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C.M. (45)

55th Conclusions.

CABINET 55 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 22nd November, 1945, 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.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade.

The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty.

The Right Hon. LORD JOWITT, Lord Chancellor.

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

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.

The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.

The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.

The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.

The Right Hon. VISCOUNT STANSFORD, Secretary of State for Air.

The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.

The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.

The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The following was also present :

The Right Hon. W. WHITELEY, M.P., Parliamentary Secretary to the Treasury (*Item 2*).

Secretariat.

SIR EDWARD BRIDGES.
MR. NORMAN BROOK.
MR. W. S. MURRIE.

CABINET 55 (45).

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Atomic Energy.

Prime Minister's Mission to Washington. (Previous Reference: C.M. (45) 53rd Conclusions, Minute 3.)

1. *The Lord President*, on behalf of the Cabinet, welcomed the Prime Minister on his return from Washington, expressed the Cabinet's appreciation of his speeches to Congress and to the two Houses of Parliament in Ottawa, and congratulated him on the success of his mission.

The Prime Minister gave the Cabinet an account of his discussions in Washington about the international control of atomic energy. He had found little difficulty in securing the agreement of President Truman and Mr. Mackenzie King to the general lines of his approach to this problem, as approved by the Cabinet at their meeting on the 8th November, but there had been some delay in securing agreement on the draft of the announcement. As a result, it had not been possible for him to give the Cabinet much time to consider that draft; and he had not been able to secure consideration in Washington of the comments communicated to him on the Cabinet's behalf. These points had not, however, been concerned with the substance of the agreement which was, he understood, fully acceptable to the Cabinet. It was satisfactory that the Three Powers should have found themselves in full agreement that this problem could be satisfactorily handled only through the gradual creation of international confidence and that control, not only of atomic weapons, but of all weapons designed for mass destruction, should be sought through the machinery of the United Nations Organisation. Meanwhile, it was satisfactory that the three Powers had expressed their intention to continue to co-operate in research and development on atomic energy.

In discussion the following points were raised:—

(a) Had satisfactory arrangements been made to enable us to share in the information acquired by the Americans regarding the industrial application of atomic energy? In particular, had a written agreement been secured revoking the restrictive clauses of the Québec Agreement of August 1943?

The Prime Minister said that the new agreement which President Truman had signed was, in his view, satisfactory, though it did not in terms revoke the Québec Agreement. In addition, Sir John Anderson had worked out, with the Americans, the basis of a new detailed agreement with the other two Powers.

It was suggested that the Prime Minister might include some reference to this point in his speech in the House of Commons later that day. *The Prime Minister* agreed that he could use words to the effect that, following his discussions with President Truman, he was now able to say that there was no question of any restriction on our liberty to exploit the industrial application of these researches into the use of atomic energy.

(b) *The Minister of Education* said that, at the Conference of the United Nations Educational, Scientific and Cultural Organisation, some concern had been expressed about the proposal to establish under the United Nations Organisation machinery for the international exchange of basic scientific information. The Conference had recognised that special arrangements must be made for controlling the use of scientific information for military purposes; but they had thought it would be unfortunate if *ad hoc* machinery were established, independently of the United Nations Educational, Scientific and Cultural Organisation, for the international exchange of basic scientific information.

It was the view of the Cabinet that it would be inappropriate to bring within the scope of the United Nations Educational, Scientific and Cultural Organisation arrangements for the exchange of scientific information which was of such importance, for industrial as well as for military purposes, as that covered by the recent announcement on atomic energy. These were matters which ought to be brought directly under the control of the United Nations Organisation itself.

The Cabinet—

Took note of the Prime Minister's statement and of the points which had been raised in discussion.

Parliament.
Business in
the House of
Commons.

2. *The Lord President* informed the Cabinet of the business which it was proposed to take in the House of Commons during the following week.

The Opposition were thinking of tabling a Motion of Censure arising out of the statement on the nationalisation of certain industries made on the 19th November. If a Motion were tabled which related directly to that statement, facilities must be given to debate it. One day should suffice. There were, however, indications that the Opposition were thinking of extending the Motion to cover demobilisation, housing and, possibly, the Government's failure to reduce expenditure. The Lord President said that there had been earlier opportunities to debate these other topics, and further opportunities would arise in the near future; and it was, in his view, improper that the Opposition should seek to evade the specific issue raised on the 19th November by asking for a wide-ranging debate on a more general Motion. If, therefore, this matter were raised in connection with his Statement on Business that day, he proposed to avoid making any promise that time would be found for a debate until he had seen the precise terms of the Motion.

The Cabinet—

Endorsed the line which the Lord President proposed to take on this matter.

General
Eisenhower.
(Previous
Reference:
C.M.(45) 53rd
Conclusions,
Minute 1.)

The Lord President recalled that at their meeting on the 15th November the Cabinet had agreed that it would be inexpedient to adopt the suggestion that General Eisenhower should be formally received by Parliament while he was in this country at the end of November. The Cabinet had, however, been disposed to favour the alternative suggestion that General Eisenhower should be invited to a dinner in the House of Commons attended by the Speaker and leading members of all Parties.

The Prime Minister said that he favoured this alternative suggestion. Invitations might be issued by the Speaker, and the dinner might be held in the Speaker's House, if the damage which it had suffered during the war had been repaired. Representative Peers might be invited, as well as leaders of other Parties.

The Cabinet—

Invited the Lord President to pursue this suggestion with the Speaker, and to settle the detailed arrangements in consultation with the Prime Minister.

Greece.
(Previous
Reference:
C.M.(45) 49th
Conclusions,
Minute 5.)

3. *The Foreign Secretary* informed the Cabinet of the latest developments in the political situation in Greece.

The King of the Hellenes had sent him a letter in which, on the basis of newspaper reports, he suggested that His Majesty's Government had offered financial assistance to the Greek Government on condition that the plebiscite was postponed for three years. There was, of course, no truth in this suggestion, and this would have been made clear in the reply. The King had, however, proceeded to issue a statement to the Press without waiting for the Foreign Secretary's reply, and a difficult situation had thereby been created. The Foreign Secretary said that he thought it would now be necessary for him to publish his reply to the King's letter, and to deal with this matter fully and frankly in his speech in the Parliamentary debate on foreign affairs on the following day.

The facts relating to the plebiscite were, briefly, these. It had originally been provided under the Varkiza agreement, that the plebiscite should precede the elections and should be held before

the end of 1945. In August he had suggested to the Cabinet that it would be better if this order were reversed, so that the plebiscite was not held until order had been restored in Greece by a stable Government freely elected and resting on the will of the people. He had, however, recommended that the initiative and responsibility for departing from the Varkiza agreement in this respect must be assumed by the Greeks themselves. In September the Greeks had freely decided that the elections should precede the plebiscite; and it had been generally agreed by interested Allied Governments that this was an arrangement most likely to produce stable conditions in Greece. When the Parliamentary Under-Secretary of State for Foreign Affairs had arrived in Athens earlier in the present month the Regent had asked for British support for a proposal to postpone the plebiscite for three years. The Foreign Secretary had emphasised that the primary purpose of Mr. McNeil's mission was to secure a Government willing and able to carry through a comprehensive economic programme for the reconstruction of Greece, and he had refused to be involved in further manœuvres about the dates of elections and plebiscite. He had therefore proposed a definite time-table under which the elections would be held in March 1946, and the plebiscite in March 1948, thus allowing the new Government two years in which to produce conditions of stability suitable for the holding of the plebiscite. There was, however, no foundation for suggestions that the initiative in proposing postponement of the plebiscite had come from us or that any promise of economic assistance had been conditional upon postponement of the plebiscite.

The public statement which had now been made by the King of the Hellenes was not calculated to assist an early settlement of the political difficulties in Greece. If the King were to return to Greece, the situation there would become even worse and there would be danger of civil war. It was most important, therefore, that the King should not leave this country with a view to returning to Greece.

The Cabinet—

Agreed that their existing policy in respect of Greece should be maintained, and that it was important that the King of the Hellenes should not return to Greece at this critical stage.

Control of Investment. Investment (Control and Guarantees) Bill.

4. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (45) 289) seeking authority for the early introduction of an Investment (Control and Guarantees) Bill. Annexed to the memorandum were drafts of the Bill and of a memorandum which it was proposed to prefix to the Bill.

The Chancellor of the Exchequer said that legislation on this subject had been foreshadowed in *The King's Speech*. The Bill had been drafted on broad and simple lines. Clause 1 would give continuing power to guide investment into the right channels. Clause 2, which enabled the Treasury to guarantee loans for the reconstruction or development of any industry or part of an industry in Great Britain, would be used primarily to stimulate industrial activity at times when there was a threat of a slump. To meet points raised by the Lord President's Committee, the wording of Clause 1 had been made more positive and the limit on the aggregate capital amount of loans guaranteed under Clause 2 in any financial year had been raised from £25 millions to £50 millions.

Provisions relating to the machinery for the control of investment had been excluded from the Bill, but the accompanying memorandum would make it clear that it was proposed to continue the Capital Issues Committee and the Public Works Loans Board, and, in addition, to set up a National Investment Council. This Council would include the Governor of the Bank of England, the Chairman of the Capital Issues Committee and the Public Works

Loans Board and a number of other persons chosen for their knowledge and experience of financial, economic and industrial questions. Its functions would be advisory and not executive. In this respect it would differ from the National Investment Board which had for long formed part of the Labour Party programme; but the position was different now that a Government was in power which was ready itself to take positive action to plan the use of the nation's economic resources. In present circumstances executive functions with regard to the control of investment should be exercised by the Government itself.

In discussion it was pointed out that, while the Bill would confer extremely important and far-reaching powers for the control of investment, it was only a part of the comprehensive scheme which was being worked out for planning the use of the country's economic resources. Since it was not yet possible to present to the public a full picture of this scheme, it was desirable that the Chancellor of the Exchequer should make it clear, when the Bill and the explanatory memorandum were published, that they formed only part of wider proposals for economic planning.

It was also suggested that, in view of the probability of organised opposition to the Bill, steps should be taken to bring out clearly the bearing of these proposals on such matters of immediate interest as the Government's social and industrial programmes with a view to ensuring that the public were not misled by the adverse criticism of a hostile press. It should also be explained that the object of the Bill was not to restrict development but to stimulate development in the right directions.

Other points in discussion were:—

(a) *The Minister of Health* asked whether it was now necessary to retain the Finance Corporation for Industry and the Industrial and Commercial Finance Corporation.

The Chancellor of the Exchequer said that these two Corporations were doing useful work. For the present he welcomed any contribution to industrial recovery. Later on he would consider whether the functions of these Corporations could with advantage be absorbed by public agencies.

(b) *The Lord Chancellor* said that he would raise on the Legislation Committee the question whether the provisions for enforcement and penalties were not too severe.

(c) Should there not be some indication in Clause 2 that the power to guarantee loans could be used to maintain a high and stable level of employment? Should not the Clause also apply to services as well as industries?

The Chancellor of the Exchequer said that any further definition of the purposes for which this power could be used might have the effect of restricting his freedom of action. He would consider whether "industry" should be defined as covering "services."

(d) Attention was drawn to the proviso to Clause 1 (1), which exempted from regulation the borrowing of money from a bank. Would this enable the control provided for in the Bill to be evaded?

The Chancellor of the Exchequer said that the powers taken in this Bill must be considered in conjunction with those under Clause 4 (3) of the Bank of England Bill, which would enable the Government to request information from and to make recommendations to bankers. These powers would prevent any abuse of the exemption given in the proviso.

(e) It should be brought out, in explaining the effect of the Bill, that Clause 1 would not only operate to guide investment into the proper channels but would also serve to prevent the exploitation of the small investor by mushroom companies.

The Chancellor of the Exchequer said that he intended to hold a Press conference immediately after the Bill had been published,

and that he would see that both through this conference and in other ways the points which had been made with regard to the presentation of his proposals were adequately brought out.

The Cabinet—

- (1) Authorised the Chancellor of the Exchequer to introduce the Investment (Control and Guarantees) Bill at an early date, after the text of the draft Bill had been examined by the Legislation Committee.
- (2) Approved the machinery for the control of investment described in paragraphs 5 and 6 of the memorandum accompanying the Bill.
- (3) Took note that, in the light of the discussion, the Chancellor of the Exchequer would take special steps to see that his proposals were adequately presented to the public.

5. The Cabinet had before them a memorandum by the Home Secretary (C.P. (45) 287) suggesting an early conference of experts from the self-governing parts of the British Commonwealth to review the working of the existing principle by which a single code of British nationality was applied throughout the Commonwealth. This suggestion was occasioned by the action of the Canadian Government in introducing, without prior consultation with other parts of the Commonwealth, a Nationality Bill which was inconsistent with that principle. This Canadian Bill proceeded on the alternative principle that all persons possessing the citizenship of any part of the Commonwealth should be recognised as British subjects throughout the Commonwealth. There would be some advantages in adopting this alternative principle; but it was desirable that, if the change was to be made, it should be made with the agreement of all the self-governing parts of the Commonwealth and not by unilateral action on the part of a single member.

The Secretary of State for Dominion Affairs supported this proposal. The Dominions Office thought there would be advantages in developing the law of British nationality along the lines of the Canadian Bill. *The President of the Board of Trade* said that such a development would be convenient from the point of view of commercial treaties. *The Minister of Education* said that such a development would make it easier to meet the demands of women's organisations for amendment of the law governing the nationality of married women.

As regards the composition of the proposed Conference, *the Secretary of State for Dominion Affairs* said that the Government of Eire should be invited to send a representative; and he thought that, if the Conference were held in Canada, Eire might be willing to take part in it. He did not think it necessary that Newfoundland or Southern Rhodesia should be invited to send representatives.

The Cabinet—

- (1) Endorsed the proposal for an early conference of experts on the law of British nationality;
- (2) Invited the Secretary of State for Dominion Affairs to send a telegram to the United Kingdom High Commissioner in Canada in the terms of the draft annexed to C.P. (45) 287;
- (3) Agreed that Burma, Newfoundland and Southern Rhodesia need not be invited to send representatives to this conference.

Dear Sir,

I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the above mentioned matter.

I am sorry to hear that you are not satisfied with the result of the investigation.

I will endeavor to do all in my power to satisfy your demands.

I am, Sir, very respectfully,
Your obedient servant,
J. H. [Name]

I am, Sir, very respectfully,
Your obedient servant,
J. H. [Name]

I am, Sir, very respectfully,
Your obedient servant,
J. H. [Name]

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GREECE

THE FOREIGN SECRETARY said that it was most important that the King of the Hellenes should not return to Greece at the present stage, and he had asked the Foreign Office to take such steps as they could to prevent the King from leaving this country. It was the view of the Cabinet that all practicable steps should be taken to ensure that the King remained in the United Kingdom for the time being.

THE HOME SECRETARY (after withdrawing in order to consult his advisers) informed the Cabinet that the Home Office had no legal powers to prevent the King from leaving this country.

THE SECRETARY OF STATE FOR AIR said that instructions had been given that no facilities under the control of the Royal Air Force should be afforded to enable the King to leave this country by air. He suggested that similar instructions should be given by the Ministry of Civil Aviation. The Secretary of the Cabinet was directed to inform the Minister of Civil Aviation accordingly.

The Cabinet asked the Foreign Secretary to verify that the Foreign Office were taking all practicable steps, in consultation with all Departments concerned, to ensure that no facilities were given to the King of the Hellenes to enable him to leave this country at the present time.

