CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 4th September, 1952, at 3·30 p.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 Right Hon. LORD SIMONDS, Lord Chancellor.

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

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

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

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. 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. LORD DE L'ISLE AND DUDLEY, Secretary of State for Air (Item 10).

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (Items 1-5).


The Right Hon. GWILYM LLOYD-GEORGE, M.P., Minister of Food (Item 11).

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

Mr. H. A. WATKINSON, M.P., Parliamentary Secretary, Ministry of Labour and National Service (Item 11).

Secretariat:

Lt.-General SIR IAN JACOB.

Mr. G. MALLABY.
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1. The Foreign Secretary said that he was following up by every possible means the joint approach which had been made to the Persian Government by the President and the Prime Minister, and, provided the United States Government would stand firm, there was a good chance that the Majlis might prevail on Dr. Mussadiq to come to terms. Friendly Governments were being asked to advise the Persian Government to accept the offer. No further action could be taken for the time being. All exports to Persia had been stopped but it seemed desirable to release sixteen locomotives which had been specially manufactured for the Persian railway and had been paid for. He did not think there would be any harm in releasing these locomotives after the Majlis had met.

The Cabinet—

Took note of this statement.

2. The Foreign Secretary said that there was little new to report about the situation in Egypt, which remained somewhat precarious. We were giving what help we could to the Egyptian Government, and were releasing some non-operational equipment to the Egyptian Air Force.

In discussion it was suggested that it might be possible to bring home from Egypt some of the large number of troops now in the Canal Zone, with a view to increasing the feeling of détente. It was pointed out that three battalions were already under orders to come home, a movement which was possible because of the presence of a Marine Commando Brigade at Malta, and it would be difficult to do much more without giving rise to the impression that we were weakening ourselves unduly.

The Minister of Defence suggested that closer direct contact between the British forces and the Egyptian Army might be a valuable way of stimulating friendship.

The Cabinet—

Invited the Foreign Secretary, in consultation with the Minister of Defence, to explore the possibility of action on the lines suggested in the discussion.

3. The Home Secretary informed the Cabinet that he had decided that Straffen should be kept in prison for at least two years and should not be returned to Broadmoor, at any rate for a considerable time to come. In the normal course of events, a convict serving a life sentence was released after twelve or fifteen years, if his conduct was satisfactory. The action to be taken in Straffen’s case would lie with the Home Secretary of the day, but he had recorded his opinion that unless there was a marked change in Straffen’s mental state, he should not be released at all.

The Cabinet—

Took note of this statement.

4. The Foreign Secretary reminded the Cabinet that he had proposed to issue to the public a popular pamphlet and a leaflet on policy towards Germany. The pamphlet was to have been placed on sale under the auspices of the Central Office of Information, and the leaflet was to have been distributed free through Post Offices, Employment Exchanges, and National Insurance and Food Offices. On further examination it had been found that the political difficulties which stood in the way of the free distribution of the leaflets through these channels could not be overcome. He therefore proposed to
drop the idea of a leaflet, and to proceed only with the pamphlet, which would be placed on sale as originally proposed.

The Cabinet—
Took note of this statement.

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International Oil Industry.

5. The Foreign Secretary said that Her Majesty’s Ambassador in Washington had seen Mr. Bruce, in the absence of Mr. Acheson, and had reported that the American Administration was deeply concerned at the prospect of Federal Grand Jury proceedings against the International Oil Industry, including two British firms. It appeared that action had been initiated for domestic political advantage but that, once launched, it would be very difficult to stop. The position of the British oil companies who had received a subpoena was doubtful but, before any further action was taken, it would be desirable to await the outcome of further discussion between Sir Oliver Franks and Mr. Acheson, who had now returned to Washington.

The Secretary of State for Co-ordination of Transport, Fuel and Power said that the two British companies were not quite in the same position. One, the Anglo-Iranian Oil Company, carried on their operations entirely outside United States jurisdiction, and merely had a representative in New York. The other, the Shell Oil Company, had a small subsidiary in the United States. There was nothing to be done at present except to manoeuvre for delay, but it might be difficult to extend the delay up to the Presidential Election because action against the American companies, which could not be postponed, might carry with it action against the British companies. The repercussions of Federal Grand Jury proceedings might be most serious.

The Cabinet—
Took note of this statement.

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German External Debts.

6. The Cabinet had before them a memorandum by the Foreign Secretary and the Chancellor of the Exchequer (C. (52) 290) covering the report of the Conference on German External Debts which had taken place in London between 28th February and 8th August.

The Foreign Secretary said that, although the German negotiators had been difficult in the early days of the Conference, their attitude had become more accommodating in the course of the negotiations, and the results of the Conference were satisfactory and helpful. Provisional terms of settlement for Germany’s post-war debts arising out of the economic assistance given by the Occupying Powers since the war had been worked out at the end of 1951, and the Conference had in the main been concerned only with Germany’s pre-war debts. He hoped that the Cabinet could approve the settlements reached in both cases.

The Chancellor of the Exchequer said that in his view the settlements had been skilfully negotiated and were as satisfactory as could be expected.

The Cabinet—

(1) Approved the report of the German Debts Conference and authorised the conclusion of an Inter-Governmental Agreement to give effect to it.

(2) Agreed that the provisional settlement terms for the United Kingdom post-war claims on Germany should be confirmed, and a bilateral agreement with the Federal Republic concluded to give effect to them.
7. The Cabinet had before them a memorandum by the Foreign Secretary and the Home Secretary (C. (52) 271) raising the question whether the United Kingdom should accede to the Convention on the Prevention and Punishment of the Crime of Genocide.

The Foreign Secretary said that the Convention was unanimously adopted at the Third Session of the General Assembly of the United Nations in December, 1948, and had come into force in January, 1951. Up to date thirty-eight States had ratified or acceded to it. In theory it was possible to accede with reservations, but he had come to the conclusion that that would be contrary to our general policy and that we should either accede or not accede.

The Home Secretary explained that the purpose of the Convention was to prohibit and punish acts committed with intent to destroy in whole or in part a national, ethnical, racial or religious group. The crime always had a political origin and, if the United Kingdom acceded to the Convention, it would be necessary to see exactly what legislation would be required to provide that all the acts of genocide set out in the Convention should be made criminal offences, that all such offences should be made extraditable crimes and that the fact that the offence was of a political character should be no bar to the extradition of an offender, provided always that the request for extradition was based on a bona fide charge of genocide.

The Prime Minister said that it would no doubt be necessary to accede to the Convention, but there was no hope of including the necessary legislation in the next Session of Parliament. The Legislative Programme was already overloaded with many more important Bills. The Bill could, however, be prepared in draft on the understanding that Parliamentary time would not be found for it until opportunity offered.

The Cabinet—

Invited the Home Secretary to prepare a draft of the Bill which would be required if the United Kingdom acceded to the International Convention on Genocide and then to bring the matter before the Cabinet again.

8. The Chancellor of the Exchequer said that since the last discussion in Cabinet he had not changed his view that development charge could not with equity be abolished. The only adequate alternative to development charge would be some kind of sales tax and he was most anxious to avoid any tax of this kind. He was, however, now prepared to agree that development charge should be reduced to 60 per cent., that exemptions from charge should be further extended, and that charge should not be exacted at the outset of development but after the development had taken place. There was no practical means of making a firm distinction between improvement which had been carried out by an owner and improvement which was purely fortuitous.

The Minister of Housing and Local Government said that his main anxiety was to stimulate private development in order that more unsubsidised houses could be produced, thus saving the large subsidies now being paid on the major portion of the housing programme. The abolition of development charge was the most effective way of achieving this. He recognised that some inequity would result from abolition and that there was a danger that ultimately, if site values were restored to landlords, there might be exploitation. He thought, however, that attempts at exploitation could be effectively defeated by the use of powers of compulsory purchase, which could ensure that if land was needed for the benefit of the community only its use value would be paid.
The Commonwealth Secretary pointed out that the weapon of compulsory purchase would not altogether remove the inequities. A landowner whose land was required for the purposes of the community would receive only its use value, whereas the landowner whose land was not so required would be free to sell his land at its full market value.

The Prime Minister said that he was impressed with the need to encourage private development, especially the building of unsubsidised houses. That could be achieved by the abolition of the development charge; and exploitation by landowners could be prevented by compulsory purchase, or by some other method of dealing with objectionable cases. He thought that the differences between the Chancellor of the Exchequer and the Minister of Housing and Local Government had been narrowed by the discussion, and he hoped that they would be able to submit to the Cabinet agreed recommendations on the best course to pursue.

The Cabinet—
Invited the Chancellor of the Exchequer and the Minister of Housing and Local Government to continue their discussions on development charge, and to report further to the next meeting of the Cabinet.

9. The Prime Minister said that he had noticed reports of landlords abandoning their house property because they were unable to keep it in repair. He had wondered if these houses could not be purchased by the State for a small sum and turned over to the Minister of Housing and Local Government for repair, so that they could be included in the total of living accommodation provided by the housing programme.

In discussion the following points were made:—

(a) A large number of the houses which were being abandoned by landlords were beyond repair and ought to be pulled down.

(b) The operation of the Rent Restrictions Acts made it impossible for landlords to undertake necessary repairs and a great many adequate houses would fall into disuse unless action was taken. The Minister of Housing and Local Government said that he had devised schemes for dealing with this difficulty, but that they would require legislation.

(c) While it was difficult to find room for more legislation in an already overloaded programme, any repeal of the Rent Restrictions Acts, or amendments to make possible increases in rents to enable landlords to undertake repairs, would be particularly difficult to introduce immediately before a General Election. Legislation was urgently required, as the situation grew worse each year; and, from the political point of view, the earlier it was introduced the better.

The Cabinet—
Invited the Minister of Housing and Local Government to circulate a memorandum outlining his proposals for amending the Rent Restrictions Acts.

10. The Cabinet had before them a memorandum by the Commonwealth Secretary (C. (52) 287) reporting the present state of negotiations with the Government of Ceylon about United Kingdom defence installations there and recommending further action.

The Commonwealth Secretary said that, although it was desirable to reach a comprehensive settlement with Ceylon, this was not vital.
On the other hand, the Ceylon Government had now reopened the question and were anxious to obtain certain items of equipment, especially one frigate. On our side we were anxious to retain the wireless station at Anderson for a further period to avoid the cost of replacement, which would be some £2 millions. If we were willing to lend Ceylon a frigate, for which they were prepared to pay the refit, it would ease the difficulties of retaining the wireless station at Anderson and remove the risk of obstructions to the purchase of some land which the Royal Air Force urgently needed for extending two of their signal stations.

The First Lord of the Admiralty confirmed that a frigate could be made available on the understanding that the Ceylon Government would bear the cost of the refit.

The Cabinet—

Agreed that there was no need to take the initiative in trying to reach a comprehensive agreement for the tenure of our bases in Ceylon, but that the offer of a frigate, which should be refitted at their expense, should be made to the Ceylon Government in order to facilitate negotiations over the replacement of the wireless station at Anderson.

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**Food Prices.**

(Previous increases in the prices of bacon, butter, margarine, sugar and cheese were to come into force early in October at the same time as the increase in family allowances, pensions, &c., allowed for in the Budget. This arrangement would now coincide with the difficulties which were being encountered with the engineering unions, who had decided to impose a ban on overtime and piece-work. It was hoped, however, that, with the help of the Ministry of Labour, a settlement of the dispute in the engineering industry might be obtained, on the basis of some modest increase in wages. It was likely that this settlement would be made more difficult if, in the course of negotiation, an announcement were made that there was to be a further increase in food prices. He felt, therefore, that it might be wise to postpone this increase for a further two months.

In discussion the following points were made:

(a) The increase in the price of bacon would enable home-produced gammon to be sold at the low price of 8s. per lb. It was estimated that the profit made on the sale of gammon could be used to reduce the total weekly increase in food prices, resulting from the Budget, from 1s. 6d. to 1s. 3d. per head.

(b) If increased prices were to take effect at the beginning of October, discussions with the trade would have to begin on 11th September and, even without any formal announcement by the Ministry of Food, the price increases would then become public knowledge.

(c) While a postponement in price increases for two months might possibly facilitate negotiations with the engineering unions, there was no certainty that at the end of two months there would not be some other reason for still further delays.

The Prime Minister said that the loss of overtime would much reduce the wages of men employed in the engineering industries and he was by no means convinced that the ban would in fact be imposed. In any case, he hoped that a settlement would be found by which the employers would agree to some small increase in wages. He felt therefore that it would be inappropriate to postpone the increase in food prices, which had been carefully timed to take place when the increased family allowances, pensions, &c., came into force. Consultation with the trade should therefore go forward as proposed,
though any official announcement to the Press should be delayed as long as possible, and should be carefully devised to make plain the advantages which the increases in family allowances, pensions, &c., conferred, and the lower rate of increase in food prices which was now possible.

The Cabinet—

Agreed that increases in food prices should take place as planned at the beginning of October, that consultations with the trade should proceed, but that any official announcement of the increases should be delayed as long as possible and should emphasise the compensating advantages referred to in discussion.

Cabinet Office, S.W.1.,
5th September, 1952.