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C.C. (54)

57th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W. 1. on Friday, 27th August, 1954, at 3.30 p.m.

Present:

- The Right Hon. Sir WINSTON CHURCHILL, M.P., Prime Minister.
- The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Foreign 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. HAROLD MACMILLAN, M.P., Minister of Housing and Local Government.
- The Right Hon. FLORENCE HORSBRUGH, M.P., Minister of Education.
- The Right Hon. LORD SIMONDS, Lord Chancellor.
- The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.
- The Right Hon. VISCOUNT SWINTON, Secretary of State for Commonwealth Relations.
- The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.
- The Right Hon. GWILYM LLOYD-GEORGE, M.P., Minister of Food.
- The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture and Fisheries.

The following were also present:

- The Right Hon. LORD DE L'ISLE AND DUDLEY, Secretary of State for Air. (*Items 2-5.*)
- The Right Hon. Sir LIONEL HEALD, Q.C., M.P., Attorney-General. (*Items 8-10.*)
- The Right Hon. HENRY HOPKINSON, M.P., Minister of State for Colonial Affairs. (*Items 2-6.*)
- Mr. H. A. WATKINSON, M.P., Parliamentary Secretary, Ministry of Labour and National Service. (*Items 7-8.*)

Secretariat:

- Mr. R. M. J. HARRIS.
- Mr. F. A. BISHOP.

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European
Defence
Community.
(Previous
Reference:
C.C. (54) 54th
Conclusions,
Minute 1.)

1. The Cabinet had before them a memorandum by the Foreign Secretary (C. (54) 276) about the course to be adopted if the European Defence Community (E.D.C.) Treaty should be rejected by the French Assembly after their forthcoming debate.

The Foreign Secretary said that there was every likelihood that the Treaty would be rejected by the French Assembly within the next few days. It was vital that, until the critical vote had taken place, no encouragement should be given publicly to the idea of any alternative to the Treaty. He could, however, envisage no better alternative than to bring Germany into the North Atlantic Treaty Organisation (N.A.T.O.), in agreement with France and the United States and subject to the safeguards set out in the annex to C. (54) 276. The difficulties in the way of this alternative were undoubtedly formidable. Not only had the attitude adopted by M. Mendès-France at and since the recent Brussels Conference seriously antagonised the other signatories of the E.D.C. Treaty, but the Labour Party in this country were not committed to supporting any plan involving German rearmament other than E.D.C. and might well take advantage of the opportunity of restoring Party unity on this issue by opposing the admission of Germany into N.A.T.O. If the Cabinet agreed with his view about the course which should be taken in the event of French rejection of the Treaty, he would at once inform the United States Government confidentially of what we had in mind: he expected them to agree to our taking the initiative. The first step would be to seek the views of Dr. Adenauer, and this he would propose to do in the first instance through our High Commissioner in Bonn. It seemed unlikely that the German Federal Government would feel able to accept all the limitations outlined in the annex to his paper, but as many as possible of these must be secured. It was doubtful whether a majority would be obtainable in the present French Assembly for any proposals involving German rearmament, but M. Mendès-France had expressed the view that on a second occasion the Assembly would find it harder to take an entirely negative decision.

The Prime Minister said that it had not been difficult to convince the United States Government that their plan for a postponement of the French Assembly debate and for the immediate summoning of an Eight-Power conference was unsound (Foreign Office telegram No. 4293 to Washington). The words which, in agreement with the Foreign Secretary, he had used in his speech to the Conservative Party Conference at Margate in October, 1953, remained as true to-day as when he had spoken them:—

“I am sure that the decisions taken by the Socialist Government, which were supported by us at the time and are now being carried forward steadfastly and soberly by Her Majesty’s Government, constitute the best chance—and indeed, I think it a good chance—of getting through this awful period of anxiety without a world catastrophe.

“We, at any rate, are going to adhere faithfully to them and do our utmost to promote the formation of the European Army with a strong contingent of Germans in it. We, like the Americans, shall maintain our forces in Europe, thus restoring the French balance of equality with our German associate.

“If E.D.C. should not be adopted by the French, we shall have no choice in prudence but to fall in with some new arrangement which will join the strength of Germany to the Western allies through some rearrangement of the forces of N.A.T.O.”

French fears of German predominance in the comparatively restricted E.D.C. might not have the same force in respect of the wider community of N.A.T.O., including, as it did, the United States and United Kingdom. The isolation in which France would find

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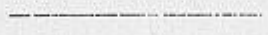
herself if she rejected E.D.C. would, moreover, be likely to induce her to co-operate in seeking an alternative to it.

The Minister of Housing suggested that a N.A.T.O. solution might be made more palatable both to French opinion and to the Labour Party in this country if, for this purpose, N.A.T.O. could be made at least to appear to have been modified in the direction of the European idea. Was it possible, for example, for Germany formally to adhere to the Brussels Treaty which continued to subsist within the North Atlantic Treaty? He would send some suggestions on these lines to the Foreign Secretary.

The Commonwealth Secretary said that he would be opposed to any association of the United Kingdom with continental countries closer than that envisaged in connection with the E.D.C., as it seemed likely that this would encourage tendencies in certain Commonwealth countries to turn towards the United States.

The Cabinet—

- (1) Agreed in principle that, in the event of rejection of the E.D.C. Treaty by the French Assembly, it would be necessary to work to bring Germany into N.A.T.O., subject to as many as possible of the safeguards set out in the annex to C. (54) 276.
- (2) Authorised the Foreign Secretary to proceed on the general lines suggested in C. (54) 276 and in the course of discussion.



British Somaliland.
Grazing Rights in Ethiopia.
(Previous Reference: C.C. (53) 81st Conclusions, Minute 8.)

3. The Cabinet had before them a note by the Foreign Secretary (C. (54) 278) covering a despatch to Her Majesty's Ambassador at Addis Ababa regarding a conversation which he had recently had with the Ethiopian Ambassador in London about the negotiations on the Haud grazing grounds.

The Foreign Secretary said that a settlement of this long-standing problem could no longer be deferred and must be sought on the basis of acceptance of Ethiopian sovereignty over the Haud, which had been recognised as long ago as 1897 by the Anglo-Ethiopian Treaty of that year, provided that we were assured of our requirements as regards the grazing rights and protection of the Somali tribes during those periods of the year which they would spend in Ethiopian territory.

The Minister of State for Colonial Affairs agreed with this view but emphasised that the arrangements to be made with the Ethiopian Government must provide for protection of the tribes and maintenance of law and order amongst them throughout the year, as there were now no limits to the length of time which they would wish and be able to spend on the grazing grounds across the frontier.

The Minister of Defence said that there was a risk that, if the arrangements made in regard to the tribes should prove to be inadequate, trouble might ensue necessitating the use of British troops.

The Cabinet—

Authorised the Foreign Secretary to effect a settlement with the Ethiopian Government in respect of the Haud grazing grounds on the basis outlined in discussion.

South Africa.
Simonstown Naval Base.

4. *The Prime Minister* said that he understood that the South African Minister of Defence, during his forthcoming visit to this country, was likely to try to re-open discussion on the transfer of the Simonstown base to the South African Navy. This base had always been of first-rate strategic importance, but its value appeared to be even greater now in the light of the reduced importance of the Suez Canal and the greater uncertainty about the degree of co-operation in defence matters which was to be expected of the South African Government in the future. He had asked the Minister of Defence to report on the suitability of Durban as an alternative base to Simonstown, but it was not clear that Durban could be relied upon in all circumstances. He therefore felt doubtful whether in any circumstances we ought to consider abandoning our present legal right to perpetual use of the Simonstown base.

The Commonwealth Secretary said that the object of the forthcoming discussions with the South African Minister of Defence, Mr. Erasmus, was to encourage the South African Government to take a broader view of their responsibilities in Commonwealth defence. There were grounds for believing that Mr. Erasmus might prove to be reasonably forthcoming. In any event there was not at present any intention to modify the conditions for transfer of the Simonstown base which had been agreed upon in 1951.

The Minister of Defence said that, even from the point of view of our use of the Simonstown base, it was important to ensure the fullest possible co-operation of the South African Government in order to safeguard the continued supply of labour, water and electric power to the base.

The Prime Minister said that there was certainly no objection to seeing what, if anything, Mr. Erasmus had to say on the subject of the Simonstown naval base. But, before any encouragement was

given to him to think that the United Kingdom Government might be ready to re-open the question of transfer, the matter must be brought again before the Cabinet. World conditions had substantially changed even since 1951, and it was by no means certain that conditions for transfer of the base which had been considered sufficient at that time would prove on examination to meet adequately the conditions of to-day.

The Cabinet—

Took note of these statements.

Supply of Helicopters to Argentina. (Previous Reference: C.C. (54) 1st Conclusions, Minute 4.)

5. *The Prime Minister* said that it had been brought to his notice that the Argentine Ministry of Agriculture had approached the Bristol Aeroplane Company about buying Sycamore helicopters for crop-spraying. They wished to buy 5 now, and might order up to 50 later. At the end of 1953 the Argentine Navy had wanted to buy helicopters from us, but we had been unwilling to agree, since they might have been used against us in the Antarctic. He did not himself feel sure that the helicopters the Argentines now wanted would not in fact be used to our detriment.

The Foreign Secretary said that, although there was no certain guarantee that the Argentines would not use these helicopters against us, they had already bought for their Navy American helicopters which were larger and more suitable for use in the Antarctic. On balance, he recommended allowing the sale of not more than 10 Sycamore or similar helicopters to Argentina, and that the matter should be re-examined if the Argentines wished to place a larger order.

The Secretary of State for Air said that orders for these helicopters would represent a valuable export, since they cost £40,000 each. He had no objection to the sale, provided the Argentines did not pre-empt helicopters needed by the Services.

The Cabinet—

Agreed that not more than 10 Sycamore or similar helicopters should be sold to the Argentine Ministry of Agriculture; and that, if the Argentines later wished to place a larger order, the matter should be considered again by the Cabinet.

Cyprus. (Previous Reference: C.C. (54) 53rd Conclusions, Minute 5.)

6. *The Minister of State for Colonial Affairs* said that the announcement of the policy approved by the Cabinet on 26th July had provoked a violent reaction in Greece, but there had been only minor and isolated incidents in Cyprus. Indeed, except for the extreme nationalists and the Communists, there was considerable apathy among the people of Cyprus. Archbishop Makarios had preached three sermons of a political nature, but not in such terms as would warrant a prosecution for sedition. As regards the enforcement of the laws against sedition, it had been the intention that the Governor should issue a warning that the law would be enforced, but that this would be in general terms, whereas the publication of detailed prohibitions, some of which might not be applicable in present circumstances, had understandably aroused widespread criticism. The Colonial Secretary had since expressed the view to the Governor that seditious behaviour which did not lead to violence might conveniently be overlooked. The Colonial Office were taking active measures to explain publicly the case for the Government's policy in Cyprus.

The Prime Minister said that the publication of repressive laws against sedition had been unwise and had led to unnecessary trouble. It would do no harm to allow demonstrations in Cyprus, provided they did not lead to violence, which did not appear likely.

The Foreign Secretary said that it was necessary to explain our policy, and the reasons for it, in as convincing a way as possible before the matter came up for discussion in the United Nations in September. The claim to Cyprus, which Greece was pressing, was a fabricated one and we should be ready to expose this. Many Greeks, particularly those with a liberal outlook, were not in sympathy with present Greek policy, but could not say so because there was no freedom of expression in Greece. We could point out that the Greek record of administration in the Dodecanese, since it had been restored to them, was deplorable compared with our own in Cyprus. We had a good case and it might be helpful if a small Committee of Ministers were set up to supervise its presentation.

In discussion the following further points were made:—

(a) Pakistan had now indicated that she fully supported the United Kingdom on this issue. There had been criticism from the New Zealand Minister for External Affairs, but this might not reflect the general state of public opinion in New Zealand, and showed the need for a proper explanation of our policy.

(b) It was suggested that an examination should be made of the laws against sedition in Cyprus, with the object of putting into reserve such of them as need not be used unless a state of emergency were declared. It was pointed out that in Cyprus, as in other Colonial territories, seditious intent included the intention to change the sovereignty of the Colony, regardless of whether there was any incitement to violence.

(c) *The Foreign Secretary* expressed the view that, since it should be our aim to show that conditions were not abnormal in Cyprus, it would be unwise for the Colonial Secretary to visit the island at the present time, and that the Cabinet should be consulted before any decision was taken to pay such a visit.

The Cabinet—

- (1) Took note of the statement by the Minister of State for Colonial Affairs.
- (2) Invited the Prime Minister to arrange for a small Committee of Ministers to be set up to consider the presentation of the Government's policy towards Cyprus.

Cost of Living.
(Previous
Reference:
C.C. (52) 70th
Conclusions,
Minute 9.)

7. The Cabinet had before them a memorandum by the Prime Minister (C. (54) 272) covering a report by the Ministry of Labour about the rise of 3 points in the Retail Prices Index figure published for July; a note (C. (54) 277) containing statistics of the consumption of food and expenditure on tobacco, beer, wines and spirits provided by the Ministry of Food at the Prime Minister's request; and a memorandum by the Minister of Food (C. (54) 274) about the level of meat prices since decontrol.

The Parliamentary Secretary, Ministry of Labour, said that, as the Index figure was calculated from the actual prices which people were prepared to pay on a particular day, it was not possible to make accurate forecasts of future changes in the Index figure. In so far as any estimates could be made, the Index figure for August might show a fall of 1 point; but a rising trend must be expected for the rest of the year, as there would be increases in rents and fares as well as in the cost of some foods and other items.

The following points were made in discussion:—

(a) The increasing difficulty of making reliable forecasts was a result of freeing the economy and removing price controls.

(b) The increase in retail meat prices was due in part to the fact that consumers were prepared to pay a price which allowed butchers to take a somewhat higher rate of profit than they had been allowed while meat was controlled. In fact, the public were willingly paying for the better cuts of meat.

(c) When prices were controlled, it was the controlled price which was taken for the purpose of calculating the Index figure, although in some cases, for example meat, consumers might well, on occasion, have paid more than the controlled price.

(d) It was agreed that there was no general discontent about the cost of living, but it was pointed out that a rise of 3 points in the Index figure nevertheless provided a basis for claims for increased wages, and in some cases wages increased automatically with a rise in the Index.

The Prime Minister said that it was clear from the statistics of food consumption that the level of prices did not deter consumers, and the statistics of expenditure on tobacco, beer, wines and spirits showed that the people generally were prosperous. It should not be difficult to find arguments to meet Opposition propaganda based on the rise in the Retail Prices Index figure for July.

The Cabinet—

Took note of C. (54) 272, C. (54) 277 and C. (54) 274.

**Industrial
Disputes.**
Railways.
(Previous
Reference:
C.C. (54) 50th
Conclusions,
Minute 7.)

8. *The Parliamentary Secretary, Ministry of Labour*, said that there was no truth in the report that the Chairman of the British Transport Commission had put forward proposals which might provide a solution to the dispute about railwaymen's wages. In fact, the National Union of Railwaymen would decide on 31st August what course they would follow. They might decide to approach the Minister of Labour or they might take other action. Although the railwaymen did not really want to strike, this possibility could not be ruled out.

The Cabinet—

Took note of this statement by the Parliamentary Secretary, Ministry of Labour.

**Agricultural
Land
Tribunals.**

9. The Cabinet had before them a memorandum by the Minister of Agriculture (C. (54) 273) about the effect of a recent High Court ruling on the constitution and decisions of Agricultural Land Tribunals.

The Minister of Agriculture said that an Agricultural Land Tribunal consisted of a legally qualified chairman, appointed by the Lord Chancellor, and two lay members, appointed by the Minister of Agriculture. In practice, the latter two members were selected on each occasion by an official of the Ministry of Agriculture (usually the official who acted as secretary to the Tribunal) from a panel of persons nominated for the purpose by farmers and land owners. In the case in which a Mrs. Woollett had successfully appealed to the High Court against the compulsory acquisition of 3 acres of land of which she was the owner, the Judge had held that the Tribunal had not been properly constituted, on the ground that the two lay members had not been appointed "by or on behalf of the Minister," but by the official in his capacity as secretary. This decision threw

doubt on the constitution and decisions of all Tribunals which had sat since 1947. To remove these doubts, it would be necessary for an appeal to be successful on all the points on which the High Court decision had been given. An alternative course would be to proceed at once with a validating Bill. Despite the risk that it might not be successful on all points, in which event a validating Bill would be necessary, he recommended that an appeal should be made. In order to avoid hardships to Mrs. Woollett, it would be desirable to offer to pay her reasonable costs, whatever the result of the appeal.

The Attorney-General said that he agreed that the best course was to appeal, although it was doubtful whether an appeal would succeed except on the narrow ground that Mrs. Woollett's application to the High Court was outside the period of limitation provided under the Acquisition of Land (Authorisation Procedure) Act, 1946. Even if the appeal were successful, there might in any case be a public demand that Mrs. Woollett should be allowed to recover her land—though this point need not be decided until it arose.

The Lord Chancellor said that, if validating legislation should prove to be necessary, it ought to be generally recognised to be justified, in view of the fact that the appeal to the High Court had been allowed on technical grounds. An appeal was in any case necessary in order, if possible, to establish the fact that the certificate given by the Minister was valid, notwithstanding doubts about the constitution of the Agricultural Land Tribunal.

The Cabinet—

Approved the course proposed in C. (54) 273.

Soviet Union.
Charges against
British
employees.

10. *The Foreign Secretary* said that two subordinate employees in the British Embassy in Moscow had, when intoxicated, assaulted Russians, including a Russian policeman. One was employed as a wireless operator, but not in such a position that his predicament gave rise to anxiety on security grounds. The Ambassador wanted to send the employees concerned back to the United Kingdom, but the Russians were insisting on bringing them to trial for hooliganism. A trial could be avoided if they were given refuge in the Embassy premises, but there were difficulties about such a course since the employees concerned had families, and in any case there was no doubt that they had committed an offence. We could, therefore, either stand on their claim to diplomatic immunity but without taking measures to prevent their arrest, or we could waive any claim to diplomatic immunity for them. If they were tried, they might well receive severe sentences.

He had asked the Soviet Ambassador to transmit a personal message to the Soviet Foreign Minister expressing the hope that the Russians would not insist on bringing these men to trial since that would lead to unnecessary friction. Subject to this, he had come to the view that we should waive diplomatic immunity in this case.

The Prime Minister said that he agreed with the course proposed by the Foreign Secretary. If the Russians inflicted vindictive sentences it would then be proper to take whatever measures were open to us; but this was not a case in which diplomatic immunity should be claimed.

The Cabinet—

Agreed that diplomatic immunity should be waived in this case.

*Cabinet Office, S.W. 1,
27th August, 1954.*