CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 30th October, 1951, at 3 p.m.

Present:

The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister and Minister of Defence (in the Chair).

The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Foreign Affairs.

The Most Hon. the MARQUESS OF SALISBURY, Lord Privy Seal.

The Right Hon. Sir DAVID MAXWELL FYFE, K.C., M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. LORD ISMAY, Secretary of State for Commonwealth Relations.

The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland.


The Right Hon. HAROLD MACMILLAN, M.P., Minister of Housing and Local Government.

The Right Hon. LORD WOOLTON, Lord President of the Council.

The Right Hon. LORD SIMONDS, Lord Chancellor (designate).

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.

The Right Hon. OLIVER LYTTELTON, M.P., Secretary of State for the Colonies.

The Right Hon. LORD LEATHERS, Secretary of State for Co-ordination of Transport, Fuel and Power.

The Right Hon. Sir WALTER MONCKTON, K.C., M.P., Minister of Labour and National Service.

Mr. PETER THORNEycROFT, M.P., President of the Board of Trade (designate).

Also present:

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

Sir EDWARD BRIDGES, Treasury.

Sir NORMAN BROOK......Secretary.
<table>
<thead>
<tr>
<th>Minute No.</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Cabinet</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Parliament</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Election of a Speaker.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The King's Speech on the Opening of Parliament</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Iron and Steel Industry</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Economic Situation</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Government Expenditure</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Ministers' Salaries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministers' Cars</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Foreign Affairs</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Egypt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Persia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Malaya</td>
<td>6</td>
</tr>
</tbody>
</table>
1. The Prime Minister welcomed his Cabinet colleagues at their first meeting. He said that later in the day he would be making a formal submission to the King recommending the appointment of Lord Simonds as Lord Chancellor, Mr. Peter Thorneycroft as President of the Board of Trade and Lord Cherwell as Paymaster-General. This would complete the composition of the Cabinet. The King had already been consulted informally, and it was with his knowledge and approval that Lord Simonds and Mr. Thorneycroft were attending the present meeting as Ministers designate. Lord Cherwell was expected to join the Cabinet at their next meeting.

2. The Cabinet were informed that the Opposition had been consulted through the usual channels about the choice of a Speaker. It had been suggested to them that Mr. W. S. Morrison might be elected Speaker, and that one of the Chairmen of Committees might be a member of the Labour Party. They had at first shown readiness to fall in with this proposal; but they had subsequently indicated that they would propose Major J. Milner as Speaker and would not be willing to provide, from among their supporters, one of the Chairmen of Committees. The Cabinet agreed that, when Parliament met on the following day, the Government should propose that Mr. W. S. Morrison be elected Speaker, and that Sir Charles MacAndrew should be Chairman of Ways and Means and Mr. R. Hopkin Morris Deputy Chairman. The Prime Minister undertook to consult the Leader of the Liberal Party in order to enlist his support for these proposals.

3. The Cabinet had a general discussion on the content of the King's Speech on the Opening of Parliament on 6th November. They agreed that it should include references to the repeal of the Iron and Steel Act, 1949, the restoration of the University franchise and the amendment of the law relating to private road hauliers. It was suggested that the Speech might also include some promise of social legislation—for example, measures affecting the elderly or regulating conditions of employment in factories.

The Cabinet agreed that it should be made clear in the King's Speech that the Bill restoring the University franchise would not become effective until elections were held for a new Parliament and, further, that it would not perpetuate the old system of dual voting—a person qualified to vote for a University candidate would in future have to choose between exercising that right and voting in the constituency in which he resided. It was suggested that, as the University constituencies would be so much smaller than the ordinary constituencies, there was much to be said for limiting University representation in the Commons to one member for each University. It was agreed that this was a point which might be considered when the time came to draft the legislation.

The Prime Minister said that he hoped it might be possible for Parliament to complete by the end of November all the essential legislative and financial business which must be disposed of before the end of the year. Parliament might then be adjourned for a long recess until the middle of February.

The Cabinet appointed a Committee consisting of the Minister of Health (in the Chair), the Lord Privy Seal and the Minister of Housing and Local Government to prepare a draft of the King's Speech and to submit it for the Cabinet's approval by the end of the week.
4. The Prime Minister said that urgent consideration must be given to the means of implementing the Government's pledge to repeal the Iron and Steel Act, 1949, and to restore the industry to free enterprise. If a short and simple Bill would suffice for this purpose, it might be passed into law before Parliament was adjourned for the Christmas Recess. If, however, complicated legislation was necessary, its introduction would have to be postponed until after Christmas.

In discussion it was suggested that the restoration of the industry to private ownership was likely to involve complex questions which would take some time to resolve. The most urgent need, therefore, was to appoint a new Board to control the industry in conformity with the policy of the new Government, while those questions were being considered.

The Cabinet—

Appointed a Committee consisting of the Minister of Health (in the Chair), the Chancellor of the Duchy of Lancaster, the Minister of Supply and the Attorney-General, to consider and report to the Cabinet what action was required to implement the Government's pledge to restore the iron and steel industry to free enterprise and, in particular, whether legislation for this purpose could be passed before Parliament adjourned for the Christmas Recess.

5. The Chancellor of the Exchequer handed to the Cabinet a note by the Permanent Secretary to the Treasury analysing the current economic situation and the prospects for 1952. The Chancellor stressed the gravity of the situation disclosed by this note. It was clear that there had been a progressive deterioration for some weeks past and that the previous Government had taken no steps to arrest this while the General Election was pending. The Government must lose no time in making the facts of the situation known to Parliament, and a full statement on this subject would have to be made in the course of the Debate on the Address. If, however, confidence was to be restored, the Government must at the same time state what remedies they proposed to apply. The Chancellor outlined to the Cabinet the remedies which he thought would be necessary.

The Prime Minister suggested that, before the Cabinet considered this matter more fully, the Chancellor of the Exchequer should discuss with a small group of Ministers his detailed proposals for remedying the situation. This group could meet at once, and the Chancellor should be in a position to lay his recommendations before the Cabinet at their next meeting. Meanwhile, a copy of the note by the Permanent Secretary to the Treasury should be sent to the Leader of the Opposition; he should at once be made aware of the factual position as it had been made known to the Government when they first took office.

The Cabinet—

(1) Appointed a Committee consisting of the Chancellor of the Exchequer (in the Chair), the Lord President, the Lord Privy Seal, the Secretary of State for the Colonies, the Minister of Housing and Local Government, and the President of the Board of Trade to consider the current economic situation and the measures necessary to remedy it.

(2) Invited the Chancellor of the Exchequer to report further to the Cabinet at their meeting on 1st November, in the light of his consultations with this Committee.
(3) Took note that the Prime Minister would send to the Leader of the Opposition a copy of the note by the Permanent Secretary to the Treasury analysing the current economic situation and the prospects for 1952.

6. The Prime Minister said that it was his wish that during the period of rearmament or for three years, whichever ended first, Ministers entitled by statute to a salary of £5,000 a year should draw £4,000 a year. He himself proposed to draw during that period £7,000 a year, instead of his statutory salary of £10,000.

The Prime Minister said that substantial reductions must be made in the use of official cars by Ministers. Detailed proposals to this end should be worked out without delay.

The Cabinet—

Approved the Prime Minister’s proposals regarding Ministers’ salaries and the use of official cars by Ministers, and took note that a public statement on both points would be issued by the Prime Minister that evening.

7. The Foreign Secretary said that since assuming office he had been in consultation with the Chiefs of Staff about the military situation in Egypt. The local commanders had now been given discretion to arrest any persons who constituted a threat to military security in the Canal Zone; but they had been instructed that any persons so arrested should, where possible, be deported from the Zone rather than detained in it.

The Foreign Secretary said that, at the Prime Minister’s request, he had considered a proposal by the Chiefs of Staff that the balance of the 3rd Infantry Division should be sent to Cyprus in order to strengthen the forces available in the Middle East generally. So far as he was concerned there was no objection to this proposal. The Prime Minister said that the despatch of these reinforcements to the Middle East would mean that, apart from the 6th Armoured Division which was due to go to Germany in the near future, there would be no strategic reserve in the United Kingdom. It might be necessary to postpone the despatch of the 6th Armoured Division to Germany; but, before taking any final decision on this point, he would consult with General Eisenhower. It would certainly be necessary to consider means of strengthening the defences of the United Kingdom, e.g., by pressing on with the organisation of a Home Guard and by calling up Territorial Army divisions in rotation.

On the political aspects of the situation in Egypt, the Prime Minister said that he endorsed the policy followed by the previous Government regarding the Sudan. For the rest, he suggested that policy should now be based on the principle that it was the duty of the United Kingdom Government to keep the Suez Canal open to the shipping of the world, using such force as might be necessary for that purpose. It would be consistent with that principle that oil tankers bound for the refinery at Haifa should be allowed to pass through the Canal. The Foreign Secretary said that, while he fully endorsed the principle suggested by the Prime Minister, he doubted whether it would be expedient to apply it at the moment to the passage of oil tankers bound for Haifa. This was a matter of timing. Our immediate aim should be to prevent the other Arab States from supporting the attitude taken by the Egyptian Government in abrogating the Anglo/Egyptian Treaty of 1936; and precipitate action on our part regarding the passage of tankers through the Canal would be likely to arouse resentment in some of the other Arab States.
Persia.

The Foreign Secretary said that His Majesty's Ambassador in Tehran had been recalled to London for consultations. Mr. Harriman would also be in London at the end of the present week. This would provide him with a valuable opportunity for consultations on the future handling of the Persian oil dispute.

Germany.

The Foreign Secretary said that complicated negotiations were now proceeding between the three Occupying Powers regarding the future status of Western Germany. The objective was to give Western Germany a greater measure of independence, while preserving safeguards against any resurgence of German militarism. The Foreign Secretary said that he need not trouble the Cabinet at this stage with the detail of the proposals. Broadly speaking, the present position was that we and the Americans were in agreement about the concessions which we considered reasonable, but the French were still reluctant to go so far. He had now instructed our representative in these discussions to join with the Americans in pressing the French to accept our proposals.

The Cabinet were reminded that the visit which the Chancellor of the German Federal Republic had intended to make to this country in October had been postponed on account of the General Election. It would be appropriate that arrangements should now be made for Dr. Adenauer to visit this country at the end of November.

The Cabinet—

Took note of the Foreign Secretary's statements.

Malaya.

8. The Secretary of State for the Colonies said that he was concerned about the situation in Malaya, and would like to take an early opportunity of visiting the territory in order to confer with the authorities on the spot. A Conference of Governors was due to be held in Singapore towards the end of November. If the Parliamentary situation permitted, he proposed to go out to Malaya then. He hoped to be able to pay a visit to Hong Kong at the same time.

Cabinet Office, S.W. 1,
31st October, 1951.