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SECRET.

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C.M. (45)

60th Conclusions.

**CABINET 60 (45).**

*CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 6th December, 1945, at 10 a.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (*in the Chair*).

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| 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 STANSGATE, Secretary of State for Air.                   | The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.                          |
| 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. T. WILLIAMS, M.P.,<br>Minister of Agriculture and Fisheries.      |  |

The following were also present :

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| The Right Hon. Sir BEN SMITH, M.P., Minister of Food. ( <i>Item 5.</i> )                        | The Right Hon. GEORGE TOMLINSON, M.P., Minister of Works. ( <i>Item 5.</i> )                               |
| The Right Hon. JAMES GRIFFITHS, M.P., Minister of National Insurance. ( <i>Item 4.</i> )        | The Right Hon. E. J. WILLIAMS, M.P., Minister of Information. ( <i>Item 6.</i> )                           |
| The Right Hon. WILFRED PALING, M.P., Minister of Pensions. ( <i>Item 4.</i> )                   | The Right Hon. W. WHITELEY, M.P., Parliamentary Secretary to the Treasury. ( <i>Items 1-3.</i> )           |
| Mr. G. R. STRAUSS, M.P., Parliamentary Secretary, Ministry of War Transport. ( <i>Item 5.</i> ) | The Hon. Sir ALEXANDER CADOGAN, Permanent Under-Secretary of State for Foreign Affairs. ( <i>Item 1.</i> ) |

*Secretariat.*

Mr. NORMAN BROOK.  
Mr. W. S. MURRIE.  
Mr. C. G. EASTWOOD.

## CABINET 60 (45).

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Foreign  
Affairs.  
Proposed  
Meeting of  
Foreign  
Ministers.

1. *The Foreign Secretary* said that he had learned towards the end of November that the United States Secretary of State, Mr. Byrnes, had suggested to M. Molotov that there should be an early meeting in Moscow of the Foreign Ministers of the United States, the United Kingdom and the Soviet Union. The subjects for discussion at this meeting had not been stated; but upon enquiry he had ascertained that Mr. Byrnes had in mind an agenda including (i) procedure of the proposed Commission which was to submit to the United Nations recommendations for the international control of atomic energy; (ii) procedure for reconvening the Council of Foreign Ministers and for securing the prompt resumption of work by their Deputies on the preparation of Peace Treaties; (iii) terms of reference for the proposed Allied Military Committee in Tokyo; and (iv) establishment of an independent Government in Korea.

The Foreign Secretary said that he had doubted whether it would be expedient for the three Foreign Ministers to meet at this stage—having regard, in particular, to the difficulties which had arisen from the attempt to exclude France and China from the work of the Council of Foreign Ministers, and to the suspicions which might be aroused if the Foreign Ministers of the Three Powers appeared to be prejudging matters which were to be discussed at the General Assembly of the United Nations in January. We should certainly increase our difficulties with the French Government if matters of concern to them were discussed at a meeting of Foreign Ministers at which they were not represented.

He had put these considerations to Mr. Byrnes. He was, however, in some difficulty, for the suggestion of a meeting had already been made to M. Molotov, and it now seemed that Mr. Byrnes was determined to go to Moscow, if necessary alone. In all the circumstances the Foreign Secretary felt that he now had no alternative but to agree to attend the proposed meeting. He proposed, however, to make it clear to Mr. Byrnes that his agreement was conditional upon the understanding that this would be an exploratory meeting, designed to enable the three Foreign Ministers to ascertain and examine the difficulties between their Governments before the General Assembly of the United Nations in January, and to exchange views on the international control of atomic energy. He would also suggest that both he and Mr. Byrnes should give an assurance to the French Government that matters directly concerning France would not be discussed at this meeting; and, whether or not Mr. Byrnes joined him in this, he would himself give such an assurance to the French Government before any public announcement was made about the meeting.

The Cabinet—

Agreed that in the circumstances described the Foreign Secretary should indicate his willingness to attend the proposed meeting in Moscow on the understanding that the discussions would be limited in the manner which he had indicated.

Parliament.  
Motions of  
Gratitude to  
War Leaders.  
(Previous  
Reference:  
C.M. (45) 47th  
Conclusions,  
Minute 3.)

2. The Cabinet had before them a memorandum by the Lord President (C.P. (45) 328) regarding the desire of the Opposition that Parliament should be invited to pass Motions of Gratitude thanking by name the three American Supreme Commanders and selected British Commanders.

*The Lord President* recalled that the Government had hitherto taken the view that the gratitude of Parliament to the principal leaders of the Armed Forces was sufficiently expressed in the Motion of Gratitude to the Forces as a whole which had been passed on the 30th October; and that a further Motion naming particular individuals would involve drawing distinctions which might prove invidious. The Opposition were now disposed to challenge this view and had asked whether the Government would be prepared to accept the two Motions reproduced in Annex A of C.P. (45) 328.

Should the Government modify their previous attitude and agree to bring forward such Motions? If not, should time be found for the discussion of these Motions, if they were put down by the Opposition?

It was the view of the Cabinet that Motions of Gratitude to named individuals were bound to give rise to controversy. Thus, amendments adding other names were certain to be moved. Dominion Governments would expect that the names of some Dominion Commanders should be included and it would be necessary to consult them about the choice of names. And if Dominion Commanders were included, the Service Departments would think it necessary to ask for the addition of some British Commanders junior to those mentioned in the draft Motion annexed to C.P. (45) 328. These difficulties illustrated the wisdom of the Government's original decision, in which the Chiefs of Staff had concurred, to avoid thanking individual leaders by name.

The Cabinet—

- (1) Reaffirmed their earlier decision that Parliament should not be asked to thank particular war leaders by name;
- (2) Invited the Lord President to inform the Opposition that the Government had considered their suggestion, but thought it would be a mistake to invite Parliament to consider the Motions annexed to C.P. (45) 328, for the reasons which had been mentioned in the course of the Cabinet's discussion;
- (3) Took note that, if these Motions were tabled by the Opposition, it was likely that so large a number of amendments would be placed on the Order Paper that the Government would be justified in declining to find time for the Motions to be debated.

**Parliament.**  
Business in  
the House  
of Commons.

3. *The Lord President* said that the Prime Minister expected to be able to announce in the House of Commons that evening the conclusion of the Financial Agreement with the United States Government. He proposed, therefore, that the weekly Statement on Business should be made at the end of the day's sitting, and not after Questions.

He outlined the business which it was proposed to take in the House of Commons during the following week. The general debate on the Financial Agreement, commercial policy and Bretton Woods would take place on the 12th and 13th December. The debate on the Resolution would be concluded at 7 p.m. on the 13th December, and thereafter the Second Reading of the Bretton Woods Agreements Bill would be taken. The Committee and remaining stages of that Bill were to be completed by 2 p.m. on the 14th December. It was agreed that in the debate on the Resolution the Government speakers should be the Chancellor of the Exchequer and the President of the Board of Trade on the first day, and that the Foreign Secretary should speak on the second day, if his other public engagements permitted.

Christmas  
Adjournment.

The Cabinet were informed that Parliament would be adjourned for the Christmas Recess from the 20th December to the 22nd January.

**National  
Insurance  
Scheme.**  
(Previous  
Reference:  
W.M. (44) 137th  
Conclusions,  
Minute 10.)

4. The Cabinet had before them the following memoranda:—

C.P. (45) 315: by the Lord Privy Seal, reporting the proposals of the Social Services Committee for modifications of the National Insurance Scheme outlined in the White Paper (Cmd. 6550) presented by the Coalition Government;

C.P. (45) 323: by the Chancellor of the Exchequer, proposing certain amendments of the proposals made by the Social Services Committee.

*The Minister of National Insurance* said that the rates of benefit and pension proposed by the Committee had been calculated on the basis of adding 31 per cent. to the subsistence figures given in the Beveridge Report. This was broadly in line with the Government's intention to hold the cost of living at about 31 per cent. over the September 1939 level. It was proposed that the rates should be reviewed at five-yearly intervals. The Chancellor of the Exchequer in his memorandum dissented from the Committee's recommendations on three points:—

- (a) the payment of continuous unemployment benefit without time limit;
- (b) the payment of old-age pensions to single pensioners at the rate of 26s. a week; and
- (c) the payment of old-age pensions at the rate of 10s. a week to persons who had not retired.

The Minister said that, so far as concerned unemployment benefit, the present time-limit of 30 weeks was unfair to men who, through no fault of their own, could not obtain work; and, after examining all the possible alternatives, he had reached the conclusion that no safeguards could be devised, in addition to those already provided, which would not be open to the criticisms which had been levelled against the "not genuinely seeking work" condition.

His object in proposing a rate of 26s. for a single pensioner was to link this rate with that for sickness and unemployment. If this were done, it would be much easier for the Government to resist pressure from those who advocated a rate of as much as 30s. a week for a single pensioner at the age of 60.

He had thought that the payment of an unconditional pension of 10s. on the attainment of pensionable age would be the best way of inducing persons who reached pensionable age to continue at work. It would also have the advantage of avoiding the anomaly which would otherwise arise between persons reaching pensionable age before the scheme came into operation, who would receive 10s. unconditionally, and those (including about 400,000 voluntary contributors) who attained pensionable age after the beginning of the scheme and would be ineligible for any pension until they retired. If, however, the Cabinet felt that the object could be better attained by the Chancellor's proposal to increase the inducements for deferred retirement, he would not press the proposal for the payment of an unconditional pension of 10s.

*The Chancellor of the Exchequer* said that, while he accepted the broad framework of the Committee's proposals, he must draw the attention of the Cabinet to the formidable financial burden which they would impose on the country. The total annual expenditure in 1948 would be £562 millions as against £486 millions under the White Paper proposals. Moreover, since the revenue from contributions would remain constant, the Exchequer would have to carry the whole of the increasing cost of the scheme, which was estimated at £10 millions a year over the next twenty years, with further increases thereafter. In view of this very heavy burden, he could not accept the proposal to pay continuous unemployment benefit unless some satisfactory method could be devised to deal with cases of long-term unemployment. Nor could he agree to the payment of old age pensions to single pensioners at the rate of 26s. a week. If, as he proposed, the single pension were 21s., there would be an initial saving to the scheme of £27 millions a year and, in addition to this, a continuing reduction of £750,000 a year in the annual increase of £10 millions. He hoped that the Cabinet would reject the proposal to pay a pension of 10s. a week where the pensioner had not retired, since this was not in accord with the Labour Party's policy of supporting the principle of retirement pensions.

*The Lord President* said that he shared the Chancellor's general attitude towards these proposals. There was a danger that an undue proportion of our resources would be spent on the aged

with the result that the Cabinet would later have to reject other desirable projects of social reform on the ground that they could not be financed.

Subsequent discussion concentrated on the three points to which the Chancellor of the Exchequer had drawn attention in paragraphs 3 to 5 of C.P. (45) 323.

(a) *Payment of continuous unemployment benefit.*

In favour of imposing a time-limit of 30 weeks on the payment of benefit, it was urged that, as experience had shown, the existing safeguards were not enough to prevent married women and other claimants who had no real intention of taking up regular employment from continuing to draw on the funds of the scheme. The Trade Unions themselves imposed a time-limit on the payment of benefit for unemployment. If the Government pursued a policy of full employment, it should be possible to offer claimants work, either in their own district or on transfer to another district, long before the 30 weeks had expired. It was unfair to saddle an insurance fund with the payment of benefits for an unlimited period: if the State could not find employment for a claimant within 30 weeks, the Exchequer should bear the whole of the cost of continuing to support him.

On the other hand, it was argued that if there were no time-limit on the payment of unemployment benefit the Government would have a greater incentive to take early and effective steps to counter the development of mass unemployment. It was also suggested that unless the amount payable in the form of assistance were less than the amount payable by way of unemployment benefit, the transfer of a claimant from benefit to assistance after a certain period of time would not, in fact, prove an effective deterrent to the work-shy.

(b) *Rate of old age pension.*

Against the payment of old age pension at the rate of 26s. a week, it was pointed out that 21s. represented a very substantial increase on the present rate. Many old age pensioners had means of their own and did not need so large an allowance. A rate of 26s. would involve an increase of 7d. in the weekly contribution, divided equally between workers and employees; and the Social Services Committee, believing that contributors could not be expected to bear this increase, had proposed that the burden should be borne by the Exchequer.

On the other hand, it was argued that, in view of the fall in the purchasing power of money, an increase of 5s. in the rate of pension did not represent a proportionately increased call on the available goods and services in the country, and that account should be taken of the expected increase in productivity over the next 20 years. The comprehensive benefits which would be provided for workers by the full National Insurance Scheme would enable them to reduce their weekly contributions to other funds, and they might reasonably be expected to pay contributions at higher rates than suggested by the Social Services Committee. If part of the extra burden involved in paying pensions at the rate of 26s. a week could be met in this way and if it were accepted that the possibility of raising the rates of contribution in later years was not excluded, it would not be unreasonable to ask the Exchequer to bear some share of the cost of paying pensions at the rate of 26s. It might, for example, be possible to fix the share to be borne by the Exchequer by reference to the estimated savings in supplementation payments which would accrue if the rate were fixed at 26s..

(c) *Retirement condition.*

There was general agreement that, apart from persons already in receipt of old-age pensions when the scheme came into operation, who would continue to receive pensions at the rate of 10s. a week, the payment of old-age pensions should be conditional on retirement; and that the objective of retaining persons in employment could best be achieved by offering a substantial increase of pension for deferred retirement. If the basic pension for a single person

were to be fixed at 21s. a week, the increased award for deferred retirement could be 2s. 6d. for each year by which retirement was postponed. On the other hand, if the basic rate of pension were to be 26s., an increase of 2s. should be sufficient. It was also suggested that it would be better to award an increase for each six months by which retirement was deferred rather than to make any increase in pension dependent on the completion of a full year of further employment. If increases at the rate of 2s. or 2s. 6d. a week were to be given, they would be limited to the period between 65 and 70.

*The Prime Minister* said that it was clearly desirable that the difficult questions relating to the payment of unemployment benefit and the rate of old-age pensions for single pensioners should be further examined in the light of the suggestions made in the course of the discussion. In view of the urgency of reaching final decisions with a view to the drafting of the Bill, he hoped it would be possible for the Cabinet to resume their consideration of these matters during the following week.

The Cabinet—

Invited the Foreign Secretary, the Chancellor of the Exchequer, the Lord Privy Seal, the Minister of Labour, and the Minister of National Insurance to consider further, in the light of the discussion, the problems relating to the payment of unemployment benefit and the rate of retirement pension and to submit revised proposals for consideration by the Cabinet during the following week.

5. The Cabinet had before them a memorandum by the Minister of Labour (C.P. (45) 305) submitting proposals for regulating the continued employment in this country of prisoners of war.

*The Minister of Labour* said that, since his memorandum was circulated, he had been informed that the number of prisoners available for employment in this country could be substantially supplemented by bringing here German prisoners now in the United States. The United States Government would probably be willing that these prisoners should be diverted to this country instead of being returned to Germany. He suggested that this possibility should be explored before the proposals made in his memorandum were considered.

Points in discussion were:—

(a) *The Parliamentary Secretary, Ministry of War Transport*, said that there should be no difficulty in transporting these prisoners from the United States to this country. Even if they could not be brought in United States ships, their transport across the Atlantic was likely to cause less disturbance to the release scheme than the movement of prisoners from Germany to this country.

(b) The Ministry of Works could provide winter accommodation for 43,000 additional prisoners. In the spring, additional numbers could be housed under canvas.

(c) Of the additional 5,000 prisoners of war placed at the disposal of the Ministry of Works for housing work, including the preparation of housing sites, only 3,000 were actually employed on the preparation of housing sites. 7,000 prisoners could be used immediately on this work.

(d) 6,150 Italians and 2,400 German prisoners of war were employed in the food trades and there was a demand for a further 900. Replacements for these prisoners should be provided if they were to be withdrawn.

The Cabinet—

(1) Invited the Minister of Labour to explore further the possibility of supplementing the supply of prisoner-of-war labour in this country by bringing prisoners of war from the United States.

Prisoners  
of War.  
Employment  
of German  
and Italian  
Prisoners  
of War.  
(Previous  
Reference:  
C.M. (45) 33rd  
Conclusions,  
Minute 3.)

- (2) Took note that, in the meantime, no steps would be taken to withdraw prisoner-of-war labour from the employments to which they were now allocated.

**Government  
Publicity  
Services.**

Future of  
Ministry of  
Information.

6. The Cabinet had before them a Note by the Prime Minister (C.P. (45) 316) covering Reports by the Lord President and the Foreign Secretary on the future organisation of Government publicity.

*The Lord President* said that the urgent question for decision by the Cabinet was whether the Ministry of Information should be retained as a separate Department under its own Minister. The view of the majority of the Ministers with whom he had discussed the matter was that the Ministry should not continue in its present form.

*The Minister of Information* said that he still favoured the retention of the Ministry, for the reasons which were fully stated in the papers before the Cabinet. It was, he was sure, of great importance that there should be a central organisation to provide single direction for publicity. He could not believe that any alternative arrangement would be as effective for that purpose as a single Department with unequivocal responsibility working under its own Minister.

In discussion there was general agreement that there must continue to be an effective central organisation to handle Government publicity both overseas and at home. The question at issue was whether that organisation should be headed by a Minister.

*The Prime Minister* said that it seemed to him politically dangerous that there should be a Minister with no other responsibility but the conduct of publicity.

There was general agreement with this view. It was, however, recognised that the alternative arrangements for the central handling of Government publicity required further elaboration. For instance, the Reports now before the Cabinet did not deal with the future of the British Council or future relations with the B.B.C. It was agreed that, if the general principle was now accepted that there should no longer be a separate Ministry, the alternative arrangements could be worked out in further detail by officials for subsequent submission to the Cabinet.

If a separate Ministry was not to continue, an early announcement in Parliament would be desirable. It would also be essential to make a statement to the staff to reassure them as to their future; for, if the present staff continued to disintegrate, it would be difficult to recreate an efficient organisation.

**The Cabinet—**

- (1) Agreed that the Ministry of Information should not continue as a separate Department under its own Minister.
- (2) Agreed that it was essential to retain some effective central organisation to handle Government publicity; and invited the Lord President to arrange for a Committee of officials to work out the details of an alternative organisation on the general lines indicated in his Report.
- (3) Invited the Lord President, in consultation with the Chancellor of the Exchequer and the Minister of Information, to draft an announcement to be made in Parliament and a statement to be made to the staff of the Ministry of Information.



