeship.

Housing.

Licences for Erection of New Houses.

(Previous Reference: C.M. (50) 9th Conclusions, Minute 4.)

4. The Cabinet considered a memorandum by the Minister of Health (C.P. (50) 90) covering the draft of a statement which he proposed to make regarding the grant of licences for the building of houses on behalf of owner-occupiers.

The Minister of Health reminded the Cabinet that, at their meeting on 9th March, he had proposed a scheme under which those at the top of the local authorities' lists of applicants for houses would, within limits, have been allowed to choose whether to rent a Council house or to receive a licence to build. On reflection he was satisfied that the disadvantages of that scheme outweighed its advantages. He now proposed that all local authorities should have discretion to issue licences up to a maximum of one-fifth of their allocation, and that he should, exceptionally, allow a higher ratio in certain areas, e.g., seaside towns, where the demand for owner-occupation was particularly strong. He also proposed that an applicant who obtained a licence should be allowed, with the consent of the local authority granting it, to build his house outside the area of that authority. Local authorities would be ready to give such consent, for the house vacated would become available for local housing needs.

The Secretary of State for Scotland explained that, while he was not in disagreement with the Minister of Health's proposal, he had set out his policy in answer to a Parliamentary Question on 29th March, and he did not feel that he could change that policy after so short an interval.

The Cabinet—

Authorised the Minister of Health to make a statement on the lines of the draft attached to C.P. (50) 90.
5. The Cabinet had before them a note by the Chancellor of the Exchequer (C.P. (50) 86) covering a report on the economic situation.

The following points were made in discussion:

The Chancellor of the Exchequer said that Ministers should not be misled by the temporarily favourable situation into thinking that our balance of payments difficulties had been overcome. There were seasonal reasons for a favourable trend during the summer months. The growth in our dollar reserves was, however, likely to be embarrassing in the forthcoming proceedings in Congress on the next appropriation for the Economic Co-operation Administration. On the other hand, publicity for this development was the best method of countering the attack on sterling which appeared to be developing in certain quarters in the United States.

It was suggested that the high cost of supplies from non-dollar areas might be reduced if purchases were made, for stock, from dollar sources. Some such purchases of timber and wheat were now being made from Canada.

The output of deep-mined coal had not increased to the extent that had been hoped, although output in the first quarter of the year was 1·1 per cent. greater than in the first quarter of 1949. Output in Scotland and some other regions had been less than last year. The figures of absenteeism were disquieting, although they reflected primarily an increase in involuntary absenteeism which tended to occur in all industries at this time of year. For a valid comparison with pre-war conditions, absenteeism should be calculated on the basis of shifts worked rather than by the week. Although the number of workers on the colliery books and the number at the coal-face continued to decline, the long-term prospects were not discouraging because of the steady progress of mechanisation. The placing of workers in the more productive pits would be greatly assisted if more houses could be made available nearer the pits. Opencast production could be increased if more dollars could be provided for buying tractors and other equipment.

The long-term prospects of merchant shipbuilding were not encouraging. Costs were very high; and this discouraged the ordering of new ships and led to orders being placed with our overseas competitors. The Production Committee were about to review the prospects of the shipbuilding industry: it was desirable that this review should be undertaken without delay. The prospects of areas dependent on ship-repairing also required urgent examination.

Under the present capital investment policy, little new factory development was taking place in the development areas. It might be necessary to make special arrangements to transfer units of heavy industry into these areas.

Attention was drawn to the unsatisfactory level of productivity in the building industry. A committee under the chairmanship of the Minister of Health was considering the position in the light of recent reports and hoped shortly to submit proposals to the Production Committee.

Deliveries of yarn and fabrics showed a considerable increase and in the cotton industry there appeared to be a new willingness among the workers to co-operate in schemes of redeployment and modernisation.

The Cabinet—

Took note of C.P. (50) 86 and of the points made in discussion.

6. The Cabinet had before them memoranda by the Minister of Health (C.P. (50) 54), the Secretary of State for Scotland (C.P. (50) 62) and the Lord President (C.P. (50) 64) on the question whether public water supplies should be brought under State ownership.
The Minister of Health said that technical investigations had shown that, to ensure the efficient collection and distribution of water supplies, the country should be divided into between fifty and sixty areas, which would have little relation to local authority areas. He proposed, therefore, that there should be fifty to sixty water supply districts, with technical officers at this level, and that the whole service should come under a division of the Ministry of Health, for which he would be directly responsible to Parliament. If it were preferred that the central authority should take the form of a board like the Forestry Commission or the Central Land Board, he would raise no serious objection provided that the Minister's direct responsibility was unimpaired. He saw no case for setting up independent boards on the lines of those established for some industries which had already been nationalised. He did not believe that it would be practicable to organise the service on the basis of joint boards of local authorities, since the larger local authorities, who were proud of their water organisations and their low water rates, would resent having to share responsibility with large numbers of authorities for rural areas where the extensive distribution of water supplies would raise the general level of water rates. Moreover, joint boards were an unsatisfactory form of organisation and had frequently been condemned as wasteful and lacking in a sense of local responsibility. He thought it would be useful to employ local authorities to collect water rates.

In the course of subsequent discussion, the following points were made:

(a) The Government had put forward the proposal that water supplies should become a public responsibility because of the inadequacy of piped water supplies in rural areas. It was difficult to see how the needs of rural areas could be adequately met through a system of joint boards. Rural development would require the impetus of State ownership and direction.

(b) Some doubt was expressed whether the public would be content to see the manner in which local development took place determined by a technical officer of the Ministry of Health. Questions of the relative priority to be given to different parts of an area would arise, and these were best dealt with by a locally elected body.

(c) Whatever the technical merits of national ownership, it was clear that the larger local authorities would offer the most strenuous opposition to the transfer of water undertakings to the Ministry of Health. Local authorities resented the loss of the public utilities and other services of which they had already been deprived, particularly as some of them had made profits which had helped to reduce the local rates. The opposition to any further transfer of local authorities' services to the State was much stronger now than it had been in 1945. Moreover, it was essential to leave the local authorities with sufficient services to maintain a healthy local government. The arguments adduced in favour of the State ownership of water supplies could be used to justify the transfer of all highway responsibilities to the Minister of Transport. The suggestion that the local authorities should be left with the task of collecting water rates would cause great annoyance.

(d) While it would be desirable to equalise water rates throughout the country, and while the equalisation of rates on a national basis would eliminate many existing differences, it seemed doubtful whether a national flat rate could be obtained in the foreseeable future. A town like Norwich would object strongly to its water rates being raised in order to finance the provision of piped water supplies in the surrounding rural areas.

(e) The Secretary of State for Scotland said that in Scotland the local authorities had operated the Act of 1944 in a satisfactory fashion, and the existing arrangements were quite efficient. It would be difficult, therefore, to aduce technical reasons in favour of bringing public water supplies in Scotland under national ownership and the
local authorities would raise the strongest opposition. While, therefore, he was anxious to secure further powers to effect amalgamations of water areas, where this was desirable, he hoped that it would be possible to maintain the present organisation in Scotland without undesirable repercussions in England and Wales.

(f) The Labour Party had said in their Election manifesto that water supplies should become a wholly public responsibility, and the King’s Speech at the opening of the Session had referred to the improvement of water supplies, particularly in rural areas. The Government were not therefore committed to State ownership.

The general view of the Cabinet was that there should be further and more detailed consideration of this matter in the light of additional information which the Minister of Health undertook to supply, namely, a map indicating the fifty to sixty areas in which the country would be divided; an indication of the way in which these areas might be organised (i) under the Ministry of Health and (ii) by means of joint local authority boards; and a statement of the financial effects of a joint board structure.

The Cabinet—

Invited the Minister of Health to supply them with this additional information, with a view to further discussion of the proposals in C.P. (50) 54.

Cabinet Office, S.W. 1,
4th May, 1950.