CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W.1, on Monday, 9th April, 1951, at 6.30 p.m.

Present:

The Right Hon. HERBERT MORRISON, M.P., Secretary of State for Foreign Affairs (in the Chair).

The Right Hon. ERNEST BEVIN, M.P., Lord Privy Seal.

The Right Hon. HUGH DALTON, M.P., Minister of Local Government and Planning.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

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

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. H. T. N. GAITSKELL, M.P., Chancellor of the Exchequer.

The Right Hon. VISCOUNT ADDISON, Lord President of the Council.

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

The Right Hon. ANEURIN BEVAN, M.P., Minister of Labour and National Service.

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. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury.

Secretariat:

SIR NORMAN BROOK.

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(Previous Reference: C.M. (51) 25th Conclusions, Minute 3.)

The Cabinet resumed their discussion of the level of Government expenditure on the social services.

The Foreign Secretary said that during the afternoon he and the Chief Whip had seen the Prime Minister in hospital and had given him a full account of the Cabinet's discussion at their meeting that morning. The Prime Minister had asked him to convey to the Cabinet the following expression of his views. First, he had pointed out that in all Cabinet discussions of Budget proposals there must be a substantial measure of give and take between Ministers. The Chancellor of the Exchequer had particular responsibility for the national finances; and no other Minister ought to claim that any particular estimate should be treated as sacrosanct. It would be a most unusual thing for a Minister to resign on a Budget issue: so far as he was aware, the only Minister who had ever taken this step was Lord Randolph Churchill, whose political fortunes had never recovered thereafter. Secondly, a Minister who found himself in disagreement with a particular part of the present Budget proposals should consider, not only his personal position, but the effect which his resignation would have on the present and future fortunes of the Labour Party. Thirdly, the Prime Minister had said that it would be folly for any Minister to provoke a political crisis at the present time, for there could hardly be a worse moment for a General Election. As the summer went on, the conditions might become more favourable—the meat ration might be increased, the weather might improve and there might be some change in the international situation. But a General Election at the present time with a Labour Party torn by divided counsels, would prejudice the fortunes of the Labour movement for years to come. Fourthly, if the Government were forced to face the electorate in these circumstances, they could hardly hope to win the Election; and, after such a debacle, the Conservatives might remain in office for a long period. If the situation arose, the responsibility for bringing it about would rest with any Ministers who resigned from the Government at the present juncture. For all these reasons the Prime Minister urged his Cabinet colleagues to give solid support to the Budget proposals put forward by the Chancellor of the Exchequer; and, in particular, to adhere to the decisions which they had taken, as a Cabinet, on 22nd March regarding the future level of expenditure on the National Health Service.

The Minister of Labour said that he was not surprised to hear that the Prime Minister took this view. He had, however, discussed the matter with the Prime Minister before 22nd March; and he had then made it clear that he would not be able to share collective responsibility for a decision to abandon the conception of a free Health Service. This was, for him, a question of principle. He had given five years to building up the Health Service; he had proclaimed it on many public platforms as one of the outstanding achievements of the Labour Party in office: he had, in particular, upheld the conception of a free Service as the embodiment of Socialist principles. It was too much to ask him now to go into the division lobby in support of a measure authorising the imposition of charges for dentures and spectacles provided under this Service. In saying that he must resign from the Government if the Cabinet persisted in this decision, he was not speaking lightly or without consideration of the possible consequences which the Prime Minister envisaged. But a Minister must be free to resign if he felt that he could not conscientiously share collective responsibility for decisions which his Cabinet colleagues wished to take. This Cabinet had taken many decisions which he had not wholly approved; but, when it became clear that these representatives of a preponderant view in the Cabinet, he had been prepared to take his share of responsibility for them. But, latterly, he had come to feel that he could bring more influence to bear on Government policy from outside the Cabinet than he could ever hope to exercise within it; and, when a Minister reached that position, it was time for him to go.
The President of the Board of Trade said that he wished at this stage to make his own position clear. In the Cabinet's earlier discussion that morning he had said that he supported the view of the Minister of Labour that it would not be possible to persuade all Government supporters to vote in favour of legislation authorising the introduction of charges under the Health Service. He now wished to make it clear that, if the Cabinet maintained their decision to introduce these charges, he would feel unable to share collective responsibility for that decision and, like the Minister of Labour, would feel obliged to resign from the Government.

In the course of a long discussion Ministers dwelt upon the grave consequences which would follow if resignations from the Cabinet caused a serious division in the ranks of the Labour Party. This might well precipitate a General Election, at a moment most unfavourable to the fortunes of the Party, and in circumstances in which the Party’s chances of success must be rated very low. But, worse than that, it might undermine the authority of the Party’s leaders and weaken the electoral prospects of the Party for many years to come. From a wider point of view it was also argued that the Labour Party had given an example to the world of stable and progressive Government in the difficult period of transition after the end of the war and in the dangerous period of international tension which had followed it; and it would be a tragedy if at this juncture the inspiration of its leadership in world affairs were cast away.

The Minister of Labour said that he could not accept responsibility for these consequences, even if they turned out to be as serious as some of his colleagues had feared. It was not he who had taken the initiative in proposing charges under the Health Service. The political crisis, if one developed, would have been provoked by those who had made this proposal. Other Ministers, on the other hand, held that any Ministers who resigned from the Government at the present time would be responsible for the political consequences which were likely to follow; and, in their view, this was a very heavy responsibility.

Beside these grave consequences, the issue which now divided the Cabinet seemed relatively small. Was there not some compromise on the basis of which agreement might still be reached? The Cabinet then discussed various possibilities. Thus, would it be possible to postpone for six months the introduction of charges under the National Health Service? During the interval Ministers should be able to resolve their doubts on the question whether the money allocated to the increased defence programme could in fact be profitably spent; and they would then be able to see more clearly whether the proposed economies on the Health Service were in fact essential. Postponement would also have the advantage that the discussion could be resumed at greater leisure under the Chairmanship of the Prime Minister himself. Alternatively, would it suffice for the Chancellor in his Budget speech to say merely that expenditure on the Health Service would be kept for the time being within an upper limit of £400 million, and that the Government were considering what steps would be necessary to ensure that this limit was not exceeded? Would it not be possible to secure economies in the administration of the Service without resorting to charges? Or could the necessary savings be secured by imposing a charge for prescriptions, and abandoning the proposed charges for dentures and spectacles? This would have the advantage that no fresh legislation would be required. And in 1949 the present Minister of Labour had accepted the view that a charge for prescriptions would not involve a breach of the principle of a free Service.

The Chancellor of the Exchequer pointed out that none of these alternative courses would give him a sufficient assurance that the necessary savings would in fact be secured. Other Ministers testified that the Cabinet Committee on the National Health Service had exhaustively considered all practicable alternative methods of reducing expenditure on the Service, and had satisfied themselves that...
this expenditure could not be kept within an upper limit of £400 million without recourse to charges. They were also satisfied that the charges now proposed, for dentures and spectacles, were the most practical and the least unpalatable of any which could be introduced. The Cabinet reluctantly came to the conclusion that no compromise solution could be found along these lines.

In the course of further discussion The Minister of Labour indicated that, if he resigned from the Government, he would feel obliged to make it clear that his differences with his colleagues had not been restricted to this question of charges under the National Health Service. He was also gravely concerned about the economic consequences of the increased defence programme. While he supported the policy of rebuilding the armed strength of the western democracies, he was concerned about the pace and volume of their rearmament programmes. He believed that, by trying to do too much too quickly in response to United States pressure, the western democracies were in grave danger of undermining their economic strength. The United Kingdom Government would in his view make a double mistake if they allowed the increased defence programme, not only to distort the national economy, but to do this at the expense of the social services.

Further appeals were then made by a number of Ministers that the solidarity of the Government and the Labour Party should not be breached by resignations on this issue. The Minister of Education, in particular, made it clear that in his view Ministerial resignations were too high a price to pay for an economy of £13 million on the Health Service. He felt sure that it must be possible to resolve the differences within the Cabinet by some means which would not involve Ministerial resignations; and he hoped that the majority would not press their view to a point which would make these resignations inevitable.

After further discussion The Foreign Secretary said that he must bring the issue to a decision. He read out the conclusions reached by the Cabinet at their meeting on 22nd March, viz., that for the time being expenditure on the National Health Service should be subject to an upper limit of £400 million; that charges should be imposed for the supply of dentures and spectacles under the Health Service; and that the Health Ministers should draft the necessary legislation and make such advance preparations as were required to bring the scheme of charges into operation on 12th April. He asked each member of the Cabinet to state whether he was still prepared to adhere to those decisions. The Minister of Labour, the President of the Board of Trade and the Minister of Education said that, for the reasons which they had indicated in the course of the Cabinet’s discussion, they were not in favour of re-affirming those conclusions. The remaining members of the Cabinet all indicated that they favoured re-affirming those conclusions.

The Minister of Labour said that in these circumstances he would have to resign from the Government. He would submit his resignation to the Prime Minister in the course of the following day; and he presumed that he would thereafter make a personal statement in the House of Commons, possibly on 11th April.

The Cabinet—

(1) Reaffirmed their decisions of 22nd March regarding the limitation of expenditure on the National Health Service and the introduction of charges for dentures and spectacles supplied under that Service.

(2) Authorised the Chancellor of the Exchequer to announce these decisions in the course of his Budget speech.

(3) Invited the Minister of Labour to reconsider his position, and expressed the earnest hope that he would not find it necessary to resign from the Government on this issue.

Cabinet Office, S.W. 1,
9th April, 1951.