CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 21st September, 1951, 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., Secretary of State for Foreign Affairs.
The Right Hon. Hugh Dalton, M.P., Minister of Local Government and Planning.
The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.
The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.
The Right Hon. Hector McNeil, M.P., Secretary of State for Scotland (Items 1–6).
The Right Hon. Sir Hartley Shaw-Cross, K.C., M.P., President of the Board of Trade.

The following were also present:
The Right Hon. Maurice Webb, M.P., Minister of Food (Item 9).

The Right Hon. H. T. N. Gaitskell, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Addison, Lord President of the Council (Items 3–9).
The Right Hon. Viscount Jowitt, Lord Chancellor.
The Right Hon. E. Shinwell, M.P., Minister of Defence.
The Right Hon. James Griffiths, M.P., Secretary of State for the Colonies.
The Right Hon. Alfred Robens, M.P., Minister of Labour and National Service.
Mr. R. J. Taylor, M.P., Deputy Chief Whip (Items 1–2).

Secretariat:
Sir Norman Brook.
Mr. A. Johnston.
Mr. O. C. Morland.
## Contents

<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The King’s Illness</td>
<td>227</td>
</tr>
<tr>
<td>2</td>
<td>General Election</td>
<td>227</td>
</tr>
<tr>
<td></td>
<td>Television, Visit of Dr. Adenauer to United Kingdom.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Foreign Affairs</td>
<td>228</td>
</tr>
<tr>
<td></td>
<td>Foreign Secretary’s Visit to North America, Japan, Germany, Italy, Austria.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>North Atlantic Treaty</td>
<td>229</td>
</tr>
<tr>
<td></td>
<td>Ottawa Meeting of the Council.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Economic Affairs</td>
<td>230</td>
</tr>
<tr>
<td></td>
<td>Balance of Payments, United States and Canadian Loans.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Persia</td>
<td>231</td>
</tr>
<tr>
<td>7</td>
<td>The King’s Speech on the Prorogation of Parliament</td>
<td>234</td>
</tr>
<tr>
<td>8</td>
<td>Bechuanaland Protectorate</td>
<td>234</td>
</tr>
<tr>
<td></td>
<td>Tshekedi Khama.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Agricultural Prices</td>
<td>235</td>
</tr>
</tbody>
</table>
1. **The Prime Minister** reported to the Cabinet the latest news regarding the progress of the King’s illness. Although there had been no interruption in His Majesty’s gradual progress towards recovery from the operation which he had undergone on 23rd September, and no complications had so far arisen, there would still be cause for some anxiety during a further period of about ten days.

The Prime Minister proposed that statements about the King’s illness should be made on behalf of the Government in both Houses of Parliament on 4th October.

The journey which the Princess Elizabeth and the Duke of Edinburgh were to make to Canada had been postponed, with the concurrence of the Prime Minister of Canada. If, however, the tour was to be made, it would now be necessary for Their Royal Highnesses to make the journey by air; and the Leader of the Conservative Opposition had expressed the view that it would be wrong for the Princess to run this additional risk at the present time. The Prime Minister said that, before advising Her Royal Highness on this point, he would be glad to hear his colleagues’ views on it.

In discussion it was pointed out that in the course of their proposed tour Their Royal Highnesses would be obliged to fly from place to place in North America and that, judging by the record of accidents, there was nowadays no greater danger in flying the North Atlantic than in making air journeys over land. It would be undesirable to establish a precedent which, by denying them the use of what was widely regarded as a normal means of travel under modern conditions, might handicap Their Royal Highnesses for many years to come in the discharge of their public duties.

The Cabinet—

Invited the Prime Minister to inform the Princess Elizabeth that, if the state of the King’s health were such that she could proceed with her projected visit to Canada, the Cabinet would not advise against her making the journey across the North Atlantic by air.

2. **The Prime Minister** said that it had been suggested by the British Broadcasting Corporation that during the course of the Election campaign each of the main political parties should arrange for one political speech to be included in the television programme. This would be in addition to the series of Election broadcasts on which agreement had already been reached between the parties. This suggestion was supported by the Conservative and Liberal Parties.

In discussion it was recalled that, when a similar suggestion had been made at the time of the last General Election, the Government had rejected it. Since then, however, television had come to play a much larger part in the national life; and Ministers felt that it was now inevitable that use should be made of this new medium of publicity at the time of a General Election. Great care should be taken in selecting a suitable person to speak on behalf of the Labour Party in the television programme.

The Cabinet—

(1) Decided to accept the suggestion of the British Broadcasting Corporation that during the course of the Election campaign the television programme should include one speech on behalf of each of the main political Parties; and invited the Deputy Chief Whip to make the necessary arrangements, in consultation with the Conservative and Liberal Parties.
Visit of Dr. Adenauer to United Kingdom.

The Prime Minister said that, before he had decided to ask the King for a dissolution of Parliament, the Foreign Secretary had invited the Chancellor of the German Federal Republic to pay a visit to this country in the early part of October. He suggested that this visit should now be postponed, as it would be undesirable that Dr. Adenauer should be in this country during the course of the Election campaign.

The Foreign Secretary said that he had, with reluctance, reached the same conclusion.

The Cabinet—

(2) Invited the Foreign Secretary to arrange that Dr. Adenauer's proposed visit to the United Kingdom should be postponed until after the General Election.

The Cabinet—

Took note of the Foreign Secretary's report.
4. The Foreign Secretary, the Chancellor of the Exchequer and the Minister of Defence each made a report to the Cabinet on the proceedings at the Ottawa meeting of the North Atlantic Council. They were all agreed that this had been a valuable meeting, at which real progress had been made towards a solution of some of the difficulties confronting the North Atlantic Treaty Organisation.

The main points made by the Ministers in their reports were as follows:

(a) The Council had agreed in principle to the appointment of a Middle East Command under a British Supreme Commander, and to the admission of Greece and Turkey to membership of N.A.T.O. Many practical difficulties remained for discussion, including the French desire for fuller recognition of their position in the Middle East. Moreover, it seemed doubtful whether the opposition of some of the smaller countries to Greek and Turkish membership of N.A.T.O. had been entirely removed; and problems in this connection, and in connection with the United States views on the constitution of the Middle East Command, remained for solution. The Dutch, in particular, were afraid that the membership of Greece and Turkey might reduce the amount of military assistance available to Western European countries; and they were also apprehensive lest Turkey's inclusion might lead to the addition of further Middle East countries to the Organisation.

(b) The Minister of Defence said that he had taken the opportunity to emphasise the urgency of making more military forces immediately available in Western Europe. This, in his view, was more important than building up towards the creation of even larger forces in 1954. He had also been successful in arranging for this problem to be discussed at a separate meeting of the N.A.T.O. Defence Ministers.

(c) Decisions had been taken on the important question of the financing of "Infra Structure," viz., the provision of airfields, communications, &c., for the North Atlantic forces in Western Europe. The United Kingdom Government had agreed to make available £14 million out of a total of £80 million for the first stage of this programme.

(d) In preliminary meetings in Washington with United States and French Ministers the Chancellor of the Exchequer had explained the financial consequences of attempting to carry out our share of the medium-term defence plan, which would call for expenditure greatly in excess of our current defence programme. The French had supported our view that the plan could not be carried out without a fundamental reconsideration of its financial implications. At the meeting of the Council in Ottawa it had been agreed that a group of "wise men" representing the North Atlantic Treaty Powers should be set up to analyse the position and make recommendations to Governments. There was also some prospect that the United States Government would undertake a screening of the military requirements of the medium-term defence plan.

The Chancellor of the Exchequer said that, subject to the views of his colleagues, he felt that the United Kingdom representative on this group should be the Chancellor of the Exchequer. The Chancellor would obviously be unable himself to carry out the detailed work or attend all the meetings, but he might be assisted by a senior official who would act as his alternate. The Chancellor could thus retain general control of what would be the most important financial operation.

In discussion it was pointed out that the work of this group would be done mainly outside London and might involve the Chancellor in such frequent absences as to make it difficult for him to discharge his Ministerial duties in London. At the same time Ministers felt that it would be difficult for an official to exercise the influence which they would wish to see brought to bear upon this
group on behalf of the United Kingdom Government, and that on this account it might be preferable that, at meetings which the Chancellor could not attend in person, the United Kingdom Government should be represented by some other Minister. It was suggested that, if further international work of this character had to be undertaken on financial and economic questions, it might become necessary to appoint a Minister of State in the Treasury—for reasons similar to those which had led to the appointment of a Minister of State in the Foreign Office.

The Cabinet—

(1) Took note of the reports made by the Foreign Secretary, the Chancellor of the Exchequer and the Minister of Defence on the proceedings at the Ottawa meeting of the North Atlantic Council.

(2) Agreed that the Chancellor of the Exchequer should be the principal representative of the United Kingdom Government on the group which was to strike a balance between the requirements put forward by the military advisers of the North Atlantic Treaty Organisation and the economic consequences of meeting those requirements; and invited the Chancellor of the Exchequer to consider with the Prime Minister, in the light of the discussion recorded above, who should represent the United Kingdom Government at meetings of this group which the Chancellor was unable to attend in person.

5. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C.P. (51) 251) reporting on the discussions which he had held in Washington regarding the economic situation of the United Kingdom.

The Chancellor of the Exchequer said that as soon as he had reached Washington he had handed to the United States authorities a memorandum (reproduced in Annex I of C.P. (51) 251) giving full particulars of the serious deterioration in the United Kingdom balance of payments. A deficit of $500 million for the third quarter of 1951 had been forecast in July, and owing to a subsequent worsening of the position (including recent movements of capital) the deficit was now likely to exceed $600 million. He had made no immediate proposals for United States assistance, but had emphasised in private conversations the inevitable repercussions upon the carrying out of our defence programme, making it clear that the full execution of the £4,700 million programme must depend upon United States action in some form. In public he had reiterated our determination to carry out the programme with the co-operation of our Allies. He had found the United States authorities not unsympathetic, and they had been further impressed by the French explanation of France’s financial position, which was similar to our own.

Later in his visit he had followed up this initiative by leaving with the United States authorities a memorandum (reproduced in Annex II of C.P. (51) 251) suggesting ways in which the United States Government could assist us. Discussions on the suggestions made in this memorandum would follow as soon as possible; he could not forecast their outcome, but he was at least convinced that the United States Government were now in no doubt about the seriousness of our position.

The Cabinet—

(1) Took note of this statement by the Chancellor of the Exchequer.
The Chancellor of the Exchequer said that, in view of the forthcoming General Election, he thought it would be inadvisable for the Cabinet to take any decision at this stage on the question whether or not an application should be made for waiver of the interest due on 31st December on the United States and Canadian loans. It would be highly undesirable that this question should become a matter of political controversy during the Election. If it should subsequently be decided to apply for the waiver, investigation by the International Monetary Fund would be necessary; but even so it would not be impossible to hold the decision over until early in November.

Ministers endorsed the view expressed by the Chancellor of the Exchequer. They pointed out, however, that they would be asked during the Election campaign what the Government's intentions were in this matter, and suggested that a uniform reply should be returned to such enquiries.

The Cabinet—

(2) Invited the Chancellor of the Exchequer to devise, and make available to them, a suitable formula for answering such questions as might be asked during the Election regarding the Government's intentions in respect of the waiver of interest on the United States and Canadian loans.

6. The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (51) 257) outlining the history of the oil dispute with Persia.

The Prime Minister said that the latest development in the situation was the instruction given by the Persian Government that the remaining British staff in Abadan should leave the country in a week's time. His Majesty's Ambassador in Tehran had been instructed to make strong representations to the Persian Foreign Minister against the proposed expulsions, and the Ambassador was seeing the Shah that afternoon. It was difficult to get a clear picture of the political situation in Persia. In response to a message which he had sent to the President of the United States, he had now received a reply saying (i) that the United States Ambassador in Tehran was being asked to inform the Persian Government of the grave concern of the United States Government at the proposed action; (ii) that the United States Government would be unable to support any action involving the use of force to maintain the British staff in Abadan; and (iii) that it seemed desirable for the United Kingdom Government to put forward some fresh proposal to the Persian Government. The President added that he would send a further message in the next day or so dealing with the matter at greater length. The Prime Minister said that, in view of the attitude of the United States Government, he did not think it would be expedient to use force to maintain the British staff in Abadan. Moreover, an occupation of Abadan Island would not necessarily bring about a change in the Persian Government and might well unite the Persian people against this country, and neither the oil wells nor the refinery could be worked without the assistance of Persian workers. If we attempted to find a solution by force we could not expect much support in the United Nations, where the South American Governments would follow the lead of the United States and Asiatic Governments would be hostile to us. It would be humiliating to this country if the remaining British staff at Abadan were expelled, but this step would at least leave Dr. Mussadiq with the task of attempting to run the oil industry with inadequate facilities for refining oil and getting it away from Persia and he might then be driven to accept some form of agreement with this country. The Prime Minister said that he was seeing the leaders of the Conservative Opposition later in the
day, and would explain to them whatever policy was approved by
the Cabinet.

The Foreign Secretary said that the United Kingdom Government
had acted with great reasonableness in the face of much
provocation from the Persian Government. The Persian Government
had failed to respond to the many endeavours made to find
some compromise and had ignored the findings of the International
Court. In spite of President Truman's suggestion, it was difficult
to see what fresh approach could be made by the United Kingdom
Government. If the remaining British staff in Abadan were expelled
and the Government's handling of the Persian dispute appeared
feeble and ineffective, the repercussions throughout the Middle East
and elsewhere would be very serious. Egypt might be emboldened
to take drastic action to end the military treaty and possibly to bring
the Suez Canal under Egyptian control, and British legal rights in
many other parts of the world would be placed in jeopardy. In these
circumstances he was inclined to think that the Persian Government
should be told that the United Kingdom Government could not
tolerate the expulsion of the remaining staff from Abadan and would,
if necessary, take the necessary steps to ensure that they were not
expelled. Recourse to the Security Council was unlikely to produce
any effective result; but, if force had to be used, it would be necessary
to explain to the Security Council without delay the circumstances
which had rendered military action unavoidable.

The Cabinet first considered whether the military operation to
seize Abadan Island, for which all preparations had been made,
should be authorised, possibly after a final warning to the Persian
Government. Preparations had been brought to a point at which
the operation could be mounted in twelve hours. The Law Officers
had, however, advised that, unless the Security Council had sanc-
tioned the use of force by the United Kingdom, military operations
designed to seize Abadan would in present circumstances be illegal.
Some doubt was expressed whether this view took sufficient account
of the rights of self-defence, which were independent of any action
authorised by the Security Council. It was, however, the general
view of the Cabinet that, in the light of the United States attitude
as revealed in the President's reply and as previously outlined by the
United States Secretary of State in a discussion with the Foreign
Secretary on 13th September, force could not be used to hold the
refinery and maintain the British employees of the Anglo-Iranian
Oil Company in Abadan. We could not afford to break with the
United States on an issue of this kind. The United States Govern-
ment would not oppose the use of force if it were necessary to save
the refinery from a Communist Government or to protect British
lives; but on the latter point the Chiefs of Staff had inclined to the
view that military operations might endanger British lives and, from
the strictly military point of view, they would prefer to postpone
launching any operation until after the British employees had left
Abadan. In any event, the use of force would not necessarily bring
nearer a solution of the dispute.

There was general agreement that, if the remaining British staff
were expelled from Abadan, the prospects of re-establishing British
management of the Persian oil industry would be greatly lessened.
Every endeavour should therefore be made to prevent the expulsions
from taking place. In a review of the steps open to the Government
the following points were made:

(a) Some good effects might result from the support which the
United States Ambassador in Tehran was now to give to the
representations already made by His Majesty's Ambassador. The
further communication promised by President Truman might also
contain useful suggestions.

(b) The Security Council should at once be asked to take steps
to compel the Persian Government to respect the interim findings
of the International Court. Some Ministers thought that, in view of
the present composition of the Council and the possibility that Russia might exercise the veto, it was unlikely that any useful outcome could be expected from a reference to the Council. Moreover, time was short and some days might elapse before an effective discussion could be arranged. Most Ministers considered, however, that, while the outcome could not be foretold with any certainty, there was some chance that, if the British case were put forcibly before the Council, a resolution might be secured which could be made the basis of further action. United States opinion was more likely to support drastic action if it appeared to have the support of the Security Council or if that support would have been forthcoming but for the exercise of the veto by Russia. The Security Council could be brought together at short notice; and it would be sufficient to give a few hours’ preliminary notice to the United States Government and to inform the Persian Government of what was proposed.

(c) There was general agreement that at the appropriate stage the Shah should be informed that drastic financial and economic action would have to be taken if the remaining British staff were expelled from Abadan. It was the general view of Ministers that no sufficient advantage would be gained by severing diplomatic relations with Persia, since the presence of a British Ambassador in Tehran afforded a channel of communication with the Shah, who might at some juncture be prepared to dismiss Dr. Mussadiq and find a more reasonable Government. Too much reliance should not, however, be placed upon any action by the Shah, who had repeatedly disappointed the hopes which had been entertained that he would dismiss the Mussadiq Government. The Aga Khan had in the past shown a willingness to help; and the Lord Privy Seal, with whom the Aga Khan had recently communicated, would consider, in consultation with the Foreign Secretary, whether the Aga Khan could usefully be asked to offer any advice to the Persians.

(d) On the question whether any hope should be held out of fresh British concessions in any resumption of the negotiations, the general view was that no concessions should be offered to Dr. Mussadiq. The Shah could, however, be told that the United Kingdom Government might find it possible to make proposals which would be more acceptable from the Persian point of view if they could deal with a more reasonable Persian Government. As to the form which any concessions might take, some Ministers thought that the prospects of a settlement would be greatly improved if the United Kingdom Government would offer the Persian Government a higher percentage of the profits than 50 per cent. On the other hand it was pointed out that any higher percentage would have serious repercussions on the financial terms governing oil concessions in other parts of the world, and would almost certainly be unwelcome to the United States Government. It might, however, be practicable, without formally altering the proposed basis for the sharing of profits, to give a higher financial inducement to the Persians by offering more generous compensation terms.

(e) One method of avoiding the humiliation of having the remaining British staff expelled from Abadan would be to instruct them to withdraw at once. It was, however, the general view of Ministers that the staff should remain at their posts and that the question whether they should withdraw or wait to be expelled should be considered at the end of the period of warning which the Persians had given to them.

With reference to the public reaction to the latest developments in the oil dispute, it was pointed out that the public expected some effective action to be taken, though not necessarily by the use of force. There might be a demand for a debate on Persia before the prorogation of Parliament; and it would be of advantage if then, or at some other time, public reference could be made to the attitude of the United States Government to the use of force.

The Prime Minister said that, in the light of the Cabinet’s discussion, it was clear that, after a preliminary intimation to the United
States Government of what was proposed, the United Kingdom Government should ask the Security Council to consider what action could be taken to compel the Persian Government to respect the preliminary findings of the International Court on the oil dispute. Meanwhile, the Shah should be informed that the matter was being taken to the Security Council and that, while the United Kingdom Government might find it possible to improve on the offers which they had so far made, if they were dealing with a reasonable Persian Government, he must expect that serious financial and economic consequences would follow the expulsion of the remaining British staff from Abadan.

The Cabinet—

(1) Agreed that the Persian oil dispute should be referred immediately to the Security Council, which should be asked to consider as a matter of urgency what steps could be taken to compel the Persian Government to respect the findings of the International Court.

(2) Agreed that communications should be sent to the United States Government and to the Persian Government on the lines indicated by the Prime Minister.

The Cabinet also considered a memorandum by the President of the Board of Trade (C.P. (51) 254) on the question whether the Vulcan Foundry Company should continue work on locomotives which were being made under contracts with the Persian State Railways.

After a short discussion, the Cabinet—

(a) Agreed that the Vulcan Foundry Company should continue work on the contract from the Persian State Railways, in view of the fact, that, if necessary, other markets could probably be found for the locomotives, when they were completed.

7. The Cabinet had before them a memorandum by the Home Secretary (C.P. (51) 252) covering a draft of The King's Speech on the Prorogation of Parliament.

The Home Secretary said that he hoped that, as in previous years, the Lord Chancellor would supervise the preparation of the final draft.

In discussion it was agreed that the references to the United Nations and to the maintenance of peace should precede the reference to rearmament. Some drafting amendments were also approved.

The Cabinet—

Subject to the amendments approved in the Cabinet’s discussion and to any drafting amendments to be made by the Lord Chancellor, approved the draft Speech on the Prorogation of Parliament annexed to C.P. (51) 252.

8. The Cabinet considered a memorandum by the Parliamentary Under-Secretary of State for Commonwealth Relations (C.P. (51) 250) proposing that the reports of the observers who had been sent to Bechuanaland should be published under cover of a White Paper reaffirming the Government’s policy of excluding both Tsekhedi and Seretse Khama from the Bamangwato Reserve for a period of not less than five years.

The Secretary of State for Commonwealth Relations said that administrative and political difficulties were likely to arise in
States Government of what was proposed, the United Kingdom Government should ask the Security Council to consider what action could be taken to compel the Persian Government to respect the preliminary findings of the International Court on the oil dispute. Meanwhile, the Shah should be informed that the matter was being taken to the Security Council and that, while the United Kingdom Government might find it possible to improve on the offers which they had so far made, if they were dealing with a reasonable Persian Government, he must expect that serious financial and economic consequences would follow the expulsion of the remaining British staff from Abadan.

The Cabinet—

(1) Agreed that the Persian oil dispute should be referred immediately to the Security Council, which should be asked to consider as a matter of urgency what steps could be taken to compel the Persian Government to respect the findings of the International Court.

(2) Agreed that communications should be sent to the United States Government and to the Persian Government on the lines indicated by the Prime Minister.

The Cabinet also considered a memorandum by the President of the Board of Trade (C.P. (51) 254) on the question whether the Vulcan Foundry Company should continue work on locomotives which were being made under contracts with the Persian State Railways.

After a short discussion, the Cabinet—

(a) Agreed that the Vulcan Foundry Company should continue work on the contract from the Persian State Railways, in view of the fact, that, if necessary, other markets could probably be found for the locomotives, when they were completed.

7. The Cabinet had before them a memorandum by the Home Secretary (C.P. (51) 252) covering a draft of The King’s Speech on the Prorogation of Parliament.

The Home Secretary said that he hoped that, as in previous years, the Lord Chancellor would supervise the preparation of the final draft.

In discussion it was agreed that the references to the United Nations and to the maintenance of peace should precede the reference to rearmament. Some drafting amendments were also approved.

The Cabinet—

Subject to the amendments approved in the Cabinet’s discussion and to any drafting amendments to be made by the Lord Chancellor, approved the draft Speech on the Prorogation of Parliament annexed to C.P. (51) 252.

8. The Cabinet considered a memorandum by the Parliamentary Under-Secretary of State for Commonwealth Relations (C.P. (51) 250) proposing that the reports of the observers who had been sent to Bechuanaland should be published under cover of a White Paper reaffirming the Government’s policy of excluding both Tshekedi and Seretse Khama from the Bamangwato Reserve for a period of not less than five years.

The Secretary of State for Commonwealth Relations said that administrative and political difficulties were likely to arise in
Bechuanaland if such an announcement were not made at an early date. Although the observers had not been able to submit a unanimous report, their findings supported the policy which the Government had been pursuing.

In discussion attention was drawn to the undesirability of reviving public controversy on this subject during the Election.

The Cabinet—

Agreed that the publication of a White Paper in the terms of the draft annexed to C.P. (51) 250 should be deferred until after the Election.

9. The Cabinet had before them a memorandum by the Minister of Agriculture (C.P. (51) 253) recommending that, if the proposed increases in the wages of agricultural workers were confirmed by the Agricultural Wages Board on 10th October, the Government should concede in a public announcement that there was a prima facie case for a Special Review of agricultural prices.

The Minister of Agriculture said that in his view the Government could not avoid holding a Special Review, having regard to the financial position of the farmers and the need to ensure that cultivation was maintained at a high level. In 1950 a Special Review had been granted when agricultural workers had been given a smaller wages increase than was now proposed. Investigation might show that an increase in prices could be avoided by the reintroduction of the subsidy on fertilisers.

The Chancellor of the Exchequer said that nothing need to said until after the consideration of the proposed wages increase by the Agricultural Wages Board on 10th October. If the increase in wages were then granted, it would be reasonable to say that the question of a Special Review would be considered after the Election. The result of a Special Review would almost certainly be to increase the prices of agricultural products. Sufficient information was not yet available to show whether a Special Review could be justified.

In further discussion it was suggested that, if an increase in agricultural wages were granted, it would not be practicable to avoid some indication of Government policy. As there were various ways in which the situation could be handled, it might not be necessary to say specifically that there would be a Special Review, but some consideration of the financial position of the agricultural community would have to be promised.

The Cabinet—

Invited the Chancellor of the Exchequer, the Agriculture Ministers and the Minister of Food, in the light of the Cabinet’s discussion, to settle the form of the Government announcement which should be made after 10th October if the Agricultural Wages Board confirmed the proposed increase in the wages of agricultural workers.

Cabinet Office, S.W. 1,
27th September, 1951.