CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Friday, 2nd October, 1953, at 11.30 a.m.

Present:

The Right Hon. Sir W. N. 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. Oliver Lyttelton, M.P., Secretary of State for the Colonies.

The Right Hon. Sir W. Monckton, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. Peter Thorneycroft, M.P., President of the Board of Trade.

The Right Hon. Florence Horsbrugh, M.P., Minister of Education.

The following were also present:


The Right Hon. Iain Macleod, M.P., Minister of Health (Item 6).

The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Admiral of the Fleet Sir Rhoderick Mcgrigor, First Sea Lord and Chief of Naval Staff (Items 1-4).

Air Chief Marshal Sir William Dickson, Chief of Air Staff (Items 1-4).

Secretariat:

The Right Hon. Sir N. Brook.
Lt.-General Sir N. Brownjohn.
Mr. G. Mallaby.
Mr. R. M. J. Harris.

The Most Hon. the Marquess of Salisbury, Lord President of the Council.

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. Viscount Woolton, Chancellor of the Duchy of Lancaster and Minister of Materials.

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. Sir Thomas Dugdale, M.P., Minister of Agriculture and Fisheries.

The Right Hon. Gwilym Lloyd-George, M.P., Minister of Food.

Sir Reginald Manningham-Buller, Q.C., M.P., Solicitor-General (Item 7).

Commander Allan Noble, M.P., Parliamentary and Financial Secretary, Admiralty (Item 1).

Field-Marshal Sir John Harding, Chief of the Imperial General Staff (Items 1-4).
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1. The Lord President referred to an incident which had occurred near Hong Kong on 9th September, when a patrol vessel of the Chinese Communist navy fired upon a British ship (H.M. Motor Launch 1323) and killed seven of her crew. The Chinese had claimed that the British ship was within Chinese territorial waters, was not flying the White Ensign, and had without provocation fired ten rounds at the Chinese vessel. None of these statements was true. The British ship was flying the White Ensign and believed herself to be just outside Chinese territorial waters; her guns were not even manned. A naval Court of Enquiry had been held and its report would be available within a day or two. In the light of this report we should consider what further steps could be taken to force the Chinese Communist Government to accept responsibility for this apparent outrage and to make reparation for it.

The Cabinet—

Took note of this statement by the Lord President.

2. The Lord President said that our final proposals for a defence agreement had been put to the Egyptians in accordance with the Cabinet's decision of 16th September. It seemed unlikely that the Egyptians would accept them. They were now making difficulties even on points on which there had previously seemed a good chance of reaching agreement. Thus, they were unwilling to accept the inclusion, in the preamble of the agreement, of a reference to freedom of transit through the Suez Canal; they were challenging the right of British troops in the Base to wear uniform; and they were raising objection to the proposal that the Base should become available in the event of United Nations action to resist an act of aggression. He thought it would be unwise to offer any further concessions to them at this stage and, subject to the Cabinet's views, he proposed to intimate that the proposals now communicated to them represented our last word.

The Chief of the Imperial General Staff said that British troops in the Base must wear uniform when on duty, though they might, if desired, wear some distinctive shoulder-title. There was no reason why they should not wear civilian clothes off duty, and there might be some advantage in making it a rule that they should not wear uniform when visiting Egyptian towns off duty.

The Prime Minister agreed that we should make no further attempt to compromise with the Egyptians. Government supporters would find it difficult to accept the concessions already made, but they would be more likely to regard them favourably if it could be explained, when Parliament reassembled, that we had informed the Egyptians of our final terms for a settlement and that we were holding firmly to these.

The Cabinet—

Authorised the Lord President to make it clear to the Egyptians that the proposals recently made to them in pursuance of the Cabinet's decision of 16th September represented our final terms for a defence agreement and that we were not prepared to make any further concessions.

3. The Cabinet had before them a memorandum by the Lord President (C. (53) 268) setting out proposals for imposing a settlement of the Italo-Yugoslav dispute over Trieste.

The Lord President said that the attitude of both Italy and Yugoslavia towards the Trieste question had hardened since the beginning of the year. The Italian Prime Minister had publicly
demanded a Five-Power conference to arrange a plebiscite in the whole Free Territory; and Marshal Tito had publicly demanded that both Zones should be conceded to Yugoslavia, the city of Trieste being itself made an international area. Both sides doubtless knew that their demands were unattainable, but there was little prospect of an agreed settlement. The United States Government were now, however, prepared to try to impose a settlement—a course which they had previously rejected when it was suggested to them by the Foreign Secretary about a year ago. The suggestion was that the United States and United Kingdom Governments should join in informing the Italian and Yugoslav Governments that the present situation could not be allowed to continue, and that it had therefore been decided to bring about a settlement on the basis of the existing zonal boundary by withdrawing British and American troops and handing over Zone A to Italian administration. At this stage Marshal Tito would be asked to give an adequate assurance that he would not attack the Italians in Zone A. If he refused to give this assurance, or if the Italians refused to take over Zone A on this basis, the plan could be abandoned. If, however, the results of the first approach were satisfactory, the Governments of the United Kingdom and the United States would publicly announce that their troops were being withdrawn and that the Italian Government was being allowed to extend administrative and military control to Zone A. The main difficulty about the plan was that Marshal Tito was unlikely to give the assurance we required unless he were told that we considered that the settlement should be permanent and that we would not support any fresh claims by either side. The Americans had refused to make any acknowledgment to this effect, since they feared that, if they did so, the Italian Government would fall and the situation would deteriorate still further. The Lord President said that, although there were risks that the plan might fail or might lead to armed clashes, he was satisfied that it would be even more dangerous to allow the situation to deteriorate—as it certainly would do if no action were taken.

In discussion the following points were made:—

(a) Marshal Tito was unlikely to give the desired assurance unless he were convinced that the settlement was intended to be final, and without his assurance the plan could not go forward. It would, however, be unwise to give him the impression that by refusing to give this assurance he had the power to defeat the plan.

(b) If we alone made it plain that it was our view that the settlement should be permanent, we should incur further odium with the Italians. If, however, the Americans could be persuaded to make a similar statement, there was a good chance that both Italy and Yugoslavia would accept the settlement. Further efforts should therefore be made, by messages from the Foreign Secretary and the Lord President to the United States Secretary of State and from the Prime Minister to the President, to bring the Americans over to our point of view on this particular aspect of the plan.

(c) The Chief of the Imperial General Staff said that there must be the least possible delay between the entry of Italian troops into Zone A and the withdrawal of the Allied troops. Dependants and stores must therefore be evacuated in advance, so that the troops themselves could be moved quickly at the last moment. It would be preferable that the troops should leave by sea. A satisfactory plan for rapid evacuation could be made if the necessary shipping were made available.

(d) The Lord President said that the present proposal was that the initial approach should be made to the Italian and Yugoslav Governments on 6th or 7th October. The French Government must, however, be informed of our intentions in advance. There was admittedly a serious risk that they would pass the information directly
to the Italians. It was agreed that on this account the communication to the French Government should be delayed until very shortly before the approach was made to the Italians and Yugoslavs.

The Cabinet—

(1) Approved in principle the plan proposed in C. (53) 268 for bringing about a de facto settlement of the Trieste problem.

(2) Invited the Prime Minister to urge upon the President of the United States that the chances of success depended upon willingness of the Governments of both the United Kingdom and the United States to let Marshal Tito know that they regarded the settlement as permanent; and invited the Foreign Secretary and the Lord President to make similar representations to the United States Secretary of State.

(3) Invited the Minister of Defence and the Minister of Transport to concert a plan for the rapid evacuation of British troops, their families and their stores from the Free Territory of Trieste.

(4) Invited the Lord President to try to persuade the Americans to defer making any communication to the French Government about this plan until very shortly before the approach was to be made to the Governments of Italy and Yugoslavia.

British Guiana.

The Cabinet had before them a memorandum by the Colonial Secretary (C. (53) 261) on the current situation in British Guiana.

The Colonial Secretary said that the elected Ministers in British Guiana, who were under strong Communist influences, were taking every opportunity to undermine the constitution and to further the Communist cause. Some of them had been the moving force behind the strike which had paralysed the sugar industry, and they were evidently seeking to establish a totalitarian dominance over the territory by penetrating the trade unions and local government. They were in close touch with the World Federation of Trade Unions in Vienna. In these circumstances he had no doubt that it was necessary to take away the Ministers’ powers, imprison the extremists and suspend the constitution at the earliest possible moment. His latest advice was that the situation was deteriorating daily; and the Governor now doubted whether more than 50 per cent. of the police could be relied upon. He himself felt, however, that if a British battalion arrived on the spot at an early date, the police would remain loyal. He therefore proposed that a battalion of the Royal Welch Fusiliers should proceed at once to British Guiana, from Jamaica, in a cruiser and two frigates. They would arrive off Georgetown on 9th October. The cruiser would have to lie 15 miles off the port and the frigates would land the troops. As soon as the troops had landed, the Governor would take action under emergency powers to imprison the extremists and suspend the constitution.

In discussion the following points were made:

(a) In operations of this kind the risk of bloodshed was much less if overwhelming force was deployed at the outset. That consideration suggested that it would be preferable to send two battalions to Georgetown, rather than one. On the other hand, an additional battalion could not reach there before 20th October, and by that date the situation would have deteriorated further and the police might no longer be reliable.
(b) A supplementary force of one battalion could be brought to readiness in the United Kingdom and could sail with some of its vehicles in an aircraft carrier on about 8th or 9th October. The only battalion immediately available for this duty was at half-strength, but there were three full-strength battalions in the Infantry Brigade which was being held as a reinforcement for Egypt.

(c) No information of our intentions had yet been given to the Governments of other Commonwealth countries or of the United States. It was, however, proposed that the Government of Canada, which had important commercial interests in British Guiana, should be told of the plan twenty-four hours before it was put into operation. It was suggested that the Governments of Australia, New Zealand, the United States and possibly Venezuela, should also be told about twelve hours before the plan took effect. It was unlikely that there would be any adverse reactions in the United States, where anti-colonial sentiments would in this case be offset by anti-Communist sentiments. The Governments of India, Pakistan and Ceylon should not be informed until the operation had begun.

The Cabinet—

(1) Approved the Colonial Secretary’s proposals, outlined in C. (53) 261, for suspending the constitution of British Guiana.

(2) Invited the Minister of Defence to arrange for a battalion of the Royal Welch Fusiliers to proceed at once to British Guiana, from Jamaica, with a naval force of one cruiser and two frigates; and to make all the necessary preparations to enable a further battalion to be sent at full-strength from the United Kingdom, in an aircraft carrier, if reinforcements proved to be needed.

(3) Invited the Colonial Secretary to concert with the Foreign Secretary and the Commonwealth Secretary arrangements for informing other interested Governments.

5. The Cabinet had before them a memorandum by the Lord President and the Colonial Secretary (C. (53) 263) proposing that negotiations should be opened with the Ethiopian Government with a view to securing for certain tribes in British Somaliland their traditional grazing-lands in adjacent Ethiopian territory.

In discussion some doubts were expressed about the expediency of securing these rights by ceding territory to Ethiopia. Should we not be open to criticism if we allowed the tribes resident in that territory to pass under Ethiopian sovereignty without any previous consultation with their rulers?

The Prime Minister said that it would assist the Cabinet in reaching a decision if the details of the proposed negotiations were studied in the first instance by a small Committee of Ministers.

The Cabinet—

Appointed a Committee consisting of—

Lord President (in the Chair)
Minister of Defence
Colonial Secretary
Minister of Housing and Local Government
Financial Secretary, Treasury,

to examine the detailed proposals set out in the memorandum annexed to C. (53) 263, and to report on them to the Cabinet.
Housing Policy.

6. The Cabinet had before them memoranda by the Minister of Housing (C. (53) 259), the Lord Privy Seal (C. (53) 264) and the Chancellor of the Exchequer (C. (53) 269) about the housing policy embodied in the draft White Papers attached to C. (53) 250 and 251.

The following aspects of the matter were covered in the course of discussion:

(a) Should the policy embodied in the draft White Papers be put into effect?

The Minister of Housing said that the policy was essentially one which would require time to prove itself effective and fair. If, as might be expected, the Bills were to receive the Royal Assent early next summer, rents would thereafter begin to go up gradually as landlords were able to show that the necessary conditions for increases were fulfilled. Although from the outset there was likely to be some visible return for the rent increases in the form of actual repairs and improvements being carried out, the policy was one which, at least in its early stages, would be capable of being misrepresented in the country: it would be less easy for the Opposition to adopt an altogether hostile attitude to it in Parliament.

The Cabinet recognised the risks inherent in the policy—that it would involve the Government in some immediate unpopularity and that rent increases, by giving rise to increases in the cost of living, might prejudice their efforts to encourage restraint in wage claims. It was, however, the general view of Ministers that these risks, serious though they were, should not deter them from carrying out what they and a considerable body of responsible opinion in the country regarded as necessary and right, and that the Government stood to gain in the long run from a successful attempt to stem the decay of the stock of existing houses.

The Cabinet—

(1) Re-affirmed their approval of the general lines of the housing policy set out by the Minister of Housing and the Secretary of State for Scotland in C. (53) 250 and 251.

(b) Timetable

The Minister of Housing said that, on further consideration, he recommended that the White Papers should be published immediately after the delivery of The Queen's Speech on 3rd November. This would enable them to be discussed during the Debate on the Address. The Second Reading debates could then take place before Christmas.

The Cabinet—

(2) Agreed that the White Papers should be presented to Parliament at the opening of the new Session.

(c) Title of White Paper

The Minister of Housing said that the proposed title of his White Paper “Housing: A Comprehensive Policy” now seemed to him to be rather too wide in its implications. He would prefer to call it “Houses: The Next Step” and to cover in it nothing which was not to be covered by the Bill.

The Cabinet—

(3) Agreed that the title of the White Paper to be presented by the Minister of Housing should be “Houses: The Next Step.”

(d) The Maximum Permitted Rent Increase

The Minister of Housing said that, as the cost of repairs was now estimated to have risen to about three times the amount of the statutory deduction for rating purposes, the logical course would be
to make the maximum permitted rent increase equal to twice the statutory deduction. Hitherto, he had shrunk from this course because of the size of the increase which it would impose upon the lowest rents. He had now reached the conclusion, however, that the difference between one-and-a-half times and twice the statutory deduction was of relatively little significance from the point of view of the acceptability of the rent increases to the general public, but that knowledgeable opinion would be critical of the adoption of only one-and-a-half times the statutory deduction as the determinant of the maximum permitted rent increase. He therefore now favoured adopting twice the statutory deduction. The safeguard that no rent would rise above twice the existing gross value of the house for rating purposes would, of course, remain.

The Chancellor of the Exchequer supported the Minister of Housing's recommendation on this point.

The Cabinet—

(4) Agreed that the maximum permitted rent increase should be equal to twice the statutory deduction for rating purposes.

(e) The Landlord's Obligations

The Minister of Housing said that the conditions on whose fulfilment it was proposed to insist before rents would be allowed to rise were an essential feature of the scheme, without which there would be no effective answer to the suggestion that the Government were putting money into the pockets of the landlords. The effect of the amendment of paragraphs 38-40 of the draft White Paper proposed in C. (53) 264 would be to cover this matter in general terms, leaving the detailed provisions to the Bill. He would hope to devise a formula which would meet satisfactorily, not only the case of the landlord who was prepared to spend a specified sum upon repairing his property in order that he might qualify for a rent increase, but also the case of the "good landlord" who had never let his property get into disrepair. The test would be one applied once and for all but it would be at least an earnest of good intentions.

The Secretary of State for Scotland said that he had explained in paragraphs 3-8 of C. (53) 251 his reasons for not wishing to impose an expenditure test in Scotland, where it might well make his Bill unworkable. He would like authority to endeavour to uphold the difference between the English and the Scottish schemes in this respect.

The Cabinet—

(5) Agreed that an expenditure test on the lines contemplated by the Minister of Housing should be applied in England and Wales but not in Scotland.

(i) General

The Chancellor of the Exchequer said that he would wish to discuss with the Minister of Housing the exact terms of the reference to be made in the White Paper to the housing subsidies and the suggestion in his memorandum that something ought also to be said about emergency housing.

The Cabinet—

(6) Took note that the Chancellor of the Exchequer would discuss certain detailed points arising on the draft White Paper with the Minister of Housing.

(7) Approved the amendments to the draft White Paper set out in C. (53) 259 and 264.
Judges' Salaries.

(Previous Reference: C.C. (53) 47th
Conclusions, Minute 5.)

7. The Cabinet considered a memorandum by the Lord Chancellor, the Chancellor of the Exchequer and the Secretary of State for Scotland (C. (53) 266) covering a draft of a Bill to increase the remuneration of Judges of the High Court.

In discussion of the draft Bill the following points were made:

(a) The Cabinet agreed that the increased remuneration should not apply retrospectively.

(b) The form of the Bill should be adjusted so as to avoid the need for a Schedule setting out the increased salaries in tabular form.

(c) The salaries payable to the Lord Chancellor and the Lord Chief Justice, while they should be higher than those payable to the holders of other offices covered by the Bill, could be somewhat lower than was proposed in the draft Bill annexed to C. (53) 266. The Lord Chancellor and the Chancellor of the Exchequer should settle, in consultation, what would be the appropriate level of remuneration to be included in the Bill for the holders of these two offices.

(d) The Queen's Speech should include a reference to the Government's intention to proceed with this measure during the forthcoming session. The timing of the introduction of the Bill could, however, be considered later in the light of progress made with the current consideration of the remuneration of Ministers and Members of Parliament.

The Cabinet—

Decided to proceed in the forthcoming session with legislation to increase the remuneration of Judges of the High Court on the general lines proposed in C. (53) 266, subject to the points noted in paragraphs (a)-(c) above; and agreed that this legislation should be mentioned in The Queen's Speech at the Opening of that session.

Cabinet Office, S.W. 1,
2nd October, 1953.