CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 1st August, 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. 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. 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 following were also present:
The Right Hon. G. R. STRAUSS, M.P., Minister of Supply (items 4-5).
The Right Hon. MAURICE WEBB, M.P., Minister of Food (item 5).

Secretariat:
Sir NORMAN BROOK.
Mr. A. JOHNSTON.
## CABINET 52 (50)

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1. The representative of the Soviet Government on the Security Council had announced his intention to resume his seat on the Council when his turn came to preside on 1st August, and he had given notice of his intention to bring forward resolutions on China's representation on the Council and on the Korean situation. The Minister of State said that the United States Government had been anxious that a resolution of their own on the Korean situation should be tabled before the Soviet representative took his seat, presumably as a procedural move to ensure that their resolution would be discussed before those which were to be moved by the Soviet representative. They had been dissuaded from putting forward a resolution establishing a Security Council Commission, members of which might be sent as observers to countries threatened with aggression. They had then suggested an alternative form of resolution which condemned the North Koreans for their continued defiance of the United Nations and called on all States, not only to use their influence to prevail upon the North Koreans to cease this defiance, but also to avoid any action which might have the effect of extending the area of conflict. This was open to the objection that, while its first two parts added nothing to the resolutions which the Security Council had already passed on this subject, its third part could be exploited to the disadvantage of the United States Government. But, although the Americans had shown us the resolution in draft, they had not allowed us sufficient time in which to make effective criticism of it; and although we had counselled delay, they had in fact tabled the resolution late on the previous evening with a view, no doubt, to its being discussed in advance of the resolutions which the Soviet representative was proposing to bring forward.

The Cabinet—

Took note of this statement.

2. The Prime Minister suggested that the Cabinet should review their policy towards the representation of China on the Security Council. It was clear that we must reject any suggestion of a bargain by which a representative of the Communist Government of China would be admitted to the Security Council in return for a settlement of the Korean situation. It was also clear that, as we were unwilling to agree that a Korean settlement should be made conditional upon a change in China's representation on the Council, it would be improper for us to take the line that the latter question could not be discussed until after a settlement of the Korean question had been reached. Our real difficulty was to decide what line we should now take if the question of China's representation on the Council was raised on its merits, irrespective of the Korean situation. —

The Cabinet were reminded that it had hitherto been our policy to try to avoid taking a definite line on this question, in any of the agencies of the United Nations, until it was clear that a majority would vote in favour of a change in China's representation. The basis of this policy was that we should avoid giving unnecessary offence to United States opinion by registering an ineffective vote in favour of the representation of the Communist Government of China. In favour of maintaining that policy it was argued that, if we took a more positive line at this stage, we might give offence to some sections of United States opinion. Further, as in other matters (for example, the despatch of troops to Korea and the denial of British oil and strategic exports to China) we had accepted positive sacrifices in order to align our policy with that of the United States Government over Korea, would it not be unrealistic to risk alienating United States opinion for the sake of making a further gesture towards the Chinese Communists? Our recognition of the Chinese Communist Government had after all produced no fruitful results so far; we had not even succeeded in securing an exchange of diplomatic representatives.
On the other side it was pointed out that the United States Government had indicated that they would regard themselves as bound by a majority vote in favour of a change of Chinese representation on the Security Council; and, that being so, it was surely our duty to express our view by a positive vote if the question was raised on its merits. By our act of recognition we had accepted the fact that the Communist Government were the effective Government of China; and we could not logically defend the continuance on the Security Council of a representative of the Chinese Nationalists. Moreover, there was a grave risk that on this issue a cleavage of opinion would arise between the Asiatics and the rest of the world; and it was vitally important for us that we should not appear to be opposing the united view of the Asiatic peoples. Finally, our policy towards China had been founded on the principle that we should at all costs avoid action which would force the Chinese Communists into the arms of Moscow.

The Prime Minister, summing up the discussion, said that it seemed to be the preponderant view in the Cabinet that we should not be parties to any bargain in the Security Council by which a settlement of the Korean situation would be made conditional upon a change in China's representation in the Council; that we should not allow ourselves to be put in a position in which we appeared to be obstructing the admission of Communist China to the Council; and that we should seek to avoid the weak position of appearing to wait to see how others would vote before we ourselves expressed any positive view. If the question was raised on its merits at the Security Council, the United Kingdom representative should ask for an adjournment and seek instructions from the Government on the manner in which he should cast his vote. The nature of the instructions to be given to him by the Foreign Secretary would doubtless turn to some extent on the circumstances in which the question was raised. The Foreign Secretary would, however, find it useful to have the Cabinet's views for his guidance in determining what instructions should be given when the time came.

The Cabinet—

Invited the Minister of State to convey to the Foreign Secretary the substance of the views expressed in the Cabinet's discussion.

3. The Cabinet had before them memoranda—

(i) by the Minister of State (C.P. (50) 179) proposing that the Foreign Secretary should be given discretion, subject to the fulfilment of certain conditions, to accept at the Committee of Ministers of the Council of Europe the draft Convention on Human Rights;

(ii) by the Secretary of State for the Colonies (C.P. (50) 189) indicating objections, from the point of view of Colonial Governments, to a right of petition by individuals and groups to the proposed European Court of Human Rights.

The Minister of State explained that at their first meeting in 1949 the Consultative Assembly of the Council of Europe had considered some rather unsatisfactory proposals for a Human Rights Convention and had invited the Committee of Ministers to arrange for a draft Convention to be drawn up. The interested Departments of the United Kingdom Government had been consulted in the preparation of the draft Convention annexed to C.P. (50) 179; and he understood that, in the main, the present draft met their views. The objections raised by the Colonial Secretary to the proposal that individuals and
groups should be empowered to appeal to a European Court of Human Rights could be met by making it clear that the United Kingdom Government did not propose to adopt the optional clause (Article 46) in regard to the Court.

The Chancellor of the Exchequer said that a Government committed to the policy of a planned economy could not ratify this Convention on Human Rights. He drew attention to various Articles in the draft Convention, e.g., on powers of entry into private premises, which were inconsistent with the powers of economic control which were essential to the operation of a planned economy. The Convention had originally been conceived as a statement of the rights which western civilisation preserved for the individual, in contrast to the absence of such rights in Communist-dominated countries; but, if the Convention were adopted in its present form, this country could be pilloried for infractions of its provisions which would be unavoidable in the course of economic planning. The draft Convention would be acceptable only to those who believed in a free economy and a minimum amount of State intervention in economic affairs.

In further discussion Ministers agreed that, if individuals had a right to take alleged infractions of the Convention from the courts of this country to a European Court of Human Rights, the effect on the judicial system of this country might be very serious. It was intolerable that the code of common law and statute law which had been built up in this country over many years should be made subject to review by an International Court administering no defined system of law. Under the other draft Convention on Human Rights which was under discussion by the United Nations the right of petition against breaches of the Convention was confined to States.

It was the general view of the Cabinet that the Foreign Secretary should urge the Committee of Ministers to refrain from submitting this draft Convention for consideration by the Consultative Assembly. It was recognised that in their report to the Assembly the Committee of Ministers would have to explain the grounds on which the draft was being held back, and there might be a public debate on the report in the Assembly. Some Ministers considered that, as the Convention was designed mainly to mark the difference of outlook between democratic and Communist States, the Committee of Ministers might be urged to recommend the adoption of a declaration rather than a Convention; but it was pointed out that the United Nations had already adopted a declaration on this subject and that both the United Nations and the Council of Europe had now gone beyond this point to consideration of the terms of a Convention. There was an undesirable duplication of work between the United Nations, which had been considering this subject for some years, and the Council of Europe; but, while something might be made of the point that the Council of Europe was merely duplicating the work of the United Nations, the argument could not be pressed too far since there had been previous occasions on which we could have advanced it and had not done so. The main line of argument must therefore be that Governments needed more time to consider the repercussions of the draft Convention on their domestic law, and reference could no doubt be made to current economic developments in Europe which would have to be borne in mind in a re-examination of the draft. It would be useful if the Lord Chancellor could see Sir David Maxwell Fyfe and explain to him some of the legal difficulties which the draft Convention presented.

The Cabinet—

(1) Agreed that the Foreign Secretary should endeavour to secure that the Committee of Ministers of the Council of Europe remitted the draft Convention on Human Rights for further examination by Governments, and refrained from submitting it for consideration at this year's session of the Consultative Assembly.
(2) Invited the Minister of State to submit a memorandum explaining how it came about that a draft Convention which was not in accord with the Government's economic policy should have reached such an advanced stage of preparation before it was submitted for consideration by Ministers.

4. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C.P. (50) 181) regarding the additional effort which might be made by the United Kingdom to increase the defence preparedness of the North Atlantic Powers, in response to President Truman's recent appeal and his offer of financial assistance.

The Chancellor of the Exchequer said that the United States Government had asked the Governments of all the other North Atlantic Powers to provide them, before 5th August, with particulars of the nature and extent of the increased effort which they were willing and able to undertake in increasing their armed forces and their military production, and of the further military production programmes which they could initiate with American financial assistance. The Cabinet had already authorised additional defence expenditure of £100 million, of which about £30 million would be incurred in 1950-51 and £70 million in 1951-52; and they had also approved in principle a civil defence programme of £137 million over the next four years. In addition, further expenditure was likely to be incurred in improving the pay and increasing the size of the armed forces during this period, and for this he proposed to allow a further £100 million, of which £10 million might fall in 1950-51 and £30 million in each of the three following years. These decisions and proposals would produce the following totals of defence expenditure over the four financial years from 1950 to 1954:

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (£ million)</th>
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<tbody>
<tr>
<td>1950</td>
<td>820</td>
</tr>
<tr>
<td>1951</td>
<td>900</td>
</tr>
<tr>
<td>1952</td>
<td>840</td>
</tr>
<tr>
<td>1953</td>
<td>850</td>
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The Supply Departments had been asked what additional expenditure upon armaments would be physically possible during these four years. Their programmes, which were set out in the Annexes to C.P. (50) 181, were estimated to involve over the four years the following additional expenditure:

<table>
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<th>Year</th>
<th>Expenditure (£ million)</th>
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<tbody>
<tr>
<td>1950</td>
<td>4</td>
</tr>
<tr>
<td>1951</td>
<td>175</td>
</tr>
<tr>
<td>1952</td>
<td>293</td>
</tr>
<tr>
<td>1953</td>
<td>342</td>
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This would bring the total of defence expenditure in each of the four years to the following figures:

<table>
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<tr>
<th>Year</th>
<th>Expenditure (£ million)</th>
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<tbody>
<tr>
<td>1950</td>
<td>824</td>
</tr>
<tr>
<td>1951</td>
<td>1,075</td>
</tr>
<tr>
<td>1952</td>
<td>1,133</td>
</tr>
<tr>
<td>1953</td>
<td>1,192</td>
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In addition it was estimated that 1½ million tons of merchant shipping could be provided over the period.

Programmes of this magnitude could not be undertaken without substantial financial aid from the United States. He therefore proposed that, in answering the second part of the enquiry by the United States Government, we should take the following line. We should state that by decisions already taken or likely to be taken in the near future we were committed to a defence expenditure of about £820 million in 1950-51 and £900 million in 1951-52. We considered that on general economic grounds an annual expenditure of £950 million on defence was the most we could afford in 1951-52 and in the following two years. If, therefore, we were to undertake the additional programme indicated above, we must ask for United States aid to cover the difference between an expenditure of £2,850 million over the three years and the total programme of £3,400 million, i.e., we should ask for United States aid to the extent of £550 million. We
should seek to secure that this assistance was given in the form of free dollars which we could either hold or use to make purchases in any part of the world. We should make it clear that our offer was dependent on approval by Parliament. Our additional production programmes should be designed to meet the needs of other North Atlantic Powers, as well as those of our own forces, and we should propose that, in recognition of United States aid, transfers of equipment should be made without payment between the North Atlantic Powers.

In conclusion, the Chancellor stressed the fact that these proposals would commit the Government, subject to Parliamentary approval, to a net expenditure on defence at the rate of £950 million a year over the next three years. Ministers should recognise that the resources required for this additional production could not be provided without some reduction in Government expenditure, some additional taxation or some reduction in capital investment, or a combination of all three.

The Minister of Defence said that these calculations were based on the assumption that the cost of current defence policy would remain constant throughout the period at £780 million a year. In fact there was bound to be some increase in this figure, by reason both of increased production costs and also of unexpected new commitments, such as the cost of active operations in Korea. Further, he was doubtful whether a total of £100 million over the four years would cover the whole cost of improving the pay and increasing the size of the armed forces. Proposals under these heads which he was hoping to put before his colleagues in the following week would, he feared, involve a larger expenditure than that. In these circumstances, he believed that the rate of defence expenditure to which the Government were committed, or would soon be committed, would exceed the figures put forward in C.P. (50) 181. The Chancellor of the Exchequer said, in reply, that we could explain to the United States authorities that the cost of our requirements might prove in the event to be greater than was stated in these figures and that, in particular, we were not yet able to make a firm estimate of the additional cost of improving the pay and increasing the size of our armed forces. Nevertheless, an annual expenditure of £950 million was the most that we ourselves could afford over this period. If, therefore, the actual cost of our requirements proved to be greater than had been assumed in these calculations, it followed that there must be either an increase in the amount of United States financial aid or a decrease in the additional production programme now put forward.

The Minister of Health said that he felt grave misgivings about the implications of the proposals put forward by the Chancellor of the Exchequer. Our foreign policy had hitherto been based on the view that the best method of defence against Russian imperialism was to improve the social and economic conditions of the countries threatened by Communist encroachment. The United States Government seemed now to be abandoning this social and political defence in favour of a military defence. He believed that this change of policy was misjudged, and that we should be ill-advised to follow it. The United Kingdom could perhaps support the burden of this additional expenditure on defence without fatal damage to its economic and social structure. He doubted, however, whether the same was true of France and some of the other countries of Western Europe. If, as a result of this further military effort, their economic and social standards were still further reduced, their ability to resist the domestic threat of communism would be seriously prejudiced.

If the Cabinet now endorsed the proposal in paragraph 10 of C.P. (50) 181 that the Government should commit themselves to defence expenditure at an annual rate of £950 million over the next three years, he foresaw very great difficulties for the Ministers responsible for social services. They would be forced to accept reductions in the
Governments' civil programmes; their only freedom would be to decide which of those programmes should suffer first or most. If some increase in defence expenditure was inevitable, would it not be better to take the line that there could be no reduction in our existing level of expenditure on social services and capital investment, and to allocate to defence the increase in the national income which was expected to accrue from increased industrial productivity?

In reply it was pointed out that, if the whole of the increment from increased productivity were allocated to defence, this would involve a much larger defence expenditure than that proposed in C.P. (50) 181. In fact, however, the product of future increases in industrial productivity had already been taken into account in the social and economic programmes to which the Government were committed. Those programmes assumed an increasing rate of expenditure; and what was contemplated in paragraph 10 of C.P. (50) 181 was, not that the total of those programmes should be reduced below its existing level, but that some part of the planned expansion might have to be cut back.

On the general question of the level of expenditure proposed in C.P. (50) 181, some Ministers felt that the greater danger was that these proposals might appear, to the United States Government and to public opinion on both sides of the Atlantic, to take insufficient account of the dangers of the present international situation. Since the end of the war much had been done, by way of disposals of ammunition and surplus stores, which Ministers would never have countenanced if they had known that we should be faced so soon with a prospect of becoming involved in war. The fact was that our forces were insufficiently equipped to meet the dangers with which we now faced. It was abundantly clear that we must spend substantially more on defence if we were to play our full part under the North Atlantic Treaty. Public opinion had come to recognise this very clearly during recent weeks; and there would be widespread support for a firm policy of accelerating our defence preparations.

In further discussion the point was made that at an annual figure of £950 million our defence expenditure would compare favourably, on the basis of a percentage of national income, with that which was to be undertaken by the United States. Our proposals ought therefore to be accepted by the United States Government as an adequate contribution to the common effort. The total cost of the additional effort which we proposed to make, over the four-year period, was £1,100 million; and the amount of the financial aid which we were proposing to ask the United States to provide was only 50 per cent. of this. It was, however, estimated that this would cover the dollar cost of the additional dollar imports required and would also provide compensation for the loss of exports which the programme might entail. It should therefore protect us from any consequent deterioration in our balance of payments.

The Cabinet—

(1) Approved the proposals in C.P. (50) 181; and authorised the Chancellor of the Exchequer to arrange, in consultation with the Minister of State, for a communication to be made to the United States Government on the lines indicated in that memorandum in reply to their request for information about the increased military effort which the United Kingdom Government were prepared to undertake and the further military production programmes which they could initiate with United States financial assistance.

(2) Instructed the Commonwealth Relations Office to arrange for other Commonwealth Governments to be informed of the enquiry received from the United States Government and the nature of the reply which was being returned to it.
5. The Cabinet had before them a memorandum by the Minister of Health (C.P. (50) 184) asking that the capital investment programme should be modified to allow him greater latitude in sanctioning new schemes for rural sewerage, and a memorandum by the Chancellor of the Exchequer (C.P. (50) 187) explaining why it had been impossible to meet the full claims of the responsible Ministers in respect of water and sewerage development and in respect of new building for manufacturing industry, including the food industries.

The Chancellor of the Exchequer said that the claims of the Minister of Health in respect of sewerage and of the Minister of Food in respect of the food industries had been fully considered by the Production Committee. It would be impossible to consider any increase in either case without reopening the capital investment programme as a whole, and other Ministers would bring forward strong arguments against any curtailing of the investment for which they were responsible. He suggested that it might be practicable for the Minister of Health to make some reallocation as between rural and large urban sewerage schemes.

The Minister of Health said that a refusal to sanction a desirable sewerage scheme had immediate adverse repercussions on local authorities and on the public in the areas affected. He had, therefore, thought it desirable on political grounds to bring his difficulties before the Cabinet. Since large urban schemes were required in connection with new housing, it would not in his view be practicable to switch investment from the towns to enable rural schemes to be started.

The Minister of Food said that he was disturbed about the inadequacy of the facilities for slaughtering the larger number of home-fed cattle which would be coming forward in the autumn. The food-manufacturing industries also required a good deal of new accommodation, in order to carry out their work in a proper manner.

It was the general view of the Cabinet that it would not be practicable to increase capital investment in sewerage or in the food industries without restricting investment on other services for which a better claim could probably be made. The increased expenditure on defence made it impracticable to contemplate any increase in the total programme of capital investment.

The Cabinet—

Approved the proposals put forward by the Chancellor of the Exchequer in paragraph 9 of C.P. (50) 187.

6. At their meeting on 18th July the Cabinet had agreed to resume at a later meeting their discussion of memoranda by the Minister of Health and the Lord Privy Seal (C.P. (50) 145 and 109) about the nationalisation of public water supplies.

The Cabinet—

Agreed that discussion of the proposed nationalisation of public water supplies must now be deferred until the autumn.

7. The Minister of Health said that he understood that the Treasury proposed that civil servants who were members of the Reserve and were called up for service in connection with the operations in Korea should have their emoluments made up to the
level of their Civil Service salaries; and the question had arisen whether the same rules should apply in the National Health Service. He suggested that the repercussions of the Treasury proposal should be considered.

The Cabinet—
Invited the Chancellor of the Exchequer to consider the point raised by the Minister of Health.

*Cabinet Office, S.W. 1,
1st August, 1950.*