CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister’s Room, House of Commons, S.W. 1, on Tuesday, 4th July, 1950, 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 (Items 1-4).
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 following were also present:
The Right Hon. Alfred Barnes, M.P., Minister of Transport (Item 4).
The Right Hon. H. T. N. Gaitskell, M.P., Minister of State for Economic Affairs (Items 2-5).
The Right Hon. R. R. Stokes, M.P., Minister of Works (Item 4).
The Right Hon. William Whiteley, M.P., Parliamentary Secretary, Treasury (Item 4).
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. J. Chuter Ede, M.P., Secretary of State for the Home Department (Items 3-7).
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. G. R. Strauss, M.P., Minister of Supply (Items 2-3).
The Right Hon. Maurice Webb, M.P., Minister of Food (Item 5).
The Hon. K. G. Younger, M.P., Minister of State (Items 2-3).
Mr. A. Robens, M.P., Parliamentary Secretary, Ministry of Fuel and Power (Items 2-3).

Secretariat:
Sir Norman Brook.
Mr. A. Johnston.
# Cabinet 42 (50)

## Contents

<table>
<thead>
<tr>
<th>Minute</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Queen Mary's Carpet</td>
<td>111</td>
</tr>
<tr>
<td>2</td>
<td>Integration of French and German Coal and Steel Industries</td>
<td>111</td>
</tr>
<tr>
<td>3</td>
<td>Korea</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>Parliamentary Debate,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economic Action,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic Exports to China and North Korea,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Formosa</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>House of Commons Refreshment Department</td>
<td>115</td>
</tr>
<tr>
<td>5</td>
<td>Soap Rationing</td>
<td>116</td>
</tr>
<tr>
<td>6</td>
<td>Scottish Affairs</td>
<td>116</td>
</tr>
<tr>
<td>7</td>
<td>Industrial Disputes</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>Strike of Smithfield Drivers</td>
<td></td>
</tr>
</tbody>
</table>
1. **The Prime Minister** said that members of the Cabinet would have been glad to learn that the carpet which Queen Mary had worked in *gros point* needlework and had given to the Government for sale in North America in furtherance of the export drive had been bought for $100,000 by a Canadian women's organisation and, after further exhibition in Canada, was to become the property of the Canadian people.

The Cabinet agreed to place on record their deep appreciation of Queen Mary's gift in a letter signed by all members of the Cabinet.

2. The Cabinet had before them a report (C.P. (50) 149) by the Committee of Ministers which the Prime Minister had appointed, in pursuance of their decision of 22nd June, to examine the issues arising from the report (C.P. (50) 128) already made by a working party of officials on the French Foreign Minister's proposals for integrating the coal and steel industries of Western Europe. The Committee of Ministers recommended that any international authority established to control these industries should comprise three elements, viz., (i) an inter-Governmental Council of Ministers; (ii) an independent Executive Council, responsible to the Ministerial Council and consisting of "industrial statesmen" rather than technicians; and (iii) an Advisory Council of Government representatives, workers and employers from member countries. After giving their reasons for preferring this type of authority, the Committee went on to express their views on a number of the issues raised in the report of the official working party.

The Cabinet also had before them memoranda (C.P. (50) 154 and 153) by the Minister of Defence and the Secretary of State for Commonwealth Relations on the strategic and Commonwealth implications of the French Government's proposals.

The Cabinet first discussed the report of the Committee of Ministers. The main points raised in their discussion were as follows:

(a) Doubts were expressed about the suggestion, made in paragraph 11 of the report, that the proposed Executive Council should have power to veto plans for further investment in the coal and steel industries of the member countries, subject only to the general lines of policy laid down by the Ministerial Council. It was agreed that, in the first instance at any rate, general control over investment should be exercised by the Council of Ministers, and that the proposed power to veto should be reserved to them.

(b) It was also suggested that, in any proposals which might eventually be submitted on behalf of the United Kingdom Government, greater prominence should be given to the problem of expanding Europe's production of coal and steel, and to the financial measures necessary to enable this expansion to be carried out without inflation. The French authors of this proposal had viewed it largely in terms of Europe's consumption of coal and steel: the United Kingdom Government should seek to set it in a wider perspective, as enabling Europe to meet the vast potential demand for coal and steel in under-developed countries throughout the world. Unless these points were stressed, there was a risk that the scheme would be presented as a producers' cartel designed primarily to regulate production under conditions of falling demand.

(c) Some concern was expressed at the statement in paragraph 15 of the report that, if an international authority were established, the United Kingdom industries would have to abandon their existing practice of fixing an export price higher than the home price. The Cabinet were, however, informed that the conditions in which the United Kingdom industries were able to command higher prices...
overseas than in the home market were likely to disappear before the proposed international authority came into being.

(d) Attention was drawn to the statement in paragraph 11 of the report that it would be a function of the international authority to ensure that production was undertaken in those countries which could produce most efficiently. It was the view of the Cabinet that the criterion of efficient production should not be allowed to override strategic considerations.

(e) In paragraph 7 of the report it was suggested that the members of the Executive Council should have international status. Doubts were expressed about the expediency of conferring any kind of diplomatic immunity on these persons.

The Cabinet—

(1) Approved in principle, subject to the points noted in paragraphs (a) and (b) above, the scheme outlined in C.P. (50) 149 for an international authority responsible for integrating the coal and steel industries of Western Europe; and invited the Chancellor of the Exchequer to arrange for officials of the Departments concerned to elaborate in greater detail a scheme on those lines, taking into account the further points noted in paragraphs (c)-(e) above.

The Cabinet next considered at what stage proposals on these lines should be communicated to the French Government. They were informed that the Foreign Secretary was anxious that any communication to the French Government should be made to the French Foreign Minister through the British Embassy in Paris and wished at this stage to confine himself to a statement of the broad principles which had been endorsed in the recent Parliamentary debates. In view of the division of opinion on this subject within the French Cabinet, it was undesirable that the Chancellor of the Exchequer should be drawn into discussing it with other French Ministers during his forthcoming visit to Paris. There was general agreement with the Foreign Secretary's views on these points. The further suggestion was, however, made that the United Kingdom Government might be well-advised to defer putting forward any proposals until their views were invited. On this there was some division of opinion. On the one hand it was recognised that, if the present proposals of the French Government failed to command general agreement in the international conference now proceeding, there would be some disposition to blame the United Kingdom Government for the breakdown if they had put forward alternative proposals from outside the conference. On the other hand, the United Kingdom Government were already being criticised for adopting a purely negative attitude towards this plan, and from that point of view it was desirable that they should seize any opportunity that offered of putting forward some constructive proposals of their own. After discussion it was recognised that it was impossible to determine at present when the appropriate moment might come for putting to other Governments proposals on the lines indicated in C.P. (50) 149.

The Cabinet—

(2) Invited the Committee of Ministers which had submitted this report (C.P. (50) 149) to continue to keep in touch with the progress of the international discussions in Paris, and to watch for a favourable opportunity for putting forward an alternative scheme on the lines indicated in their report.

(3) Invited the same Committee of Ministers to take into consideration the memoranda (C.P. (50) 154 and 153) submitted by the Minister of Defence and the Secretary of State for Commonwealth Relations on the strategic and Commonwealth implications of the proposal for integrating the coal and steel industries of Western Europe.
3. The Cabinet had a general discussion on the line to be taken in the forthcoming debate in the House of Commons on the situation in Korea. The main points raised were as follows:

(a) The Cabinet were informed that the Conservative Opposition were anxious that the debate should take place on a Motion; and, as it was to be held on a Supply day, it would be open to them to table a Motion of their own. The Cabinet thought it preferable that the debate should be held on a Government Motion; and, after discussion, they approved the terms of a Motion to be tabled in the names of the Prime Minister and five other members of the Cabinet.

(b) What line should the Prime Minister take, in opening the debate, in relation to the criticism that the action taken by the Governments of the United States and the United Kingdom in support of the South Koreans was not in accordance with the letter of the United Nations Charter?

Under Article 27 of the Charter decisions of the Security Council on matters other than procedural matters required the affirmative votes of seven members, including the concurring votes of the permanent members of the Council; and it was argued that the Council’s resolution of 27th June was not valid since the representative of the Soviet Union, a permanent member, had not been present on that occasion. On the other hand, the Council had on previous occasions taken decisions despite the abstention of a permanent member; the Soviet Government had at least acquiesced in that procedure; and it was arguable that the written constitution of the Council was in process of modification by practice. It was relevant to this argument that forty members of the United Nations had subsequently declared their support of the resolution passed by the Security Council. Moreover, it was provided under Article 51 that nothing in the Charter impaired the inherent right of individual or collective self-defence against an armed attack on a member of the United Nations; and, although South Korea was not such a member, the action taken on her behalf was clearly in accordance with the principle embodied in this Article of the Charter.

The Cabinet’s conclusion was that the Prime Minister, while he should not ignore the constitutional points which were being made, should argue that the action which the Western Powers were taking in South Korea was fully in accordance with the spirit of the United Nations Charter and was in fact the first significant demonstration of the principle of collective security against aggression. He would proceed to develop the argument that it was the duty of peace-loving nations to make the machinery of the United Nations work effectively, despite legal quibbles, and not to allow it to be frustrated by the abstentions of a single member; and that for this purpose they were entitled to take advantage of procedures which, though they might appear to conflict with the strict letter of the Charter, had been accepted as reasonable by member States.

(c) The Government would be asked in the debate whether they proposed to send further forces, particularly land forces, to Korea.

The Cabinet were informed that the Chiefs of Staff were not disposed to recommend the despatch of any land forces to Korea. The point was also made that the United States action in covering Formosa had freed for other operations the Chinese Communist forces which had been about to attack it, and this increased the potential threat to Hong Kong. No formal request for reinforcements had been received from the United States Government; and in all the circumstances the Government spokesmen in the debate would be well-advised to discount any expectation that the United Kingdom could make further forces available for operations in Korea.

The Cabinet next considered a memorandum by the Minister of State (C.P. (50) 155) regarding the economic action which might be taken in support of the military operations in Korea. The only practical action open to British authorities was to prevent the shipment of goods from Hong Kong to North Korea. It was, however, desirable...
that, in order to strengthen the hands of the Hong Kong Government, the export of goods from the United Kingdom to North Korea should also be prohibited.

The United States Government had also enquired whether pressure could be brought to bear on the Shell oil company to suspend their deliveries of oil to Communist China. This, however, would have involved a reversal of United Kingdom policy towards China; and the United States Government had been informed that Shell's current oil supplies to China were of negligible importance and that the company would be asked to refrain from increasing them.

The Cabinet—

(1) Invited the President of the Board of Trade to make an order prohibiting exports from the United Kingdom to North Korea.

(2) Invited the Secretary of State for the Colonies to ask the Government of Hong Kong to take such measures as were necessary to prevent the shipment of goods from Hong Kong to North Korea.

(3) Took note with approval of the reply returned to the enquiry received from the United States Government about the supply of British oil to Communist China.

The Cabinet next considered a memorandum by the Minister of State (C.P. (50) 157) recommending that the United Kingdom Government should immediately impose the same control over strategic exports to China and North Korea as was already imposed over exports to the Soviet Union and her satellites in Europe, and should arrange for the Governments of Hong Kong and Singapore to impose the same control over exports from those territories.

In discussion it was pointed out that, as was admitted in paragraph 6 of C.P. (50) 157, the imposition of these controls would not secure any immediate practical results: the justification for the proposal lay in the political and psychological disadvantage of declining to co-operate with the United States Government on this subject in present circumstances. Ministers felt that this disadvantage must be balanced against that of appearing to offer an affront at the present juncture to Communist China. The action taken by the United States during the past ten days in the Pacific area had increased the potential threat to Hong Kong; and this was not a moment at which the United Kingdom Government should, for no practical advantage, make a gesture which might alienate the Communist Government of China.

The Cabinet's conclusion was that, while these powers should be brought into immediate operation in respect of strategic exports to North Korea, they should not for the present be used in respect of such exports to China.

The Cabinet—

(4) Authorised the President of the Board of Trade to take immediate steps to prevent the export of strategic goods from the United Kingdom to North Korea.

(5) Invited the Secretary of State for the Colonies to arrange that the Governments of Hong Kong and Singapore should take general powers to control the export of strategic goods from those territories to any destination, and should make immediate use of those powers to prevent the export of strategic goods to North Korea.

(6) Agreed to defer for the time being action to prevent the export of strategic goods to China, whether from the United Kingdom or from Hong Kong and Singapore.

The Cabinet considered a memorandum by the Minister of State (C.P. (50) 156) on the present position in respect of Formosa.

The Minister of State said that the full implications of the new United States policy towards Formosa were being studied, and an appreciation would shortly be submitted to the Cabinet of its effects.
on our relations with China and our policy in the Far East. Meanwhile, if it became necessary to answer questions on this subject, it was recommended that these should be handled on the lines indicated in paragraph 7 of his memorandum.

In discussion it was pointed out that, if the forthcoming debate in the House of Commons took place on the basis of the Motion which the Cabinet had approved, references to Formosa would presumably be out of order. It was unlikely, therefore, that the Government spokesmen would be called upon to deal with this matter on that occasion; and, in general, it was preferable that Ministers should for the present avoid being drawn into any discussion of these questions.

The Cabinet—

(7) Took note of C.P. (50) 156; and agreed that Ministers should for the present endeavour to avoid making any statement on the subject of Formosa.

4. The Cabinet had before them a memorandum by the Lord President (C.P. (50) 148) recommending that, in the forthcoming debate on 7th July in the House of Commons on the report of the Kitchen Committee, the Government should make it clear that they were not prepared to give increased Exchequer assistance to the Committee's operations and should suggest that the Committee be asked to call in outside experts to advise them on the efficiency of their organisation.

The Lord President said that the present relations between the Kitchen Committee and the Government were not altogether satisfactory since the Committee from time to time undertook onerous financial responsibilities without consulting the Treasury but expected the Treasury to meet their losses. The expert enquiry which he proposed should cover, not only the general running of the Refreshment Department, but also the methods of keeping the accounts.

In discussion the following points were made:

(a) In 1949 the Refreshment Department was involved in a loss of more than £45,000 on a turnover of just under £92,000. The loss was made up of free services and payments by the Ministry of Works valued at £24,000, a grant-in-aid of £13,000 from the House of Commons Vote and a deficit of about £8,000 which the Kitchen Committee expected the Exchequer to meet.

(b) It would be useful if such figures as were available for the present year could be obtained in time for the forthcoming debate. The continuous attendance of Members at Westminster should have enabled the Kitchen Committee to operate the Refreshment Department more profitably.

(c) It would be unfortunate if it proved to be necessary to increase the cost of meals in order to meet the deficit, since prices were already high and the food was not altogether satisfactory. Many Members were not in a position to pay higher prices.

(d) At some stage it would be desirable to vary the present arrangements under which the Refreshment Department staff were paid for the whole 52 weeks of the year, since there was no reason why members of the staff who were able to secure employment during recesses should in effect receive double pay during that period.

(e) The Travel Association had suggested that selected tourists should be allowed during recesses to make use of rooms in the Houses of Parliament and to have meals there. This suggestion was under consideration by the Lord Great Chamberlain. A similar suggestion had been made in connection with the arrangements for the Festival of Britain.
The Cabinet—

Agreed that, in the debate on 7th July on the Report of the Kitchen Committee, the Government spokesmen should indicate that the Exchequer could not undertake an indefinite liability to meet the losses on the operation of the Refreshment Department, and that the Committee would be well-advised to call in outside experts to advise them on the more efficient running of the Department and on its accounting arrangements.

Soap Rationing.

5. The Cabinet considered a memorandum by the Minister of Food (C.P. (50) 137) proposing that the rationing of soap should be brought to an end on 10th September.

The Minister of Food said that consumer surveys showed that the present soap ration was not being taken up fully in soft-water districts, while in hard-water districts there was an unsatisfied demand for more soap. This state of affairs could not be met by a general increase in the ration. The soap manufacturers and distributors considered that, taking into account the widespread use of soap substitutes, there were sufficient supplies to allow soap to be de-rationed.

In discussion it was stated that increased requirements of fats for soap-making should not seriously affect the import programme; that increased production of soap would increase the supply of glycerine, which was below industrial needs; and that there was no reason to believe that the soap manufacturers, under continued pressure from the Ministry of Food, would relax their efforts to increase the export of soap.

The Cabinet—

Approved the proposal in C.P. (50) 137 that soap rationing should be brought to an end on 10th September.

6. The Cabinet had before them a memorandum by the Secretary of State for Scotland (C.P. (50) 150) summarising a discussion which he had had with a deputation from the Scottish National Assembly on 17th June, and setting out the terms of the reply which he proposed to give to a Parliamentary Question about this meeting.

The Cabinet—

(1) Agreed that no encouragement should be given to the desire of the Scottish National Assembly to send a deputation to the Prime Minister.

(2) Took note of the reply which the Secretary of State for Scotland proposed to give to a Question about his recent meeting with a deputation from the Assembly.

7. The Home Secretary said that on the previous day Servicemen had started to move cargoes of meat from the cold stores (other than those in the docks) and that satisfactory progress was being made. The meat porters at the cold stores had come out on strike and Servicemen were doing their work. The maintenance men at the cold stores had, however, continued at work and it appeared to be unnecessary to retain naval technicians who were standing by to take their place. The drivers and warehousemen employed by about twelve wholesale provision merchants in the Smithfield area who distributed butter, eggs and bacon had come out on strike because Servicemen were being used to bring meat into Smithfield and arrangements had been made for Service vehicles and 200 additional Servicemen to do their work. It would be necessary in the following week to use Servicemen to draw supplies from the docks cold stores and later in
the week it would be necessary to unload meat supplies from ships in the docks. These later developments might lead to an extension of the strike to the docks.

In discussion it was explained that the Distribution and Marketing Committee proposed, in the light of the recurrent difficulties at Smithfield, to re-examine the proposal that Smithfield should be retained permanently as the London wholesale meat market. It was agreed that the Committee should seek expert opinion, including that of the military transport authorities, on the transport aspects of alternative proposals.

The Cabinet—

(1) Took note of the Home Secretary's statement and agreed that it was not necessary to retain the naval technicians who were standing by in case the maintenance men in the cold stores came out on strike.

(2) Took note that the Distribution and Marketing Committee would examine the question of the retention of Smithfield meat market on a long-term basis.

*Cabinet Office, S.W. 1,*  
*4th July, 1950.*