CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 13th December, 1945, at 10 a.m.

Present:
The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).  
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.  
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.  
The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade.  
The Right Hon. LORD JOWITT, Lord Chancellor (Items 1 and 2).  
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. G. A. ISAACS, M.P., Minister of Labour and National Service.  
The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.  
The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs (except for Item 6).  
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.  
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department (Items 1 and 2).  
The Right Hon. LORD PETTICOCK, 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. E. SHINWELL, M.P., Minister of Fuel and Power.  
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.  
The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.  
The following were also present:  
The Right Hon. JOHN WILMOT, M.P., Minister of Supply and Aircraft Production (Items 6–8).  
The Right Hon. ALFRED BARNES, M.P., Minister of War Transport (Items 6–8).  
The Right Hon. JOHN GRAHAME, M.P., Secretary of State for Commonwealth Relations (Item 6).  
The Right Hon. LORD WINSTER, Minister of Civil Aviation (Item 8).  
The Right Hon. WILFRED PALING, M.P., Minister of Pensions (Item 2).  
Mr. JOHN STRACHEY, M.P., Parliamentary Under-Secretary of State, Air Ministry (Items 8–9).  
Mr. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury (Items 1–5).  
Mr. EDWARD BRIDGES.  
Mr. NORMAN BROOK.  
Mr. W. S. MURRIL.  
Mr. C. G. EASTWOOD.
## CABINET 62 (45).

### CONTENTS.

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parliament</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Select Committee on Offices of Profit under the Crown.</td>
<td>309</td>
</tr>
<tr>
<td>2</td>
<td>National Insurance Scheme</td>
<td>309</td>
</tr>
<tr>
<td>3</td>
<td>Parliament</td>
<td>312</td>
</tr>
<tr>
<td></td>
<td>Business in the House of Commons.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Syria and the Lebanon</td>
<td>312</td>
</tr>
<tr>
<td>5</td>
<td>Parliament</td>
<td>312</td>
</tr>
<tr>
<td></td>
<td>Motions of Gratitude to War Leaders.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Coal</td>
<td>313</td>
</tr>
<tr>
<td></td>
<td>Coal Industry (Nationalisation) Bill.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Civil Service</td>
<td>315</td>
</tr>
<tr>
<td></td>
<td>Christmas Leave.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Civil Aviation</td>
<td>315</td>
</tr>
<tr>
<td></td>
<td>British Air Services.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Service Pay and Allowances</td>
<td>316</td>
</tr>
</tbody>
</table>
1. The Cabinet had before them a memorandum by the Lord President (C.P. (45) 336) proposing the appointment of a Select Committee to deal with a number of cases in which Members of Parliament appeared to have exposed themselves to the risk of disqualification by retaining offices or places of profit.

The Lord President said that the Lord Chancellor and the Law Officers had considered these cases and, while they inclined to the view that the Members were not disqualified, they had felt that the proper course was to appoint a Select Committee to investigate the position. The Committee should be appointed as soon as possible, as the Members concerned had been advised to abstain from attending Parliament until the Committee had reported. After consultation with the Clerk of the House, he suggested that the terms of reference of the Select Committee should be as follows:—

"That a Select Committee be appointed to consider any cases which may be brought to their notice of Members of this House who may have been incapable of election to this House by reason of the fact that at the time of their election they held offices or places of profit under the Crown within the meaning of Section 24 of the Succession to the Crown Act, 1707, and to report whether any such Member was on that account incapable of election to this House; and if so what course should be adopted in any such case."

In discussion there was general support for the proposal that a Select Committee should be appointed to consider these cases and any others which might subsequently come to light. It was, however, suggested that further consideration should be given to the possibility of amending the law so as to bring it into line with modern conditions. Recommendations to this end have been made by the Select Committee on Offices or Places of Profit under the Crown, which had reported in 1941. Was it not desirable that legislation should now be introduced to give effect to those recommendations?

The Cabinet—

(1) Authorised the Lord President to make arrangements for the appointment of a Select Committee to investigate particular cases of possible disqualification for election to Parliament by reason of the holding of an office or place of profit under the Crown.

(2) Invited the Lord Chancellor to consider and report to the Lord President’s Committee on the possibility of introducing legislation to implement the recommendations of the Select Committee of 1941 on Offices or Places of Profit under the Crown.

2. The Cabinet had before them a memorandum by the Lord Privy Seal (C.P. (45) 331) reporting the results of the further consideration which had been given, in the light of the Cabinet’s discussion on the 6th December, to the problems relating to the payment of unemployment benefit and the rate of retirement pension.

The Lord Privy Seal said that the Ministers to whom these problems had been referred had not been able to reach complete agreement on the question whether there should be a time-limit on the duration of unemployment benefit, and he had, therefore, set out the opposing arguments in paragraph 2 of C.P. (45) 331. As regards retirement pensions, they had agreed to recommend a rate of 26s. a week for a single person, on the understanding that any pressure to increase this rate when the Bill was before Parliament would be resolutely resisted, and that the Bill would specifically provide that after a period of five years the rates of contribution would be increased in order to meet some part of the increasing burden of retirement pensions. As a consequence of the higher rate of retirement pension proposed, it had been agreed that the inducement for deferred retirement should be an increase of 1s. a week for a
Discussion turned primarily on the question whether unemploy­ment benefit should be continuous or subject to a time-limit.

It was urged, on the one hand, that the imposition of an automatic time-limit on the duration of benefit would mean that, after an unemployed man had exhausted his right to insurance benefit, he would receive further payments only after some form of enquiry into his needs. The imposition of such a condition on men who were unemployed for long periods through no fault of their own could not be justified. While, therefore, there might be a good case for transferring the burden of maintaining these men from the Insurance Fund to the Exchequer, this transference should not involve the imposition of a greater disability. The problem of married women, seasonal workers and other classes who could not properly be regarded as within the employment field, could be dealt with separately by regulations, and it was right that it should be so dealt with rather than by the application of an automatic time-limit to all cases.

On the other hand, it was argued that the principle should be maintained that insurance benefit was paid automatically to any claimant who satisfied the necessary conditions, and that if no time-limit were imposed it would be impossible to maintain this principle. Moreover, while there was possibly room for some amendment of the conditions on which assistance would be given after the right to benefit was exhausted (for example, it might be possible to provide that assistance should be payable at the insurance rate so long as the claimant could prove that he needed any assistance at all), the Cabinet should not accept without further examination the proposi­tion that after the right to benefit had been exhausted assistance should be payable without any regard whatever to need.

After a full discussion, The Prime Minister said that the pre­ponderant view in the Cabinet was that the National Insurance Bill should provide for a time-limit on the duration of unemployment benefit. At the same time, however, the Social Services Committee should examine further the question of the conditions on which claimants would be entitled to assistance after the exhaustion of their right to benefit, with a view to the submission to the Cabinet of a statement which the Minister of National Insurance might make on this point when the Bill was before Parliament.

Other points in discussion were:

(a) It was suggested that when the Bill was before Parliament the Minister of National Insurance should be authorised to state that the Government would look with favour on the provision of special pension schemes in certain industries where the workers normally found it necessary to retire at an earlier age than that which was general throughout other industries. It was not suggested that any promise should be given of a financial contrib­ution to such schemes from the Exchequer, but it would be helpful if an assurance were given that those responsible for such schemes would be able to make use of the administrative machinery of the National Insurance Scheme.

The Chancellor of the Exchequer said that he saw no difficulty in putting this administrative machinery at the disposal of existing special schemes, but he was doubtful about extending this offer to fresh schemes, since he was most anxious to avoid giving any encouragement to premature retirement. Other Ministers pointed out, however, that it might prove desirable to initiate new schemes of this kind in some of the heavy industries, e.g., in coal-mining, and there was no logical basis for discriminating between existing and new schemes.

It was the general view of the Cabinet that this assurance could not be limited to existing schemes. The Minister of National Insurance was invited to consult with the Chancellor of the
Exchequer regarding the terms in which the assurance should be given.

(b) The Secretary of State for India expressed apprehension about the effect of the proposal to award substantial increases of pension to persons who deferred their retirement. Under the present proposals a man who had been able to remain at work until the age of 70 would be entitled to a very much higher rate of pension than his neighbour who, because his health had been less good or his occupation more exacting, had been obliged to retire at the age of 65. The resulting inequalities would in the end give rise to pressure, which it would be difficult to resist, to raise the general rate of old-age pensions to the higher level.

(c) The Lord President drew attention to the recommendation in paragraph 68 of the White Paper on Employment Policy (Cmd. 6527 of 1944) that the rates of contribution under the National Insurance Scheme might be varied in sympathy with the state of employment. He had hoped that the necessary powers for this purpose would have been included in this Bill.

The Minister of National Insurance said that this proposal raised considerable difficulties, since, if the actuarial basis was to be maintained, any reductions made would have to be offset by corresponding increases. The matter had not been examined by the Social Services Committee and it might be desirable that the Committee should examine it before any final decision was taken.

The Cabinet—

(1) Agreed that the National Insurance Bill should provide for a limit of 30 weeks on the payment of unemployment benefit, with extensions for contributors with good employment records.

(2) Invited the Social Services Committee to consider what changes might be made in the conditions for the receipt of assistance by unemployed persons who had exhausted their title to benefit, with a view to the submission to the Cabinet of a draft statement which the Minister of National Insurance might make when the National Insurance Bill was before Parliament.

(3) Approved the payment of retirement pensions to single persons at the rate of 26s. a week on the understanding that any pressure for an increase in this rate when the Bill was before Parliament would be firmly resisted.

(4) Agreed that the inducement to postpone retirement should be an increase of 1s. a week for a single person and 2s. a week for a couple, both of pensionable age, for each six months by which retirement was postponed.

(5) Agreed that the initial rates of contribution for Class I should be 4s. 10d. from the employed man and 4s. 2d. from the employer, and that the Bill should specifically provide that after a period of five years these rates would rise to 5s. and 4s. 4d., corresponding rates being fixed for women and persons in Classes II and IV.

(6) Invited the Social Services Committee to consider the proposal that provision should be made in the National Insurance Bill for varying the rates of contribution in sympathy with the state of employment.

(7) Subject to (1) to (6) above, authorised the Minister of National Insurance to proceed with the preparation of the National Insurance Bill on the lines proposed in C.P. (45) 315.
3. The Lord President informed the Cabinet of the business which it was proposed to take in the House of Commons during the following week.

4. The Foreign Secretary informed the Cabinet that agreement had now been reached with the French Government on the question of withdrawing British and French troops from the Levant States, and on a Statement of British and French aims in the Middle East.

British and French military experts were to meet on the 21st December to draw up a detailed programme for the evacuation of British and French troops by stages, beginning at a very early date. This programme would provide for maintaining in the Levant sufficient forces to guarantee security until such time as the United Nations Organisation had decided on the organisation of collective security in this zone. For the time being the French Government would retain forces re-grouped in the Lebanon. The two Governments would invite the Governments of Syria and the Lebanon to appoint representatives to discuss the dispositions to be jointly agreed upon as a result of this decision and the measures to be taken to enable the Governments of the Levant States to discharge their duty of maintaining order.

The agreement on British and French aims in the Middle East would declare that the two Governments were animated by the same intention to ensure the independence of the Levant States and were agreed that it was in their mutual interest to promote, in collaboration with other Governments, the economic well-being of the peoples of this region in conditions of peace and security. Each Government would disavow any intention of doing anything to supplant the interests or responsibilities of the other in the Middle East, and the two Governments would undertake to examine in this spirit any proposals submitted to the United Nations Organisation on the subject of collective security.

The Foreign Secretary said that he proposed, subject to the views of the Cabinet, to sign the two agreements at noon that day, and to make an announcement to Parliament and the press at 3 p.m. regarding the successful conclusion of these discussions. He read to the Cabinet the text of the two agreements and of the communique which he proposed to issue to the press.

The Cabinet—

Took note with approval of the agreement which had been reached with the French Government on these questions.

5. The Prime Minister said that he had seen the Leader of the Opposition and Mr. Eden and had explained to them the reasons why the Cabinet had thought it would be a mistake to invite Parliament to pass Motions of Gratitude thanking by name the principal leaders of the British and United States Forces during the war. Mr. Churchill and Mr. Eden were still, however, very anxious that Parliament should pass some Motions expressing gratitude to named war leaders. In order to meet the objections taken by the Cabinet to the draft Motions which they had previously proposed (Annex A of C.P. (45) 328) it was now suggested that the Motions of Gratitude to British Commanders might be so phrased as to express Parliament’s gratitude to “all the principal Commanders of His Majesty’s Navies, Armies and Air Forces represented by” a list of nine principal leaders, three from each Service. Under this formula the names would be included merely as representative names, and the Motion would be so worded as to cover all the principal Commanders, including those from the Dominions. There would be a separate Motion of Gratitude to American Commanders.
In discussion the view was expressed that, if the Government brought forward or supported a Motion on these lines, there would be difficulty with some of the Dominions, because of the omission of specific reference to Dominion Commanders. It was also thought that there would be criticism of the omission of any reference to a Commander concerned with the operations in Burma. Finally, some Government supporters would be opposed in principle to according to named Commanders a special mark of appreciation in addition to the thanks which Parliament had already expressed to members of the Forces as a whole.

It was the view of the Cabinet that the Prime Minister should send a reasoned reply to Mr. Churchill conveying the Cabinet's view that it was not in the public interest for him to pursue this proposal for Motions of Gratitude thanking individuals by name. If, in spite of this, the Opposition tabled Motions on these lines, the Government should not afford facilities for them to be debated.

The Cabinet—

Invited the Prime Minister to send a letter to the Leader of the Opposition urging him not to proceed further with his proposal for Motions of Gratitude thanking by name principal Commanders of the British and United States Forces during the war.

6. The Cabinet considered a memorandum by the Minister of Fuel and Power (C.P. (45) 329) covering a draft of the Coal Industry (Nationalisation) Bill and a supplementary memorandum (C.P. (45) 337) on the same subject.

The Minister of Fuel and Power explained that the main features of this scheme for nationalising the coal-mining industry had already been considered by the Lord President's Committee, by the group of Ministers directly concerned with the socialisation of industries and also by another special committee of Ministers. In addition, he had discussed the financial provisions with the Chancellor of the Exchequer. As a result of all these discussions, he believed there was general agreement with the Bill now presented to the Cabinet.

The Bill provided for the setting up of a National Coal Board with clearly defined functions, operating under the general direction of the Minister of Fuel and Power. It was his intention that the Board should consist of a full-time Chairman and eight full-time members, each with special competence in particular aspects of the industry—for instance, the commercial, technical and welfare sides and labour matters.

The assets to be transferred to the Board included both the undertakings themselves and also ancillary undertakings. The terms of compensation for the undertakings themselves would be settled by a tribunal which was to consist of Lord Greene, Mr. Justice Cohen and an accountant chosen by agreement between the Government and the Mining Association. The terms of reference of this tribunal had now been agreed with the Association, and the tribunal would be able to get to work at once.

The ancillary undertakings would be taken over in some cases automatically and in some cases at the option either of the Board or of the owners. Compensation would be assessed on the basis of value in an ordinary commercial transaction between a willing buyer and a willing seller.

The Bill provided for safeguarding the public interest by the establishment of two Consumers' Councils, one for industrial consumers and the other for domestic consumers. Two separate councils were proposed, as a single Consumers' Council would not have been able to develop the same corporate spirit which he hoped the two separate bodies would acquire. Both Councils would be able to negotiate with the Board and also to make representations direct.
to the Minister. The utility of the Industrial Consumers' Council was obvious, and he hoped that the Domestic Consumers' Council would also act as a check on the Board both as to the price and the quality of coal.

It was proposed to transfer the Coal Commission to the Coal Board, and certain adjustments would be made in the independent status of the Miners' Welfare Commission.

The Bill did not in terms deal with reorganisation within the industry. This process would be lengthy and would involve considerable expenditure, estimated by the Reid Committee at £150 millions, spread over a period of years. The Board were given powers to borrow up to this total from the Treasury.

The Bill provided for payments to undertakings during the interim period between the vesting date and the completion of valuation for compensation. During this period the undertakings must have funds to meet their commitments to creditors and shareholders. It had, therefore, been agreed with the owners that for two years after the vesting date they should receive an annual payment equivalent to half the profits earned during a previous period. This would be in substitution for the interest which they would have been entitled to receive on the amounts of compensation when finally determined.

The Bill was based on the assumption that the industry must pay its own way. In order to do so it must meet its current expenses and interest and amortisation on the compensation payments or, in the initial years, the interim payments to undertakings. The Minister estimated that the outgoings of the industry would amount to some £7 millions a year, including amortisation charges, and that the interim payments would amount to about £2 millions. These figures compared with present profits of about £14 millions. Thus, at existing prices and wages and without any of the advantages expected from reorganisation, it should be possible for the industry to pay its way and even to make some small price reductions.

The Bill would not cover retail distribution. This would require farther consideration after the production side had been nationalised.

Points made in discussion were:

(a) It was essential to get the services of the best possible men for the National Coal Board, as upon them would largely depend the success of this most important measure.

(b) The Chancellor of the Exchequer was not sure that the Bill, as drafted, made sufficiently positive provision that the Board's programme of capital expenditure on development must receive the specific approval of the Government. This was important from the point of view of Government planning of capital expenditure; and he would like to discuss this matter further with the Minister of Fuel and Power.

(c) The Minister of Health drew attention to the proposal that there should be an obligation on the Board to pay over to the Government funds to meet interest and amortisation on stock issued to owners as compensation. One of the problems of the industry was to remove the feeling among the workers that they were working to make profits for the owners and, while he did not object to the substance of the proposal, he suggested that, for psychological reasons, it was important to avoid any suggestion that under the new dispensation miners would still be working to provide payments to the owners to compensate them for their former profits. After discussion, it was suggested that a verbal amendment might be made to Clause 20 (1) (a) so as to avoid directly linking the payments to be made by the Board to the Government with the compensation paid to the owners.

(d) The Lord President drew attention to the fact that the Bill made no provision for compensation to displaced employees. The
Board would have power to pay compensation where they considered it desirable, and he was sure that it was right not to impose a statutory obligation on them. There might, however, be criticism on this point.

The Cabinet—

(1) Approved the proposals submitted in C.P. (45) 329 and 337 for legislation for the nationalisation of the coal-mining industry, subject to further consideration of the points noted at (b) and (c) above.

(2) Invited the Minister of Fuel and Power to submit a revised draft of the Bill for detailed examination by the Legislation Committee.

(3) Agreed that the terms of reference of the compensation tribunal, as set out in C.P. (45) 337, should be announced in a White Paper to be presented at the same time as the Bill.

7. The Cabinet considered a suggestion that some additional leave should be given to the Civil Service at Christmas.

It was recognised that any general closing of Government Offices for the whole of the Christmas week would be impracticable from the point of view of public business and would have embarrassing repercussions in industry. At the same time it was desirable that senior members of the Civil Service who had been working under great pressure should be encouraged to take a reasonable break at Christmas.

The Prime Minister said that, unless urgent business arose which could not be postponed, there would be no meetings of the Cabinet and its Committees during Christmas week.

The Cabinet—

Agreed that all Ministers in charge of Departments should instruct their Permanent Secretaries to see that, with the fewest possible exceptions, senior officials took a week's holiday at Christmas. No general publicity need be given to this decision.

8. The Cabinet had before them a memorandum by the Minister of Civil Aviation (C.P. (45) 332) covering a draft of a White Paper on the future organisation of British air services, and outlining the interim arrangements which he proposed to make, pending legislation, for operating air services other than those which could be run by the British Overseas Airways Corporation.

The Prime Minister pointed out that this memorandum had not been circulated to the Cabinet until the previous day, and Ministers had not had much time in which to study the terms of the proposed White Paper. This would be an important pronouncement of Government policy, and it was desirable that the Government should stand firmly to it once it was made. The Cabinet might, therefore, wish to have more time to consider the draft.

Several Ministers said that they would welcome an opportunity for further study of this memorandum.

The Cabinet—

Agreed to defer consideration of C.P. (45) 332 until their meeting on Monday, the 17th December, and asked that Ministers desiring to comment on these proposals should inform the Minister of Civil Aviation before the meeting of the points which they intended to raise.
9. The Chancellor of the Exchequer informed the Cabinet that a comprehensive review of the pay and allowances of members of the Forces below officer rank had now been completed. A new and improved system of remuneration had been worked out by an inter-departmental Committee, whose recommendations had been considered by the Ministers primarily concerned at meetings convened by the Prime Minister. As a result of these discussions, a White Paper had been prepared, setting out the new rates, and this was to be presented to Parliament during the following week.

The new rates were constructed round a basic rate of 42s. a week for a two-star private. It was estimated that, when account had been taken of all that a man in the Forces received in kind, this basic rate was equivalent, in the case of a married man, to a civilian wage of 89s. a week. In drawing up the new rates, the opportunity had been taken of greatly simplifying the structure of service pay and allowances.

The Cabinet—

Took note that a White Paper setting out the new rates of pay for members of the Forces below officer rank would be presented to Parliament in the following week.

Cabinet Office, S.W. 1,
13th December, 1945.