CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 17th March, 1954, at 11.30 a.m.

Present:
The Right Hon. Anthony Eden, M.P., Secretary of State for Foreign Affairs (Items 5-7).
The Right Hon. Lord Simon, Lord Chancellor.
The Right Hon. R. A. Butler, M.P., Chancellor of the Exchequer.
The Right Hon. Viscount Swinton, Secretary of State for Commonwealth Relations.
The Right Hon. Sir Thomas Dugdale, M.P., Minister of Agriculture and Fisheries.
The Right 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. Peter Thorneycroft, M.P., President of the Board of Trade.
The Right Hon. Florence Horsbrugh, M.P., Minister of Education.
The Right Hon. Gwilym Lloyd-George, M.P., Minister of Food.

The following were also present:
The Right Hon. Lord De L’Isle and Dudley, Secretary of State for Air (Item 2).
The Right Hon. Patrick Buchan-Hepburn, M.P., Parliamentary Secretary, Treasury.

Secretariat:
The Right Hon. Sir Norman Brook.
Mr. G. Mallaby.
Mr. R. M. J. Harris.
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week. It was agreed that the Second Reading of the Television Bill, on 25th March, should be moved by the Home Secretary and that the Assistant Postmaster-General should reply to the debate.

2. The Prime Minister drew the attention of the Cabinet to the proposal to develop Scampton airfield, near Lincoln. The main arguments for and against this development were summarised in a note by the Secretary of the Cabinet (C. (54) 84).

The Lord Privy Seal said that, although this matter concerned his own constituency, he had thought it right to bring it to the notice of the Prime Minister because he believed that it raised questions of wider interest. The proposed extension of this airfield would entail cutting Ermine Street and building a by-pass road of about three miles. This was likely to arouse criticism on grounds of historical sentiment. Moreover, the airfield was very close to the city of Lincoln, whose inhabitants would doubtless resent the disturbance and risk which the development of the airfield for long-range medium bombers would cause.

The Secretary of State for Air said that he greatly regretted the disturbance caused to various interests by the development of large airfields, but this was an inevitable consequence of the Royal Air Force programme. The choice of locality for these bomber bases was limited by a number of considerations. They had to be near the fuel pipe-line and the bomb stores. They must not be within 30 miles of the coast because of the danger of tip-and-run raiders. They must be constructed as economically as possible and they must make the least possible encroachment on agricultural land. On these criteria development at Scampton was less objectionable, and much less expensive, than development at any alternative site. He did not think that the use of this airfield by jet bombers would cause as much disturbance to Lincoln as had been caused by the older types of bombers, which were more numerous and operated at lower altitudes. The full procedure for consultation with interested parties had not yet been completed. Unless the Cabinet decided that the project should be abandoned without further consideration, he would proceed in the ordinary course to initiate the routine consultations with the Ministry of Housing and other Departments concerned and with the local authorities and interests affected.

The Cabinet—

(1) Agreed that the normal procedure for consultation on the development of Scampton airfield should go forward.

(2) Agreed to resume their consideration of this project when these consultations had been completed.

3. The Cabinet had before them a memorandum by the President of the Board of Trade (C. (54) 89) discussing the Parliamentary tactics for handling the Industrial Organisation and Development Bill.

The President of the Board of Trade said that the original purpose of the Bill had been to enable the Joint Clothing Council to finance its work by a statutory levy on the clothing industry. The Bill had, however, encountered severe opposition from some Government supporters, and the Joint Clothing Council itself had now formally suggested that further proceedings on it should be deferred. It was clear that the Government could not proceed with
the Bill. It could either be withdrawn, or it could be allowed to fall
with any other uncompleted business at the end of the Session.

It was the general view of the Cabinet that the Joint Clothing
Council should be pressed to form a firm opinion at an early date so
that the President of the Board of Trade could make a definite state­
ment to Parliament on the future of the Bill.

The Cabinet—

Invited the President of the Board of Trade to press the
Joint Clothing Council for a firm decision on their attitude
towards the Industrial Organisation and Development Bill
so that he could make a definite statement to Parliament on
the Government's intentions with regard to this Bill.

4. The Cabinet resumed their discussion of the Home
Secretary's proposal that a Royal Commission should be appointed
to review the existing law relating to prostitution and homosexuality.

The Home Secretary re-stated the case for an enquiry which was
outlined in his memorandum C. (54) 60 and had been developed in
the Cabinet's earlier discussion on 24th February. His conclusion
was that the prevalence of prostitution, particularly in London, and
the unexplained increase in homosexual offences, constituted a serious
social problem which the Government could not ignore; that, without
support from the findings of an independent and authoritative
enquiry the Government would not be in a position to promote
legislation, or to take other measures, to deal with this problem; and
that in these circumstances the only course open to them was to
appoint a Royal Commission or other appropriate form of enquiry
to examine the problem and to suggest appropriate remedies.

Discussion showed that some Ministers were still reluctant to
agree to this proposal for the appointment of a Royal Commission.

The Prime Minister said that, in his view, the prudent course
would be to take no action save to encourage a Private Member to
introduce in the House of Commons, under the ten-minute rule, a Bill
designed to prohibit the publication of detailed information of criminal
prosecutions for homosexual offences. The Home Secretary said that
he would be ready to submit to the Cabinet a memorandum
examining the arguments for and against such restrictive legislation.
But he pointed out that such legislation, even if it had the effect of
allaying public anxiety about homosexuality, would make no
contribution whatever towards a solution of the problem of prostitu­
tion. This, in his view, was the more urgent and obvious problem.
He had no doubt that the proper remedy for it was to increase the
penalty for soliciting and to dispense with the necessity of proving
"annoyance"; but he was satisfied—and in this he had the support
of the majority of his Cabinet colleagues—that there was no prospect
of passing legislation to make these changes in the existing law
without the support of an independent enquiry.

The Cabinet—

(1) Invited the Home Secretary to submit a memorandum
summarising the arguments for and against legislation
designed to restrict publication of the details of criminal
prosecutions for homosexual offences.

(2) Agreed to resume, when this memorandum was available,
their discussion of the proposal to hold a formal enquiry
into the law relating to prostitution and to homosexual
offences.
5. The Cabinet had before them a memorandum by the Home Secretary (C. (54) 97) seeking authority to appoint a tribunal under the Tribunals of Inquiry (Evidence) Act, 1921, to enquire into the administration of the Leeds City police force.

The Home Secretary said that there was mounting evidence of the unsatisfactory disciplinary state of the Leeds Police. During a three-year period ending in September 1952, the number of disciplinary cases in the force expressed as a percentage of its establishment had been no less than 16 per cent, compared with 6 per cent. in Sheffield and only 2 per cent. and 1 ½ per cent. in Birmingham and Bristol. Mr. Diplock, Q.C., who had re-heard the cases of two police sergeants who had recently been sentenced to reduction in rank, had been unfavourably impressed with the credibility of a number of officers in the plain clothes branch of the force; and the Chief Constable of Leeds had himself admitted, in his evidence to the Royal Commission on Betting, Lotteries and Gaming, that to license ready-money betting offices would be to regularise what was already existing in fact in Leeds. The Watch Committee of the City Council had been clearly shown to be an unsatisfactory disciplinary body. He recognised that the course of action which he proposed would single out the Leeds Police for severe condemnation and would expose the Government to the criticism that the trouble was really due to their own failure to amend the betting laws. He was finding it increasingly difficult, however, to refrain from strong action which was being urged upon him by two Members for Leeds constituencies—one a supporter of the Government and one of the Opposition. Appointment of a Tribunal of Inquiry would require approval by a resolution of each House of Parliament.

The Prime Minister said that he was by no means convinced of the need to take this action, which would reflect gravely upon the Leeds City Council. Individual offenders in the City's police force had been duly brought to judgment and the wiser course, in his view, would be to ensure that this process continued and that all possible administrative measures were taken to improve the state of discipline in the Force.

In discussion attention was drawn to the limited scope for administrative action by the central Government in a matter which was primarily the responsibility of the local authority concerned. At the same time ultimate responsibility remained with the Home Secretary and his position in Parliament would be vulnerable if he failed to take any measure open to him to improve the situation. On the other hand, it was recognised that the Government's position was seriously weakened by the fact that the unsatisfactory state of discipline in the Leeds Police could be said to be due largely, if not entirely, to the present state of the betting laws which the Government had so far shown no disposition to remedy on the lines recommended by the Royal Commission. It could be argued that the first step for the Government to take was to promote legislation to amend the betting laws.

The Cabinet—

(1) Withheld their approval of the proposal to appoint a tribunal under the Tribunals of Inquiry (Evidence) Act, 1921, to enquire into the administration of the Leeds City police force.

(2) Invited the Home Secretary to take all administrative measures open to him to secure an improvement in the state of discipline of the Leeds City police force.
6. The Cabinet considered a memorandum by the Minister of Food (C. (54) 100) seeking authority to announce forthwith that the retail price of milk would remain at 6½d. a pint until 30th April, and would be 6d. a pint from May to July inclusive and 7d. a pint from 1st August until the end of March, 1955.

The Minister of Food explained that under this proposal only two changes would be made in the price of milk during the year, as compared with five changes made in 1953. The proposal would save £6½ millions on the liquid milk subsidy and would reduce the risk of waste of milk during the main flush period.

The Chancellor of the Exchequer said that he would have preferred to secure an even greater saving on the liquid milk subsidy. While he recognised that this was not practicable, it would be necessary for him to ask his colleagues to consider at an early date alternative means of reducing the total cost of Exchequer subsidies to food production.

The Cabinet—

(1) Authorised the Minister of Food to announce the retail prices for milk proposed in C. (54) 100 for the year from April, 1954, to March, 1955, inclusive.

(2) Agreed to consider, at their meeting on 24th March, other proposals by the Chancellor of the Exchequer for reducing the total cost of the subsidies to food production.

7. The Foreign Secretary reported that since the Cabinet's discussion on 15th March he had had a personal interview with Sir William Fraser, the Chairman of the Anglo-Iranian Oil Company (A.I.O.C.). A critical stage had now been reached in the negotiations for the formation of a consortium of oil companies to market Persian oil. The issues which divided the various parties to the negotiations were extremely complex and were further complicated by differences of opinion about the probable financial results of various alternative bases for a settlement.

The first question in the negotiations was the amount which A.I.O.C. should receive from the other companies in return for surrendering 60 per cent. of their previous 100 per cent. interest in Persia's oil. On this point he had told Sir William Fraser that, in his view, the gap between the figure suggested by the Company and that proposed by the American companies was not so large that it could not be bridged in further negotiation.

The second question was the amount of compensation which A.I.O.C. should receive from the Persian Government and the means by which it should be secured. On this the American companies considered that the amount for which A.I.O.C. were asking was excessive and they were strongly opposed in principle to the method proposed, under which the Persians would buy oil from the consortium at cost price and give it to A.I.O.C. On this point also he felt some sympathy with the point of view advanced by the Americans. Mr. Hoover, who was representing the United States Government in this matter, had expressed the view that A.I.O.C. could legitimately ask for a net sum of £100 millions from the Persian Government. This seemed to him to be a not unreasonable figure, and he intended to ascertain how Mr. Hoover would propose that it should be secured if the project of selling oil at cost price to the Persians was rejected in principle by the other companies which would be joining the consortium.

The Foreign Secretary added that, from his personal talks with the United States Ambassador, Mr. Hoover and Sir William Fraser, he was satisfied that there was a real risk that, unless A.I.O.C. were
prepared to make further concessions, the American companies would break off negotiations. This would have the effect of postponing indefinitely the possibility of securing a settlement of the Persian oil problem. He had represented most strongly to Sir William Fraser that he must consider, not only the commercial interests of A.I.O.C., but the wider interests of the United Kingdom in the Middle East. Sir William Fraser had said that A.I.O.C. would require a little time in which to consider and reply to the latest proposals put forward by the American companies and he (the Foreign Secretary) was doing all in his power to prevent the American companies from breaking off negotiations in the meantime.

He would continue to keep in the closest possible touch with the Chancellor of the Exchequer in the handling of this matter, but he would also value the direct assistance of one or two of his Cabinet colleagues in his further discussions with Sir William Fraser. He would circulate to his colleagues as soon as possible a memorandum explaining in greater detail the exact stage which the negotiations had reached.

The Cabinet—

(1) Took note of this statement by the Foreign Secretary.

(2) Invited the Chancellor of the Duchy of Lancaster and the Minister of Housing to assist the Foreign Secretary in handling the present phase of the negotiations for a settlement of the Persian oil problem.

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Currency.  8. The Chancellor of the Exchequer said that at the recent meeting in Sydney he had discussed with the Commonwealth Finance Ministers in confidence a proposal to re-open the London Gold Market on a restricted basis. This proposal had been welcomed by them, and he had since been able to enlist the support of the United States Government for it. The Gold Market would be re-opened on 22nd March, and an announcement to this effect would be made by the Bank of England within two or three days.

The re-opening of the London Gold Market would not prejudice decisions on the convertibility of sterling. It would enhance the prestige of the City of London and would increase world confidence in sterling.

Transferable Sterling. The Chancellor of the Exchequer said that he had also decided to relax the restrictions on the use of transferable sterling. Any holder would be able to transfer it to any other, so that there would be a single rate for all transferable sterling. This single rate would facilitate trading and would give some slight advantage to our exports.

The Cabinet—

Took note of these statements by the Chancellor of the Exchequer.