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C.C. (52)

37th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Friday, 4th April, 1952, at 11.30 a.m.

Present:

The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister (<i>in the Chair</i>).	
The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Foreign Affairs.	The Right Hon. LORD WOOLTON, Lord President of the Council.
The Most Hon. the MARQUESS OF SALISBURY, Lord Privy Seal and Secretary of State for Commonwealth Relations.	The Right Hon. LORD SIMONDS, Lord Chancellor.
The Right Hon. Sir DAVID MAXWELL FYFE, Q.C., M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.	The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.
The Right Hon. the EARL ALEXANDER OF TUNIS, Minister of Defence.	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. H. F. C. CROOKSHANK, M.P., Minister of Health.
The Right Hon. HAROLD MACMILLAN, M.P., Minister of Housing and Local Government.	The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.

The Right Hon. LORD CHERWELL,
Paymaster-General.

The following were also present:

The Right Hon. VISCOUNT SWINTON, Chancellor of the Duchy of Lancaster.	The Right Hon. OSBERT PEAKE, M.P., Minister of National Insurance (<i>Items 1-4</i>).
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Sir PETER BENNETT, M.P., Parliamentary Secretary, Ministry of Labour and National Service.

Secretariat:

Sir NORMAN BROOK.
Mr. T. PADMORE.

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Farm Price Review.

(Previous Reference: C.C. (52) 36th Conclusions, Minute 5.)

1. *The Chancellor of the Exchequer* reported that the Minister of Agriculture had received a letter from the farmers' representatives suggesting that the figure of £52½ million, which had been put to them in pursuance of the Cabinet's decision of 3rd April, should be regarded as a net figure (viz., that it should not include the £2¼ million given in the 1951 review as an addition to livestock prices for that year only), and suggesting that certain other conditions should be added. Preliminary calculations which had been made by officials of the Departments concerned indicated that, if the suggestions made in this letter were accepted, an additional £4 million would have to be paid over and above the figure to which the Minister of Agriculture had been authorised to go in an attempt to secure an agreed settlement. There were indications that, even at that figure, the farmers would not be willing to abate their demand for increased milk prices. The farmers' representatives were to seek further instructions from their Council at a meeting to be held on 8th April; and negotiations would not be resumed until after that meeting.

It was the general view of the Cabinet that the Minister of Agriculture should not, in reply to this letter, make any advance on the offer which he had already made in pursuance of the Cabinet's decision of 3rd April. It would, however, be convenient if he could circulate for the information of the Cabinet a note of the developments which had taken place since that date. If, in the light of that, the Cabinet wished to give the Minister any further guidance, this could be conveyed to him before the negotiations were resumed in the following week.

Unemployment.

Textile and Clothing Industries. (Previous Reference: C.C. (52) 33rd Conclusions, Minute 1.)

2. The Cabinet had before them a memorandum by the President of the Board of Trade (C. (52) 94) summarising for their information the main suggestions which had been made for alleviating the unemployment in the clothing and textile industries.

In a preliminary discussion the following points were made:—

(a) Direct help could be given by placing Government orders, *e.g.*, for reserve stocks of clothing for the Armed Forces and Civil Defence Services. So far as practicable, these should be placed in the areas where no alternative work was available for unemployed textile workers.

(b) It had previously been suggested that the position would be eased if textile manufacturers were enabled to buy more dollar cotton. There would now, however, be little advantage in this, as the price of dollar cotton was now only very little less than that of other types.

(c) Little relief could be afforded by adjustments of purchase tax. Temporary suspension of purchase tax would be disturbing to trade and would not be welcomed by the retailers. Any concessions made would have to be permanent; and, as a large part of Lancashire's output was already free of purchase tax, only 30 per cent. of the industry would benefit from any concession made. There would, however, be advantage in removing some of the anomalies which would result from the operation of the "D" scheme.

The Cabinet agreed that, despite the difficulties a determined effort must be made to relieve the unemployment in the textile and clothing industries. They were informed that the various possibilities had been fully examined by officials of the Departments concerned, and that a report would be available for their consideration early in the following week.

The Cabinet—

Agreed to resume their discussion of this question at their meeting on 8th April.

National Assistance.
(Previous Reference: C.C. (52) 27th Conclusions, Minute 3.)

3. The Cabinet had before them a memorandum by the Minister of National Insurance (C. (52) 96) seeking authority to approve provisional proposals made to him by the National Assistance Board for increased national assistance scales. The main proposals were that the existing rates of 50s. for a married couple and 30s. for a single householder should be raised to 59s. and 35s. respectively. It would be some months before the new rates could be brought into effect and on this account, and in order to avoid frequent changes, the Board had been obliged to take into account, not only the increase in the cost of living which had already occurred, but also the prospect of further changes in the coming months. In particular, account had been taken of the increases in food prices which would follow from the decisions announced in the Budget. The Minister had satisfied himself that the proposals were reasonable.

It was suggested that the Board's anticipation of future rises in the cost of living should be given as little prominence as possible, since it might otherwise result in demands that these should similarly be taken into account in wage negotiations. It would hardly be possible, however, to depart from the normal practice of the National Assistance Board in this matter, which was to take account not merely of the actual cost of living but of current trends in it.

The Cabinet—

Authorised the Minister of National Insurance to approve the provisional proposals for increased scales of national assistance made to him by the National Assistance Board.

National Insurance.
(Previous Reference: C.C. (52) 27th Conclusions, Minute 3.)

4. The Cabinet considered a memorandum by the Minister of National Insurance (C. (52) 95) setting out the steps which he proposed to take to give effect to the proposals relating to national insurance outlined by the Chancellor of the Exchequer in his Budget speech, and seeking agreement in principle to the launching of an enquiry into the State's financial provision for old people.

The Cabinet approved the proposals in the memorandum for the early announcement of the new rates of insurance benefits and allowances and the introduction of legislation to bring them into effect.

Discussion turned on the expediency of holding a general enquiry into the State's financial provision for old people. *The Minister of National Insurance* said that it would not be possible to pursue further at the present time his proposal for a compulsory increase in the minimum age of eligibility for national insurance pensions. He thought, however, that it would be desirable to initiate a general enquiry into the problem of the future growth in the burden of superannuation payments, and he proposed to link this with an enquiry contemplated by the Home Affairs Committee into systems of occupational pensions.

The general body of opinion in the Cabinet was against initiating any such general enquiry at the present time. It would in any event be undesirable to aim at increasing the minimum age of eligibility for national insurance pensions or to allow it to be thought that this possibility was being contemplated. Even if such an increase were to prove acceptable to the trade unions, it would be widely misunderstood and would involve a modification in the contractual rights of insured persons. There was no reason, however, why further consideration should not be given to the improvement of existing inducements to the voluntary deferment of retirement.

The Cabinet—

(1) Authorised the Minister of National Insurance (i) to introduce legislation, and to take the necessary administrative steps, to enable the rates of family allowances and insurance

benefits to be adjusted by the amounts and at the times indicated in C. (52) 95; and (ii) to make an announcement accordingly in the House of Commons in terms to be approved by the Prime Minister and the Chancellor of the Exchequer.

- (2) Agreed that no further steps should be taken at present to initiate a general enquiry into the State's financial provision for old people.

**European
Defence
Community.**

(Previous
Reference:
C.C. (52) 35th
Conclusions,
Minute 7.)

5. The Cabinet considered a memorandum by the Foreign Secretary (C. (52) 92) proposing that the United Kingdom Government should offer two separate guarantees of support for the European Defence Community.

The Foreign Secretary explained that the first of these proposals was designed to give effect to the decision of principle which the Cabinet had taken on 14th February. A formal statement would be issued, on the lines indicated in Annex "A" to C. (52) 92, in which the Governments of the United Kingdom and the United States would declare their interest in the European Defence Community, reaffirm their resolve to maintain armed forces in Europe, and declare that, if the integrity and unity of the European Defence Community were threatened from any quarter, they would regard this as a matter of the gravest concern to them calling for consultation under Article IV of the North Atlantic Treaty.

The second proposal was that the United Kingdom Government should enter into formal treaty arrangements with the European Defence Community, by which each would be obliged to give military assistance to the other, if either were the object of an armed attack in Europe. This obligation, which was defined in Annex "B" to C. (52) 92, would be limited in time to the period of validity of the North Atlantic Treaty. The purpose of so limiting it was to ensure that the United Kingdom would not be left to honour this onerous obligation alone after the period during which, under the North Atlantic Treaty, they could count on United States support in doing so.

The Cabinet—

- (1) Approved the proposals put forward by the Foreign Secretary in C. (52) 92; and authorised him to communicate them to the Governments of the United States, France and other members of the European Defence Community with the explanation set out in paragraph 7 of that memorandum.
- (2) Authorised the Commonwealth Secretary to inform other Commonwealth Governments of the course which the Foreign Secretary proposed to take.

**Egypt and
the Sudan.**

(Previous
Reference:
C.C. (52) 35th
Conclusions,
Minute 10.)

6. The Cabinet resumed their discussion of the Foreign Secretary's memorandum (C. (52) 98) on the formula to be used as a basis for resuming negotiations with the Egyptian Government.

The Foreign Secretary said that since the Cabinet's previous discussion on 1st April the prospects of securing a resumption of the negotiations had not improved. He saw only two possible means of preventing the deadlock from continuing. One was to summon to London, for discussions, both Her Majesty's Ambassador at Cairo and the Governor-General of the Sudan. The other was for him to go himself to Cairo and Khartoum for consultations.

The Prime Minister said that, of these alternatives, he would greatly prefer the first. For himself, however, he was not persuaded that we had much to gain by pressing for the resumption of negotiations on the basis suggested. In his view the first need was to

demonstrate to the Egyptian Government and people that we were not to be turned out of the Canal Zone by force or by threats. The show of force which we had recently made had produced good results; and he believed that still further advantages might be secured by making it clear that we were not in any hurry to abandon our rights under the existing Treaty. Our second objective should be to convince the United States Government that effective international arrangements would have to be made for safeguarding the security of the Suez Canal after the expiration of the present Treaty. It should be made clear to the Americans that we were not prepared to go on carrying this burden alone, and that they would have to take their share in fulfilling this international obligation. In this lay the best hope of persuading Egypt to join in an international organisation which would serve, not merely to protect the Canal, but to safeguard the security of the Middle East.

The Foreign Secretary said that it was his aim to guide the negotiations along lines which would draw the Egyptian Government into accepting a commitment to enter into international arrangements for the defence of the Middle East and, at the appropriate stage, to seek to enlarge the discussions by associating with them the Governments of the United States, France and Turkey. It was, however, clear that the Egyptian Government would not enter at the outset into multilateral negotiations with the four Powers; and it was for this reason that he proposed to start the discussions on a bilateral basis. The formula set out in C. (52) 98 was designed solely for the purpose of getting the negotiations started. The Cabinet should, however, understand that no agreement would be concluded unless the Egyptians could be persuaded in the discussions to accept some sort of share in an international organisation for the defence of the Middle East.

After further discussion *the Prime Minister* indicated that he would be prepared to agree that an attempt should be made to resume the negotiations with the Egyptian Government on the basis of the formula set out in paragraph 1 of C. (52) 98, if the Foreign Secretary would withdraw his suggestion for a unilateral declaration of our aims in the terms set out in paragraph 2 of that memorandum. *The Foreign Secretary* said that it had been his objective, in putting forward the suggestion in paragraph 2, to make plain our intention that Egypt should associate herself with an international organisation for the defence of the Middle East. He was, however, content to withdraw that suggestion, if the Prime Minister so desired.

The Cabinet—

Authorised the Foreign Secretary to seek to reopen negotiations with the Egyptian Government on the basis of the formula set out in paragraph 1 of C. (52) 98, on the understandings (i) that no unilateral declaration by the United Kingdom Government would be made in the terms of paragraph 2 of C. (52) 98, and (ii) that we should, if necessary, be ready to accept an Egyptian statement regarding the Sudan on the lines indicated in paragraph 3 of C. (52) 98.

*Cabinet Office, S.W. 1,
4th April, 1952.*