CABINET

CONCLUSIONS of Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 25th March, 1952, at 11.30 a.m.

Present:

The Right Hon. W. S. CHURCHILL, M.P., Prime Minister (in the Chair).
The Right Hon. A. EDEN, M.P., Secretary of State for Foreign Affairs.
The Most Hon. the MARQUESS OF SALISBURY, Lord Privy Seal and Secretary of State for Commonwealth Relations.
The Right Hon. Sir D. M. FYFE, Q.C., M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.
The Right Hon. the EARL ALEXANDER OF TUNIS, Minister of Defence.
The Right Hon. J. STUART, M.P., Secretary of State for Scotland.
The Right Hon. P. THORNEycroFT, M.P., President of the Board of Trade.
The Right Hon. LORD WOOLTON, Lord President of the Council.
The Right Hon. LORD SIMONDS, Lord Chancellor.
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, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. LORD CHERWELL, Paymaster-General.
The Right Hon. VISCOUNT SWINTON, Chancellor of the Duchy of Lancaster.
The Hon. JOHN S. MACLAY, M.P., Minister of Transport and Civil Aviation (Items 1-4).
The Right Hon. SIR ARTHUR SALTER, M.P., Minister of State for Economic Affairs (Items 1-4).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1-5).

Secretariat:

SIR NORMAN BROOK.
Mr. T. PADMORE.
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Employment.

Textile and Clothing Industries.

(Previous Reference: C.C. (52) 20th Conclusions, Minute 6.)

1. The Cabinet’s attention was drawn to the increasing unemployment in the textile and clothing industries. It was estimated that about 10 per cent. of the labour force of these industries was either unemployed or working less than full time. In many of the areas affected these workers could not yet be absorbed into defence production.

In discussion it was suggested that further orders should be placed in these areas for clothing for the Armed Forces and the Civil Defence Services. The Cabinet agreed that this possibility should be urgently examined. They recognised, however, that only a limited relief could be obtained by these means, and that it would be necessary to consider other measures which would have more lasting and more widespread effects. The Chancellor of the Exchequer would consider these, in consultation with the Minister of Labour and the President of the Board of Trade.

The Cabinet—

(1) Invited the Minister of Defence and the Home Secretary to consider urgently what further orders could be placed for clothing for the Armed Forces and the Civil Defence Services with a view to relieving the unemployment in the textile and clothing industries.

(2) Took note that the Chancellor of the Exchequer would consider, with the other Ministers concerned, what further measures could be taken to alleviate this situation.

Moscow Economic Conference.

2. The Foreign Secretary said that his attention had been drawn to a news report stating that Mr. G. B. Drayson, a Conservative Member of Parliament, had accepted an invitation to attend the forthcoming economic conference in Moscow. He had apparently said that his main purpose in attending it would be to promote the export of textile goods from this country to the Soviet Union. Neither the Labour Party nor the Trades Union Congress was proposing to send delegates to this conference, and it was most undesirable that a Conservative Member of Parliament should attend it.

The Cabinet endorsed this view and asked the Chief Whip to make further efforts to dissuade Mr. Drayson from attending the conference.

Foreign Affairs.

3. The Foreign Secretary said that the Opposition were no longer anxious that a Foreign Affairs debate should be held in the House of Commons in the near future. This deprived him of an opportunity, which he would have been glad to take, of making a public statement on foreign affairs; and he had been considering whether he should instead make a non-political broadcast on Sunday, 29th March. The despatch of the reply to the Soviet note on Germany (see Minute 6 below) could be made the occasion for this broadcast.

In discussion there was general agreement that it would be useful for the Foreign Secretary to make a broadcast statement on foreign affairs in the near future. Some doubts were, however, expressed about the expediency of making such a statement on a Sunday. It was a long-standing tradition of the Conservative Party to avoid political activities on Sundays; and some Ministers felt that certain sections of public opinion would prefer that this convention should apply to Ministerial broadcasts on political subjects unless they were of special urgency. Other Ministers considered that, while it would be mistaken for the Conservative Party to hold political meetings on Sundays, a non-controversial broadcast on foreign affairs was on a different footing and was unlikely to offend public feeling.
The Foreign Secretary said that he would not wish to be committed to making a wholly non-controversial statement; and he undertook to consider, in the light of the views expressed in the Cabinet's discussion, whether he should give his broadcast on the following Sunday or on a weekday.

Road and Rail Transport.

(Previous Reference: C.C. (51) 20th Conclusions, Minute 6.)

4. The Cabinet had before them (i) a memorandum by the Lord President (C. (52) 83) reporting the conclusions of the Committee which had been considering the reorganisation of road and rail transport, and (ii) a draft announcement of the Government's intention to amend the Transport Act, 1947, which was handed round by the Secretary of State for Co-ordination of Transport, Fuel and Power.

The Committee had drawn up a plan for returning road haulage to private enterprise; for recouping the possible loss to the State by a levy on road haulage; for meeting the probable continuing loss to the railway system either by an extension of this levy or by direct Exchequer assistance; and for the ultimate abolition of the 25-mile limit on the operations of "A" licensees. Their detailed suggestions were summarised in paragraph 18 of C. (52) 83.

In discussion the following points were raised:—

(a) There was much feeling among Government supporters that no further time should be lost in redeeming the pledges given before the Election about the future of road haulage, and some considered that legislation for this purpose should take priority over the Iron and Steel Bill. Although legislation could not be introduced for some time, it might be desirable to make an early announcement of the Government's intentions on the lines of the draft prepared by the Secretary of State for Co-ordination of Transport, Fuel and Power.

(b) It was suggested that this draft announcement was perhaps too detailed and might be found subsequently to tie the Government's hands unduly. An alternative possibility might be simply to announce that the undertaking of the Road Haulage Executive would be offered for sale in suitable units by open tender carrying the right to operate at once free of any mileage limit. But so limited an announcement might provoke criticism that the Government proposed merely to deprive the Transport Commission of their most remunerative undertaking, while leaving untouched the problem of the solvency and reorganisation of the railways.

(c) The Minister of State for Economic Affairs explained, on the lines of paragraph 11 of C. (52) 83, his objection to the use of a levy on road transport to meet continuing deficiencies arising from the operation of the railways. Although it was natural to suggest that the whole transport system should be made self-supporting in this way, the proposal made by the Committee would remove the main incentive to railway efficiency; and the more efficient road haulage and the more inefficient the railways became, the greater would be the subsidy to be paid by the efficient to the inefficient. And as time went on it would become more and more difficult for those who had to assess the amount of the levy to determine what railway losses were attributable to transfer of traffic to the roads resulting from this legislation and what losses were due to other causes.

(d) Although at first sight it might seem inequitable to maintain 25-mile limit for the most of the period during which the undertaking of the Road Haulage Executive was being transferred to private enterprise, it was necessary to do this if that undertaking was to yield a reasonable price. And the injustice was less than might appear, since many of those subject to the limit were and always had been short-distance hauliers. A more liberal attitude towards applications to exceed the limit by particular businesses or on particular occasions would greatly diminish the objections to the maintenance of the limit for this interim period.
The number of instances in which the present operation of the 25-mile limit was giving rise to hardship was not large. But the Transport Commission should be given the earliest possible indication of the Government's general intentions regarding the amendment of the Transport Act, 1947, and in particular regarding the 25-mile limit. When that was done, the Commission might be asked to refrain from any action which would tend to hinder the carrying into effect of the Government's intentions; and in particular to refrain from any further tightening of its administration of the mileage limit. If necessary the Commission might be given a direction to this effect.

The Chancellor of the Exchequer said that he felt some doubts about the proposals before the Cabinet, not only because of the difficulty explained by the Minister of State for Economic Affairs, but more generally because they might not succeed in solving the problem of the railways. It appeared to him that the proposals went further than the pre-Election pledges given by members of the present Government, and he would welcome an opportunity of examining them further with the Ministers concerned. He felt that some consultation with the British Transport Commission should be undertaken before the Cabinet reached any decision of principle in the matter.

The Cabinet—

1. Invited the Lord President to arrange for a study of the proposals in C. (52) 83 to be made by a group of Ministers consisting of the members of the Road and Rail Transport Committee, together with the Chancellor of the Exchequer, the Secretary of State for Scotland, the Minister of Labour and the Chancellor of the Duchy of Lancaster; and to report to the Cabinet on the results of this study and on the form which any announcement of the Government's intentions should take.

2. Invited the Minister of Transport to secure, if possible, an informal understanding with the British Transport Commission to refrain from any action which would tend to hinder the carrying into effect of the Government's intentions in relation to road haulage, particularly in relation to the administration of the 25-mile limit; and, if such an understanding could not be reached, to raise with the Cabinet the question of issuing a formal direction to that effect to the Commission.

The Foreign Secretary said that the recent disorders in Trieste reflected the unsatisfactory situation which had arisen from the statement, made three years ago on behalf of the Governments of the United Kingdom, the United States and France, that both Zone A and Zone B should eventually pass under Italian sovereignty. This statement had been made at the time of the Italian elections with a view to preventing the election of a Communist Government; and, although it might have helped to secure that immediate objective, it had produced a state of continuing deadlock between the Italians and the Yugoslavs. At the Lisbon meeting of the North Atlantic Council he had suggested that the three Western Powers should together seek a means of breaking this deadlock, and conversations for this purpose had already begun in Washington. The recent disorders made it even more urgent to find a solution. He himself was now inclined to the view that the best course would be for the United Kingdom and the United States to withdraw their occupation forces from Trieste, and leave the Italians in occupation of Zone A and the Yugoslavs in Zone B. Under this arrangement Italy would retain the city and the port, but Yugoslavia would have port facilities at Pola. The Italians and Yugoslavs could be left to agree upon an ethnographical frontier, which could readily be adjusted by small transfers of population. This solution would have the advantage of enabling us to withdraw about 5,000 troops and
reduce our overseas expenditure. It would involve the risk of leaving Italy and Yugoslavia confronting one another, without supervision, along a common frontier. On the other hand, Anglo-Italian relations would deteriorate seriously if some early solution were not found.

The Minister of Defence said that in his view the suggestion made by the Foreign Secretary would produce the most equitable result. Every precaution should, however, be taken to ensure that our withdrawal was not immediately followed by an outbreak of hostilities between Italians and Yugoslavs.

The Cabinet—

Authorised the Foreign Secretary to explore the possibility of securing the agreement of the United States and French Governments to the termination of the Allied occupation of Trieste on the basis which he had suggested.

6. The Foreign Secretary said that the Governments of the United Kingdom, the United States and France had now reached agreement on the terms of the reply to be sent to the Soviet note of 10th March proposing the conclusion of a Peace Treaty with Germany. The Chancellor of the German Federal Republic was also in agreement with the terms of the proposed reply. The Foreign Secretary handed to the Cabinet copies of the reply, which was being despatched at once and would be published on the following day.

The Cabinet—

Took note with approval of the terms of the reply to this note from the Soviet Government.

7. The Commonwealth Secretary informed the Cabinet that, together with his predecessor, he had seen Seretse Khama and his wife on the preceding day in accordance with the arrangements of which the Cabinet had been informed on 18th March. His impression was that, while Seretse had expected to be excluded permanently from the Chieftainship of the Bamangwato Tribe, he had been surprised by the offer of a post under the Government of Jamaica and wished to give it careful consideration. He would be giving his answer on the following day. If he agreed to abdicate, a statement would be issued on 27th March on the lines of Appendix "A" to C. (52) 81, though this draft would be amended to meet any reasonable wishes which Seretse might express. If he declined to abdicate, an alternative statement would be made on the lines of Appendix "B" to C. (52) 81. The Commonwealth Secretary proposed to delete paragraph 5 of that draft in order to avoid direct reference to European opinion in South Africa; and he would amend paragraph 4 in order to reduce the prominence given to opinion outside the High Commission Territories. He would also consider whether the statement, if it had to be made, could be shortened and made less critical of Seretse, in particular, by amendment of the opening words of paragraph 8.

The Cabinet—

Took note of this statement by the Commonwealth Secretary.

8. The Minister of Health informed the Cabinet that arbitration proceedings, arranged by the previous Government, to settle the remuneration of general practitioners in the National Health Service had now been concluded and he must inform Parliament of the results forthwith. The Spens Committee, which had made the original proposals on the level of remuneration of doctors in the National Health Service, had framed recommendations, accepted by the late Government, in terms of the value of money in 1939. The purpose of the
present arbitration, which had been conducted by Mr. Justice Danckwerts, had been to assess the adjustments which should be made in the remuneration recommended by the Spens Committee to take account of changes in circumstances since 1939. The award seemed to be based on a total rejection of the case put forward on behalf of the Government and involved complete compensation for the rise over the pre-war cost of living. The additional cost in the current year would be £10 millions and, as the award was effective from 1948–49 onwards, a supplementary estimate for some £40 millions would be necessary to meet the total payments to be made under it up to the end of 1952–53. This would much more than counterbalance the reductions which the Government proposed to make in the cost of the National Health Service; and it was to be feared that the award might have repercussions on the remuneration of other classes.

The Cabinet—

Took note of this statement by the Minister of Health.

Cabinet Office, S.W. 1,
25th March, 1952.