CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 4th December, 1951, at 11-30 a.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 ISMAIL, Secretary of State for Commonwealth Relations.

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.

The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.

Also present:
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Item 1).

Secretariat:
Sir NORMAN BROOK.
Mr. T. PADMORE.

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1. The Cabinet reviewed their decision of 28th November that Parliament should reassemble, after the Christmas Recess, a week earlier than had previously been proposed. The Chancellor of the Exchequer was anxious that, in any announcement to this effect which was made before the House rose, the decision should not be related to the economic situation. On the other hand it was felt that, if no reference were to be made to economic business, it would be difficult to give any convincing reason for bringing the House back earlier. After discussion, the Cabinet—

Decided to make no change in the existing arrangement by which Parliament would reassemble, after the Christmas Recess, on 29th January.

2. The Foreign Secretary reported the latest developments in the negotiations for an armistice in Korea. There was reason to fear that it would prove impossible to secure effective arrangements for ensuring, by supervision, full compliance with the terms of the armistice. The Communists seemed to have been building up their forces under cover of the armistice talks; and, in the absence of effective supervision, they might continue to do so with a view to putting themselves in a position to launch a further attack on the United Nations forces. The Foreign Secretary had discussed this situation with the United States Secretary of State during his visit to Rome. Mr. Acheson had proposed that General Ridgway should be authorised to conclude an armistice, even though he was not completely satisfied about the supervision arrangements, but that in that event he should report his doubts to the United Nations. A public warning could then be given about the serious consequences which would follow if the Communists made any serious breach of the armistice terms.

The Foreign Secretary said that, since his return to London, he had discussed these proposals with the Prime Minister and the Chiefs of Staff and had now conveyed his considered views to the United States Government. He had suggested that the warning statements should be made by the United States, the United Kingdom and as many as possible of the other countries contributing to the United Nations forces in Korea. They should be in general terms but might indicate that, in the circumstances envisaged, it might prove impossible to localise the hostilities in Korea as hitherto. As regards the two specific measures which the United States authorities had in mind, he had made it clear that we could not support proposals for a naval blockade of China, which could not be effective, and had indicated that the preferable course would be to authorise the bombing of Chinese airfields, bases and junctions north of the Yalu river. There would be no question of any general air attack on Chinese towns.

The Cabinet—

(1) Took note, with approval, of the Foreign Secretary's statement.
(2) Authorised the Foreign Secretary to explain the position to the Leader of the Labour Opposition, in confidence, at the appropriate stage.

3. The Cabinet considered a memorandum by the Home Secretary and the Secretary of State for Scotland (C. (51) 33) proposing the immediate announcement of legislation to repeal the provisions of the Licensing Act, 1949, extending State management to New Towns.
The Cabinet were informed that there would be no administrative difficulty in reversing the present law on this point, since the plans for putting it into operation had not advanced beyond the preparatory stage. The purpose of the extension of State management to the New Towns (viz., the provision of public houses of a high standard according to a proper plan) could be largely secured by the Development Corporations themselves. But, in order to avoid possible disputes between the Corporations and the licensing justices, it was proposed to establish in each New Town a Statutory Committee representing both these authorities. This arrangement had been adopted for the heavily-bombed areas, under the Licensing Planning (Temporary Provisions) Act, 1945, and had worked well.

In discussion the following additional points in favour of the proposal were mentioned:—

(a) If the construction of public houses in the New Towns were left to private enterprise, there would be a substantial saving in development costs falling on the Exchequer.

(b) State management in a number of small and widely-separated towns would be administratively inconvenient, and would be anomalous when the towns had been fully developed and handed over to normal local government.

The Cabinet—

(1) Authorised the preparation of legislation to repeal the provisions of the Licensing Act, 1949, extending State management to New Towns and to substitute provisions on the lines proposed in C. (51) 33.

(2) Authorised the Home Secretary to make an immediate announcement of the Government's intentions.

4. The Prime Minister informed the Cabinet of the terms of the statement which he was proposing to make, in his Speech in the Defence Debate in the House of Commons on 6th December, regarding the latest developments in the negotiations for the formation of a European Army.

5. The Secretary of State for Co-ordination of Transport, Fuel and Power asked that an immediate decision should be taken on the proposals relating to railway freight, dock and canal charges set out in the memorandum by the Minister of Transport (C. (51) 34). In due course the Transport Commission's charges would be fixed by the Transport Tribunal after public enquiry. But the settlement of freight charges in this way would take many months and, if immediate increases were to be made, the Minister of Transport would have to make Regulations under section 82 of the Transport Act before Parliament rose. The Minister's proposals would increase charges by £21 million a year; to delay the increases until after the Recess would therefore cost the Commission some £3 million.

The Transport Tribunal were about to fix passenger charges at a level beyond which further increases would not produce increased revenue. Additional revenue could therefore be found only by increasing freight charges. Even when the new passenger charges were fully operative the Transport Commission would—largely because of recent wage increases—be faced with a prospective deficit of about £16½ million in a full year. It was, therefore, proposed to increase freight rates by 10 per cent., subject to a maximum increase of 10s. per ton on most goods traffic. Even when this had been done, little provision would have been made for wiping off the accumulated deficit of the Transport Commission, which was likely to stand at about £45 million at the end of 1951.
The Permanent Members of the Transport Tribunal, acting as a Consultative Committee, had, with minor changes, endorsed the proposals made by the Transport Commission for immediate increases.

The Cabinet felt that, while it was desirable that the consequential increase in charges should follow closely on the wage increases which were their principal cause, it would be undesirable to announce further increases in transport charges without indicating that the efficiency of the whole of the transport system of the country was under urgent examination.

The Cabinet—

Authorised the Secretary of State for Co-ordination of Transport, Fuel and Power to arrange for the Minister of Transport—

(i) to announce forthwith that the Government were undertaking as a matter of urgency a comprehensive enquiry into the efficiency of the national transport system;

(ii) to announce at the same time that, in order to cover increased costs arising in particular from recent wage increases, immediate steps were being taken to raise the level of railway freight, dock and canal charges;

(iii) to make Regulations under section 82 of the Transport Act, authorising increases in those charges to the extent proposed by the Minister of Transport in C. (51) 34.

Cabinet Office, S.W. 1,
4th December, 1951.