CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 1st May, 1952, at 11.30 a.m.

Present:
The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister (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 and Secretary of State for Commonwealth Relations.
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. the EARL ALEXANDER OF TUNIS, Minister of Defence.
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 CHERWELL, Paymaster-General.

The following were also present:
The Right Hon. VISCOUNT SWINTON, Chancellor of the Duchy of Lancaster.
The Right Hon. PATRICK BUCHAN-HEPBURN, Parliamentary Secretary, Treasury (Items 1–4).
Mr. GURNEY BRAITHWAITE, M.P., Parliamentary Secretary, Ministry of Transport (Items 1–5).

Secretariat:
Sir Norman Brook.
Mr. T. Padmore.
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1. The Cabinet took note with approval of the terms of the reply which the President of the Board of Trade was proposing to give to two Questions which were to be put to him in the House of Commons that afternoon by Mr. Julian Amery, M.P., and Mr. Nabarro, M.P., regarding the Government’s policy in respect of the General Agreement on Tariffs and Trade in relation to the system of Imperial Preference.

2. The Lord Chancellor drew attention to the fact that, while the powers of a Secretary of State were exercisable by any Secretary of State, powers specifically conferred by statute on a particular Minister could not legally be exercised, during the Minister’s absence, by another Minister. It followed that, while the Minister of Transport was indisposed, no other Minister could on his behalf give formal directions to the British Transport Commission or exercise any of the other personal jurisdiction conferred upon the Minister of Transport by the Transport Acts.

The Prime Minister said that some general provision might have to be made enabling a Minister’s powers to be exercised on his behalf during times when he was incapacitated, by absence or illness, from acting himself. Meanwhile, the present legal position should be made known to Ministers generally. He asked the Lord Chancellor to furnish him with a memorandum on this point.

3. The Secretary of State for Co-ordination of Transport, Fuel and Power said that on 29th April he had seen the Chairman and Deputy Chairman of the British Transport Commission and had given them an outline of the policy which the Government were proposing to follow in respect of road haulage and the reorganisation of the railways. He had not shown them the text of the draft White Paper. They had said that, once the Government had announced their intention to restore road haulage to private enterprise, it might be difficult to retain the existing staff of the Road Haulage Executive. They had also expressed the view that these proposals might stimulate increased wages demands by the railwaymen’s unions. They had not, however, shown any marked hostility towards the proposals, nor had they asked for an opportunity to offer comments or suggestions upon them.

The Prime Minister suggested that the Chairman of the Commission should now be given a copy of the draft White Paper in confidence, so that he might be able to study its terms in detail.

In the discussion which followed the Cabinet re-affirmed their support of the scheme outlined in the draft White Paper including, in particular, the proposed levy on road haulage undertakings. They also confirmed their decision that the White Paper should be presented to Parliament during the following week.

The Cabinet—

(i) Invited the Secretary of State for Co-ordination of Transport, Fuel and Power to arrange for the White Paper on Transport Policy to be presented to Parliament on 8th May.

Meals on Trains.

The Secretary of State for Co-ordination of Transport, Fuel and Power said that the British Transport Commission were proposing to increase the prices charged for meals served in railway restaurant cars. They represented that this was necessary in view of increased costs, especially of wages. They had asked whether Ministers wished to give them any guidance on this proposal before any public announcement was made. The Secretary of State said that he did not propose to offer any advice to the Commission on this question: he regarded
it as a matter of detailed day-to-day administration with which the Government should not concern themselves.

The Cabinet—

(2) Took note of this statement by the Secretary of State for Co­ordination of Transport, Fuel and Power.

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Parliament.

Business in the House of Commons.

4. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

The Minister of Health asked whether, in his Statement on Business that day, he should mention a definite date for the publication of the White Paper on Broadcasting. The Cabinet were reminded that the Assistant Postmaster-General had indicated, in reply to a Question on the previous day, that the Government's views on this question would be made known in two weeks' time. They considered that no more definite statement should be made at present regarding the date of publication of the White Paper.

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Road Passenger Services.

Licensing of Passenger Vehicles.

(Previous Reference: C.C. (52) 41st Conclusions, Minute 3.)

5. The Cabinet had before them a note by the Lord President (C. (52) 136) reporting that the Committee on Road and Rail Transport were unable to suggest any means of modifying the operation of the Road Traffic Act, 1930, without a preliminary enquiry by an independent body. They still considered that the licensing system set up under the Act of 1930 was due for review, notably because of the nationalisation of the railways, because the British Transport Commission had acquired large interests in road-passenger transport and because the gap between the costs of road and rail passenger travel was widening. They recommended that this review should be carried out by a Departmental Committee of independent persons appointed by the Minister of Transport.

Discussion turned mainly on the terms of reference for such a Committee which were suggested in paragraph 2 of C. (52) 136. While an examination of the operation of the Act of 1930 was a necessary part of the Government's total policy towards transport and would be promised in the forthcoming White Paper, which related primarily to road haulage, it might be represented that it was inconsistent with the proposals in that White Paper for assisting railway finances by a levy on road transport to direct the Departmental Committee to enquire into "the regulation of" competition between road and rail. The 1930 Act had been designed to give protection to the railways by limiting competition from the roads, whereas the policy of the present Government was designed to protect railway finances in other ways. On the other hand, it was pointed out that the draft terms of reference were designed to direct the Committee's attention to the use of the licensing system as a means of eliminating uneconomic and wasteful competition which would adversely affect the efficiency of the passenger services available to the public. It might, however, suffice to direct the attention of the Committee to the need for a review of the provisions of Section 72 of the Act of 1930, which set out the considerations which should govern the grant or refusal of passenger service licences.

The Cabinet—

(1) Invited the Lord President to arrange for the Committee on Road and Rail Transport to review, in the light of the Cabinet's discussion, the draft terms of reference of the proposed Departmental Committee on the operation of the Road Traffic Act, 1930, and to submit a revised draft for the Cabinet's approval at their next meeting.
(2) Invited the Lord President and the Secretary of State for Co-ordination of Transport, Fuel and Power to consult the Prime Minister on the selection of the members of the proposed Committee.

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6. The Foreign Secretary said that the United States Government had undertaken to do their utmost to ensure that the strike in the United States steel industry would not affect the supplies of steel which had been promised to the United Kingdom. There would be no immediate effect on current deliveries, and they expected to be able to maintain all planned deliveries to us unless the strike should be a long one, which they did not think likely.

The Cabinet—

Took note of this statement by the Foreign Secretary.

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7. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (52) 135) reporting that there was continuing pressure in the House of Commons for the removal of the purchase tax on textile goods, and that concurrently there was pressure to raise the “D” levels for several secondary trades on the fringe of the textile industry. In addition there were two grievances relating to retail stocks and to valuation, which he proposed to refer for impartial examination by an independent Committee.

The Cabinet were informed that unemployment and short-time working in the textile industries continued to be heavy. In spite, however, of the desire of some Government supporters to see the purchase tax on textiles abolished, it was coming to be fairly widely recognised that such a measure would be unlikely to make a significant contribution towards the relief of unemployment in the industry. On the other hand it might well bring into question the whole of the rest of the tax, which was expected to yield £340 million of revenue in the current year, and it might therefore lead to the under-mining of the whole structure of the Budget. The Chancellor of the Exchequer therefore had it in mind to handle the problem on the lines set out in paragraph 4 of C. (52) 135.

The Cabinet—

Invited the Chancellor of the Exchequer to consider the matters raised in C. (52) 135 in consultation with one or two other members of the Cabinet; and thereafter to raise the matter if necessary at a later Cabinet meeting.

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8. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (52) 134) reporting the criticisms which were being levelled against the proposed excess profits levy and possible measures which might be adopted on account of them.

The Cabinet—

Invited the Chancellor of the Exchequer to consider with a number of his colleagues, including the Commonwealth Secretary and the Colonial Secretary, the proposals in C. (52) 134 relating to the excess profits levy.
9. The Foreign Secretary said that since the Cabinet's meeting on 29th April he had reconsidered the formula which he was proposing to put to the Egyptian Government regarding the Egyptian claim to sovereignty over the Sudan. He read to the Cabinet the revised formula which, subject to their views, Her Majesty's Ambassador in Cairo would be authorised to present to the Egyptian Government on his return to Egypt.

The Cabinet approved this revised formula, subject to an amendment designed to make it clear that they adhered to the pledges which the United Kingdom Government had already given to the Sudanese people.

The Cabinet—

Authorised the Foreign Secretary to inform the Egyptian Government, through Her Majesty's Ambassador in Cairo, that in a joint statement issued as a prelude to the resumption of negotiations on defence and the Sudan he would be prepared to include a declaration on the Sudan in the following terms:

"The Egyptian Government having declared that His Majesty King Farouk holds the title of King of Egypt and the Sudan, Her Majesty's Government reaffirm that they would accept either the unity of Egypt and the Sudan under the Egyptian Crown or any other status for the Sudan, provided that it resulted from the exercise of the right of the Sudanese people freely to decide their future status, which right is recognised and accepted by both Governments.

Her Majesty's Government realise that there are differences of opinion between the two Governments as to the question of the King's title during the interim period before self-determination. They therefore also declare that they are ready to enter into immediate consultation with the Sudanese in regard to this matter, in order to ascertain whether any solution is possible consistent with the pledges which Her Majesty's Government have given to the Sudanese people and to which they adhere."

Cabinet Office, S.W.1,
1st May, 1952.