CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 3rd December, 1945, at 11 a.m.

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister (in the Chair).
The Right Hon. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade.
The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.
The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.
The Right Hon. J. J. Lawson, M.P., Secretary of State for War.
The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The following were also present:
The Right Hon. John Wilmot, M.P., Minister of Supply and of Aircraft Production (Items 5-6).
The Right Hon. Sir Ben Smith, M.P., Minister of Food (Items 4-5).

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.
The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.
The Right Hon. G. H. Hall, M.P., Secretary of State for the Colonies.
The Right Hon. Viscount Stansgate, Secretary of State for Air.
The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power.
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

Mr. Norman Brook.
Mr. W. S. Murrie.
## CABINET 58 (45).

**CONTENTS.**

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ratification of Bretton Woods Agreements</td>
<td>283</td>
</tr>
<tr>
<td>2</td>
<td>Washington Discussions on Financial Questions and Commercial Policy</td>
<td>283</td>
</tr>
<tr>
<td></td>
<td>Sale and Purchase of Medical Practices</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>National Health Service</td>
<td>284</td>
</tr>
<tr>
<td>4</td>
<td>Supplies for Europe</td>
<td>285</td>
</tr>
<tr>
<td></td>
<td>Food Supplies for Germany</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Man-Power</td>
<td>287</td>
</tr>
<tr>
<td></td>
<td>Releases from the Forces</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Man-Power</td>
<td>289</td>
</tr>
<tr>
<td></td>
<td>Labour Controls</td>
<td></td>
</tr>
</tbody>
</table>
1. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C.P. (45) 319) covering a draft of a Bill to ratify the Bretton Woods Agreements.

The Cabinet were informed that, as soon as the projected Financial Agreement with the United States Government was concluded, a Resolution would be tabled inviting Parliament to endorse the Financial Agreement, the proposals on commercial policy and the proposal to ratify the Bretton Woods Agreements. It was intended that the substantive discussion on the Bretton Woods Agreements should take place in the debate on this Resolution, to which two days would be given. Critics of the Bretton Woods Agreements would be able to propose amendments to the Resolution, on which, if need be, a Division could take place. The Bill would be taken immediately after the debate on the Resolution, and it was hoped that the proceedings on the Bill would be regarded as formal and would not give rise to much further discussion. The Speaker had been consulted and had agreed that in the exceptional circumstances he could waive the rule against anticipation, which would otherwise prevent Members from discussing in the debate on the Resolution matters covered by the Bill. If the present discussions in Washington were successfully concluded this week, it was proposed that this business should be taken in the House of Commons on the 11th and 12th December; if necessary a further half-day could be provided on the 13th December to conclude the proceedings on the Bill.

In discussion of the terms of the draft Bill annexed to C.P. (45) 319 the Secretary of State for Dominion Affairs pointed out that Clause 3 (2), which was designed to exclude the self-governing Dominions, was so worded that it would not, in fact, exclude Southern Rhodesia and Newfoundland. He thought that Southern Rhodesia should be excluded and he would welcome an opportunity of discussing this point with the Chancellor of the Exchequer before the Bill was introduced.

The Cabinet—

(1) Invited the Chancellor of the Exchequer to consult with the Secretary of State for Dominion Affairs regarding the application of the Bretton Woods Agreements Bill to Southern Rhodesia and Newfoundland.

(2) Authorised the Chancellor of the Exchequer to introduce the Bill, in the terms of the draft annexed to C.P. (45) 319, subject to any amendment agreed upon as a result of the consultations mentioned in (1) above, at the earliest possible moment after the successful conclusion of the financial and commercial discussions in Washington.

(3) Took note, with approval, of the arrangements made for debating these matters in Parliament.

2. The Cabinet discussed the latest developments in the Washington discussions on financial questions and commercial policy.

The Cabinet's discussion and the conclusions reached are recorded in the Secretary's Standard File of Cabinet Conclusions.
3. The Cabinet considered a memorandum by the Minister of Health (C.P. (45) 298) recommending that the custom of buying and selling medical practices should be brought to an end on the introduction of the new National Health Service.

The Minister of Health recalled that the Coalition Government had announced on the 3rd May, 1945, that it was not their intention to abolish this custom immediately, that an enquiry would be held after experience had been obtained of the working of the National Health Service, and that if as a result of that enquiry the sale of practices should subsequently be controlled proper compensation would be paid. The medical profession was anxious to know whether the present Government adhered to this policy, and it was desirable that an early announcement should be made. For the reasons given in his memorandum, the Minister proposed that, on the establishment of the National Health Service, the sale and purchase of medical practices conducted wholly or partly within the public service should stop; that doctors thereby deprived of existing selling values should receive compensation based on 1939 standards of practice values and payable only on the doctor’s death or retirement from practice; and that all doctors taking any part in the public service in future should join in a new contributory superannuation scheme. If these proposals were accepted, he desired to make an early announcement on the lines indicated in paragraph 10 of his memorandum.

The Cabinet were informed that the Social Services Committee had given preliminary consideration to C.P. (45) 298 and were in favour of the proposals put forward by the Minister of Health in that memorandum.

The Chancellor of the Exchequer said that the total estimated cost of the compensation payable under the scheme proposed by the Minister of Health would be about £40 millions, but payment would be spread over a substantial period, as the claimants died or retired from practice. He agreed in principle with the Minister’s proposals, though there were some points of detail on which he desired to hold further consultations with the Minister.

Points in discussion were:

(a) The Lord President said that it was unsatisfactory that the Cabinet should be asked to settle particular parts of the scheme for a National Health Service before they had seen the scheme as a whole. If the Chancellor of the Exchequer was satisfied with the present proposals, he would not withhold his assent. But he hoped that the Cabinet would not again be asked to commit themselves on particular aspects of the National Health Service scheme until they had had an opportunity of considering the scheme as a whole.

The Minister of Health said that he himself would have preferred to postpone a decision on this point until the whole scheme was ready for presentation to the Cabinet, but events had compelled him to present this issue separately. Large numbers of doctors were to be released from the Forces in the near future; and it was necessary that young men setting up in medical practice for the first time should know whether the present Government adhered to the policy announced by the Coalition Government in May regarding the sale and purchase of practices.

(b) The Minister of Health said that he was meeting a Committee of the British Medical Association on the following day and would inform them in confidence of the Cabinet’s decisions on this matter. He would then propose to make a statement in the House of Commons after Questions on the 6th December on the lines indicated in paragraph 10 of C.P. (45) 298.

It was suggested that, as there might be other Government statements after Questions on the 6th December it would be preferable that this announcement should be made in reply to
Supplies for
Europe.

Food Supplies
for Germany.

(Previous
Reference:
C.M.(45)47th
Conclusions,
Minute 4.)

4. At their meeting on the 30th October the Cabinet had
invited the Lord President's Committee to consider the problem
of food supplies for Germany and to focus the issues for decision.

The Cabinet now had before them a memorandum by the Lord
President (C.P. (45) 302) reporting the conclusions reached by
the Lord President's Committee.

The Lord President said that the Committee were satisfied
that very serious consequences would follow unless shipments of
wheat (or flour equivalent) totalling 1,515,000 tons were made to
Germany during the eight months up to the 31st July, 1946.

Towards this amount 112,500 tons were already being procured in
the United States, and the Chancellor of the Exchequer had
authorised dollar expenditure on a further 275,000 tons. It would
not, however, be possible to ship more than 60,000 tons in December
unless American tonnage could be made available. The Committee
had considered whether the dangerous gap between demand and
supply during December and January might be bridged by outright
release or temporary loan of wheat from United Kingdom stocks;
but, since these stocks were expected to reach a low level in the
summer of 1946 and there could be no certainty of replenishing
them, the Committee did not feel that the risks involved in reducing
United Kingdom stocks could be accepted. The Committee had also
considered a recommendation of the European Economic Committee
that importing countries should raise their extraction rate to
85 per cent; but they did not consider that the extraction rate in
this country should be raised above 80 per cent. having regard, in
particular, to the serious consequences which an increase would
have on our livestock policy. The Foreign Secretary had asked
the United States Government to assist by supplying coal to the
Argentine for the transport of cereals to the seaboard; but no firm
reliance could be placed on supplies from the Argentine, and it
seemed clear that of the total of 1,515,000 tons required a balance
of something over 1 million tons could be found only by the United
States. The Committee accordingly recommended that the Foreign
Secretary should point out to the United States Government that
the economic and political consequences of famine in the British
Zone concerned all the United Nations and invite them to help by
intensifying their efforts to increase wheat exports, by providing
shipping and by bearing the cost of supplying the wheat required
for the British Zone over and above the 387,500 tons which would
be supplied by His Majesty's Government.

The Minister of Food said that the total exportable supplies of
wheat from Canada, United States, Argentine and Australia for
the year to June 1946 would be 21 million tons. By the end of 1945
about 12-2 million tons would have been lifted, leaving approxi-
mately 8-8 million tons to meet requirements of 14-4 million tons
during the period January to June 1946. The deficit of 5-6 million
tons could be eliminated only by reviewing the programmes of the
importing countries, and this was being done by the Cereals
Committee of the Combined Food Board. The United States Government were making a real effort to export as much wheat as possible, but it seemed unlikely that they would be able to increase supplies substantially above the 8.7 million tons assumed by the Cereals Committee as likely to represent total exports from the United States in the year up to June 1946. He estimated that United Kingdom stocks, including stocks of home-grown wheat, would have fallen to 848,000 tons by June 1946. Allowing for contingencies, this was dangerously near the minimum level of 620,000 tons. Moreover, these figures took no account of possible demands for wheat in place of rice for India and to meet the critical food situation in Malaya and Hong Kong, where it was reported that the starvation level would be reached during the present month. In these circumstances, he could not agree to any reduction, whether permanent or temporary, in United Kingdom stocks in order to assist in meeting the needs of Germany. Since the Lord President's Committee had considered the matter, however, the Minister of War Transport had informed him that it would probably be possible to obtain United States shipping to carry 200,000 tons of wheat or flour for Germany from the west coast of the United States, and he was prepared to agree that for each vessel loaded on the west coast he would divert to Germany one of the vessels now loading wheat on the east coast of the United States for the United Kingdom, on the understanding that supplies so diverted would be replaced by supplies from the west coast.

The Minister of State stressed the importance of securing the the British zone in Germany the 1,515,000 tons of wheat which the Food Mission had recommended. He pointed out that an increase in the extraction rate in this country to 85 per cent, would make available an additional 226,000 tons up to June 1946 and would enable us to press other importing countries represented on the European Economic Committee to make corresponding economies. He also suggested that there should be a reduction in United King­dom stocks, on the ground that the emergency against which stocks had been maintained at a relatively high level had now arrived.

The Foreign Secretary said that he would be opposed to any change in the extraction rate, but in view of the dangerous situation in Germany we should, in his view, be justified in taking some risks in the way of reducing United Kingdom stocks. Would it not be reasonably safe to aim at a stock level of 700,000 tons by June 1946?

Other points in discussion were:

(a) The Minister of Health said that a Medical Mission which had recently reported on conditions in Germany had stressed the danger of epidemics in Germany if the 1,500 calorie level were not maintained.

(b) The Minister of Fuel and Power pointed out that, unless adequate food supplies were made available for coal-miners in the Ruhr, we could not expect to get the coal production which had been planned from that area.

(c) The Minister of Agriculture and Fisheries said that if the extraction rate were increased to 85 per cent, there would be a substantial reduction in the feeding-stuffs available for live-stock. Farmers had been encouraged to start breeding stock by a Government promise of increased feeding-stuffs, and their confidence in the Government's agricultural policy would be undermined if this promise were not kept.

(d) The Minister of Fuel and Power pointed out that 20,000 tons of oil fuel had already been supplied to the Argentine. He also understood that the United States Government were supplying coal to the Argentine.

(e) The Chancellor of the Exchequer said that he had had no notice of the proposal to hire United States shipping in order to carry wheat from the west coast of the United States, and that he would wish to consider it before a final decision were reached.
The Chancellor of the Exchequer said that he would prefer that no approach to the United States should be made until after the conclusion of the present discussions in Washington on financial questions. This should not preclude the Foreign Secretary from continuing to press the United States Government to supply coal to the Argentine.

The Cabinet—

(1) Agreed that there should be no increase in the present wheat extraction rate of 80 per cent. and no reduction in United Kingdom wheat stocks.

(2) Subject to agreement by the Chancellor of the Exchequer on the use of dollar tonnage, approved in principle the proposal to divert to Germany up to 200,000 tons of wheat now being loaded on the east coast of the United States for the United Kingdom, to the extent to which supplies of wheat in replacement were loaded on the west coast.

(3) Invited the Foreign Secretary to approach the United States Government on the lines proposed in paragraph 11 of C.P. (45) 302, on the understanding that no approach would be made until after the conclusion of the present discussions in Washington on financial questions.

5. The Cabinet had before them the following memoranda:

(i) A memorandum by the Foreign Secretary (C.P. (45) 311) submitting proposals by the Man-Power Committee with regard to the acceleration of demobilisation, an increase of releases in Class B and the continued call-up of men between the ages of 18 and 30.

(ii) Memoranda by the Minister of Health (C.P. (45) 320), the Joint Parliamentary Under-Secretary of State for Scotland (C.P. (45) 317) and the Minister of Works (C.P. (45) 321) opposing the proposal to call up men from the building and the building materials and components industries.

The Foreign Secretary said that, thanks to the great efforts which had been made by the Service Departments and the Ministry of War Transport, there was good reason to hope that the very high aggregate release in Class A of close on 100,000 a week attained in November and December 1945 could be continued during the first four months of 1946, with the result that the numbers which, according to the plans approved by the Cabinet, were due to be released by the 30th June, 1946, would in fact be released about two months earlier. This would not only save the Exchequer the expenditure which would have been incurred through the retention of men in the Forces for an additional two months, but would also make a substantial contribution to the available labour supply in the spring, when the reconversion of industry would have progressed far enough to enable it to absorb large numbers of workers. The acceleration of releases in Class A would reduce the extent to which Class B releases were necessary; but it was proposed that the programme of Class B releases should be planned on the basis of 15 per cent. of the 2 million Class A releases which would have been achieved by March 1946 instead of 10 per cent. of the first million Class A releases. Moreover, release would be offered to a sufficient number of men to ensure that over any given period actual releases would, in fact, amount to between 10 per cent. and 15 per cent. of the Class A releases. The Man-Power Committee had considered a number of requests from Departments for the exemption from call-up of men under 30 in particular industries. They regarded it as of paramount importance, however, to maintain the principle that the call-up of young men should continue, and they were satisfied that the acceleration of releases in Class A and increased Class B releases would more than make good any losses through the call-up.
The Minister of Labour said that he had considered the points made in C.P. (45) 317, 320 and 321 with regard to the call-up of men from the building and building materials industries. Up to the 15th November about 30,000 men had been released in Class B for the building and civil engineering industries, while Class A releases of men formerly in these industries amounted to 40,000 up to the 31st October from the Army alone. Both Class A and Class B releases would continue to accelerate. There was at present no proposal to call-up from the building industry apprenticed crafts­men or so-called apprentices; and, although he was not prepared to exempt altogether from call-up the men in the building and building materials and components industries whose call-up had been deferred for a period of six weeks under the decision of the Man­Power Committee at their meeting on the 23rd October (M.P. (45) 12th Meeting, Minute 1), he would be prepared to postpone calling-up any of these men until the end of February. He was also prepared to consider similar postponement for men between 18 and 30 in the mining industry. Before that date there would be an opportunity of reviewing the position in these industries in the light of the accessions to their labour force from releases over the next three months. Meanwhile, the call-up of men from other industries would be accelerated in order to ensure that this postponement did not result in any interference with the flow of intakes into the Forces.

Points in discussion were:—

(a) The Prime Minister said that it would be convenient if, in the Debate on the Vote of Censure he could announce the accelerated releases in Class A and the proposals for an increase in Class B releases.

(b) The Secretary of State for Air explained that, although the high aggregate rate of Class A releases attained in November and December would be continued during the first months of 1946 there would be some falling off in the rate of release from the Royal Air Force. The Royal Air Force would, however, reach by about the end of April the target figure which had been fixed by the Cabinet in October for releases from the Royal Air Force.

(c) The First Lord of the Admiralty drew attention to the fact that the rate of releases from the Forces in the period after April 1946 would depend on the maintenance of intake into the Forces and on the review of our military commitments which was at present being carried out by the Chiefs of Staff.

The Cabinet—

(1) Took note with approval of the acceleration in the rate of Class A releases reported in paragraphs 2 and 3 of C.P. (45) 311.

(2) Approved the proposal for increasing Class B releases set out in paragraph 4 of C.P. (45) 311.

(3) Agreed that the call-up of men between the ages of 18 and 30 should continue, subject to the postponement until the end of February of the call-up of men from building and from industries manufacturing building materials and components.

(4) Took note that the Prime Minister would announce the acceleration of Class A releases and the proposals for increased Class B releases in the Debate on the Vote of Censure later in the week.
6. At their meeting on the 20th November the Cabinet had invited the Foreign Secretary and the Minister of Labour to review the proposals for the relaxation of labour controls set out in C.P. (45) 288.

The Cabinet now had before them a memorandum on this subject by the Foreign Secretary and the Minister of Labour (C.P. (45) 314).

The Foreign Secretary said that, with the Minister of Labour, he had carefully considered the points raised when the Cabinet had discussed C.P. (45) 288 and had reached the conclusion that, while steps must be taken to preserve the existing labour force in essential industries, it would be in the national interest to relax very substantially the controls relating to the direction and engagement of labour. It was clear that it would be better to enforce controls over a more limited field than to retain over a wide field controls which could not be enforced. It was therefore proposed that Essential Work Orders should be continued for those industries in which it was necessary to maintain or increase the existing labour force. On the other hand, where man-power considerations no longer made it necessary to continue the Orders, the industries should be informed that it was proposed to withdraw them in the near future and given an opportunity to negotiate agreements embodying some of the features of the Orders, such as the guaranteed week. The use of the power of direction, except for the purpose of enforcing the Essential Work Orders and ensuring that men and women released in Class B entered the employment for which they were released, should be limited to men up to the age of 30; and the Control of Engagement Order should apply only up to the same age.

So far as concerned housing it was proposed, as a special exception, to retain the power of direction in respect of men over the age of 30 for the limited purpose of requiring men already in the industry to transfer to house-building work. It was not proposed that the power of direction and the control of engagement should apply to women of any age.

The Minister of Labour said that he was satisfied that if the proposals in C.P. (45) 314 were adopted he would be able to enforce the remaining controls. He desired, however, to propose three slight modifications of the proposals: (i) In view of the serious shortage of nurses, women up to the age of 30 in the nursing profession should remain subject to control. (ii) While the Civil Service (Control of Employment) Order should be retained, no steps should be taken to direct back into the Civil Service persons aged 60 or over. (iii) A ring-fence could be put round the agricultural industry in England and Wales, which was not subject to an Essential Work Order.

If the Cabinet approved the proposals, he proposed that they should be announced in Parliament on the 6th December and come into operation on the 10th December.

In discussion there was general support for the proposals set out in C.P. (45) 314. It was pointed out, however, that any announcement would have to be carefully drafted. In particular, it was important to avoid giving the impression that the Essential Work Orders were being retained only in certain industries in which the level of wages or the working conditions made it difficult to retain labour. It would be desirable that the Ministers specially concerned with those industries should have an opportunity of seeing the announcement in draft. It was also suggested that it would be preferable to delay any announcement with regard to labour controls for a week or two after the debate on the Vote of Censure.

The Cabinet—

(1) Approved the proposals in paragraph 4 of C.P. (45) 314, subject to the modifications which had been suggested by the Minister of Labour in the Cabinet’s discussion.

(2) Authorised the Minister of Labour to inform his Joint Consultative Committee that the Government were considering relaxations broadly along these lines; but
asked him to defer for a time making any public
announcement of the detailed schemes of relaxation and
to consult with the other Ministers affected on the terms
of that announcement.

(3) Took note that the Prime Minister would indicate in his
speech on the Vote of Censure that the Government were
considering the question of changes in labour controls in
the light of the accelerated release of men and women
from the Forces and that they would make an announce­
ment on the subject in the near future.

Cabinet Office, S.W. 1,
3rd December, 1945.
3rd December, 1945 - 11 a.m.

THE CHANCELLOR OF THE EXCHEQUER drew attention to the attached news agency report which had reached London from Washington early on the morning of 2nd December. He read to the Cabinet the extracts marked in the copy attached; and said that the author of this report appeared to be aware, not only that there had been differences of opinion on this matter within the Cabinet, but also which Ministers had dissented from the views of the majority. The proceedings at these Cabinet discussions had not been recorded in the open minutes. In these circumstances it seemed to him that this knowledge could only have been acquired from those who had been present at the Cabinet's discussions, viz. Ministers and three officials.

THE MINISTER OF FUEL AND POWER said that he had discussed the line which he was proposing to take on this matter in Cabinet with the Permanent Secretary of his department, Sir Donald Ferguson, and with nobody else. At the same time, he must point out that his views on the American loan had been publicly stated in the House of Commons and elsewhere, before the present Government was formed. Journalists were naturally aware of the views which he had expressed on this subject in the past, and it was possible, therefore, that this news story was based on conjecture rather than any leakage of information about the course which the Cabinet's discussions had taken.

THE MINISTER OF HEALTH said that lobby correspondents were also aware of the views which he had held on this subject before he took office. It should not, therefore,
be assumed that this news report was based on any leakage of information about Cabinet discussions. As regards the news report's linking Sir Edward Bridges' visit to Washington with the views expressed in the Cabinet discussions, he pointed out that neither he nor the Minister of Fuel and Power was aware that Sir Edward Bridges had been sent to Washington until they saw in the evening papers on Saturday, 1st December, the news of his arrival in Washington. And both he and the Minister of Fuel and Power had been away from London during the whole of that week-end. This time-factor indicated that this news-agency report could not have been due to any indiscretion on the part of the Minister of Fuel and Power or himself. He himself believed that the report must be based on conjecture; and, as the report came from Washington, he suggested that the American newspapers should be searched for earlier references to the views which were known, or believed, to be held on this subject, by the Minister of Fuel and Power and himself. He thought it would be found that there had been earlier references to these views, which would sufficiently explain the news-agency report from which the Chancellor of the Exchequer had quoted.

THE PRIME MINISTER said that he was seriously disturbed by this report, which would be regarded as due to a leakage of information. He would certainly have enquiry made in Washington. This incident illustrated the need for exceptional caution on occasions when differences of view were expressed in Cabinet. It also suggested that, so far as possible, Ministers should avoid asking that dissenting views which they had expressed in Cabinet should be specially recorded in the minutes of the Cabinet's proceedings.
Monday Tape

The Loan Talks

12.21 a.m.

Washington, Sunday:

Lord Keynes, the Chief British loan negotiator, and other members of the British Financial Mission this morning had a meeting with American representatives, including Mr. F. Vinson, Secretary of the Treasury, and Mr. Dean Acheson, Under-Secretary of State.

The purpose of the meeting was to enable Sir Edward Bridges, Permanent Secretary to the Treasury, who arrived here by air on Saturday, to explain the latest British Cabinet instructions which it is not exaggerated to say came as a "bombshell" to the British delegation here.

12.30 a.m.

Consequently the "Confident" optimism of Lord Keynes and the Hon. Robert H. Brand, and others last week up to Sir Edward Bridges' arrival is now changed to one of "very reserved optimism."

It is believed that the American delegates are equally anxious as most of them had planned to spend the week-end out-side Washington, and the British delegation had kept in contact with them by telephone up to 11 p.m. Saturday.

Up to Sir Edward Bridges' arrival a large measure of agreement had been reached, constituting virtually a rough draft for filling out, because the British felt that they had got the best terms possible out of the Americans and were apparently satisfied with the recent American concessions which had proved "reasonable" from the British point of view.

12.43 a.m.

A very reliable source says that Mr. Shinwell, Mr. Aneurin Bevan and others of the "planned" economists Cabinet had not shaken Mr. Attlee, Mr. Bevin, Sir Stafford Cripps and Mr. Dalton as to their point of view on the loan and that the Cabinet had felt it necessary to send Sir Edward Bridges to Washington with instructions which would virtually disown the recent conversations between the British and American delegates in regard to the liberalisation of the sterling.

It is understood that the planned economists were adamant against any restraints being put on the liberalisation of the sterling into dollars.
12.48 a.m. Anglo-American Financial Delegates meet.

Washington Sunday:

A meeting of the Anglo-American Financial Delegations which lasted for four hours this afternoon, concentrated on the proposed liberalisation of the sterling, upon which, it is understood, that the United States stand was that any further concessions would arouse very strong congressional opposition.

1.17 a.m.

This was likely to dislocate a virtual agreement in principle between the British-American representatives to the American request that none of the dollar credit must be devoted to pay off any part of accumulated British debt in sterling area countries of sterling valued at about 4 billion dollars. But that credit could be partly devoted to converting sterling balances into dollars of current business by the so-called sterling area countries with Britain which would give a constant flow of dollars to such countries and at the same time abolish the American dollar pool.

It is learned that during the meeting of the Willard Hotel of the British delegates with Sir Edward Bridges yesterday, the American position was clearly explained.

Sir Edward Bridges now knows that if Congress thinks the planned economy element in the British Cabinet is materially influencing the present negotiations, there is hardly any hope of Congress approving an agreement.

1.32 a.m. Add:

Sir Edward Bridges told the British delegation that apart from the influence of this element, other factors like the extended length of the negotiations had exacerbated the feeling of some members of the Cabinet and the British public who appear in the mood to scrap the negotiations, but that the more moderate members of the Cabinet as well as the City of London and numerous industrialists view with alarm the effect of a breakdown in the negotiations which would force Britain to tighten her belt, and he believed that not even measures of increased financial trade connections with the British Commonwealth could help Britain much at present.