CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 10th November, 1954, at 11:30 a.m.

Present:


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

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


The Right Hon. Gwilym Lloyd-George, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. James Stuart, M.P., Secretary of State for Scotland.

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

The Right Hon. D. Heathcoat Amory, M.P., Minister of Agriculture and Fisheries and Minister of Food.

The Right Hon. Sir David Eccles, M.P., Minister of Education.

The following were also present:

The Right Hon. Antony Head, M.P., Secretary of State for War (Item 5).

The Most Hon. the Marquess of Reading, Q.C., Minister of State for Foreign Affairs (Items 1-7).

The Right Hon. Sir Reginald Manningham-Buller, Q.C., M.P., Attorney-General (Items 3-6).

Commander Allan Noble, M.P., Parliamentary and Financial Secretary, Admiralty (Items 4-5).

Secretariat:

The Right Hon. Sir Norman Brook.

Mr. K. L. Stock.

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

On 16th November the House would debate an Opposition motion censuring the Government for failure to increase the rates of old-age pension. The Prime Minister undertook to discuss with the Lord Privy Seal who should be the second Government spokesman in this debate, in addition to the Minister of Pensions. The Lord Privy Seal undertook to prepare, in consultation with the Minister of Pensions, and to submit for the Prime Minister's approval, the draft of a Government amendment to this motion.

The proposed debate on Germany would be held on 17th and 18th November. On the first day of the debate the Foreign Secretary and the Joint Parliamentary Under-Secretary of State for Foreign Affairs would speak for the Government. On the second day the Minister of Defence would open and the Foreign Secretary would speak again in reply to the debate.

2. The Minister of Agriculture said that on the Committee Stage of the Pests Bill in the House of Commons that afternoon a new clause would be moved to make it an offence knowingly to spread myxomatosis among rabbits not previously infected by the disease. Hitherto, on the recommendation of an Advisory Committee which he had appointed to consider the problem, he had deprecated the proposal that it should be made a criminal offence to spread this disease. A statutory prohibition of this kind would be difficult to enforce: it would also be ineffective, as the disease had by now spread over the greater part of the country. On the other hand, the proposed new clause was likely to command a substantial body of support on both sides of the House, and it might well be carried even if the Government advised the House to reject it. It was possible that the proposal might not be pressed if the Government indicated their sympathy with its objects and their readiness to introduce legislation at a later stage if they obtained positive evidence that active steps were being taken to spread the disease.

In discussion it was argued that public opinion throughout the country was strongly opposed to the deliberate spreading of this disease and would welcome a statutory prohibition of the practice, even though it could not be uniformly enforced. It was the general view of the Cabinet that the Government would be well advised to bow to public opinion on this matter.

The Cabinet—

Agreed that, on the Committee Stage of the Pests Bill in the House of Commons that afternoon, the Minister of Agriculture should accept the proposed new clause making it an offence knowingly to spread myxomatosis among rabbits.

3. The Cabinet were informed that the Court of Appeal had now reversed the ruling given by the High Court, in Woollett v. (Previous Minister of Agriculture and Fisheries, on the constitution of Agricultural Land Tribunals.

The Minister of Agriculture said that this decision of the Court of Appeal removed the doubts which the original judgment had thrown on the validity of all decisions taken by these Tribunals since 1947. Now that the legal issue had been determined he was considering whether any concession could properly be made on the merits of the particular case. He recognised the need for a speedy decision on this point.

The Cabinet—

Took note of this statement by the Minister of Agriculture.
4. The Cabinet considered a memorandum by the First Lord of the Admiralty (C. (54) 334) proposing changes in the arrangements for escorting aircraft carrying members of the Royal Family on long flights over the sea. It was explained that on these occasions, in addition to the air escort provided by the Royal Air Force, warships were also posted along the route of the flight. In practice, however, the Royal aircraft was often obliged to depart from its intended course at short notice on account of weather conditions; and this made it unlikely that the warships would be able to give effective assistance if need arose. Subject to The Queen’s pleasure, it was proposed that naval escorts should be provided in future only for flights by the Sovereign.

Discussion showed that there was general support in the Cabinet for the proposal made by the First Lord of the Admiralty.

The Cabinet—

(1) Endorsed the proposal in C. (54) 334 that naval escorts should be provided in future only for flights by the Sovereign.

(2) Invited the First Lord of the Admiralty to take Her Majesty’s pleasure on this recommendation.

5. The Cabinet had before them a memorandum by the Secretaries of State for War and Air (C. (54) 333) commenting on the recommendations made by a Select Committee of the House of Commons in favour of amending the form of the Army and Air Force Acts.

The Secretary of State for War said that this reform had been considered by a series of Select Committees since 1952. The final report had recommended that this legislation should in future be introduced in a form which would allow of its renewal annually, over a period of five years, by Order in Council after Resolutions in each House. It was also recommended that, at the end of each quinquennial period, the need for revision of the current Acts should again be examined by a Select Committee, unless Parliament decided otherwise at the time. The report had advocated a number of changes in the present law governing the Army and the Air Force: the most important of these were indicated in the Appendix to C. (54) 333. The Secretary of State for Air shared his view that the substance of the Select Committee’s recommendations should be accepted and, if the Cabinet agreed, he proposed to make a statement to this effect in the forthcoming debate in the House of Commons.

In discussion the following points were made: —

(a) The passage of legislation in the amended form recommended by the Select Committee would have the effect of broadening the definition of mutiny. In particular, it would become an offence for two or more members of H.M. Forces to resist authority or to impede the performance of a duty or service, not only in our own Forces, but also in Allied Forces co-operating with them.

(b) In indicating the Government’s acceptance of the substance of the Select Committee’s recommendations, care should be taken to avoid any definite commitment to implement any recommendation which purported to bind a future Parliament to appoint a Select Committee to review this legislation after the end of a prescribed period.

The Cabinet—

(1) Agreed that the Army and Air Force Acts should be revised on the general lines proposed in the report of the Select Committee and summarised in C. (54) 333; and took note
that provision had been made in the Legislative Programme for the introduction early in the new session of the three Bills required for this purpose.

(2) Invited the Secretary of State for War, when announcing the Government's attitude towards the report of the Select Committee, to bear in mind the point noted in paragraph (b) above.

6. The Cabinet had before them memoranda by the Colonial Secretary (C. (54) 336 and 338) on the Kabaka's exclusion from Uganda and on future constitutional developments in the Buganda Province. In C. (54) 336 the Colonial Secretary analysed the effect of the recent judgment by the Chief Justice of Uganda. The court had found that the Kabaka had shown disloyalty and that the United Kingdom Government had therefore been justified in deposing him, but it had held that the Government had no power to proceed against him under Article 6 of the Agreement and had therefore acted in breach of that Agreement. In view of the importance which the Government had always attached to the scrupulous observance of the Agreement the Colonial Secretary was satisfied that, in the light of this judgment, it would be difficult to defend the continued exclusion of the Kabaka from Uganda. Moreover, his continued exclusion would certainly prejudice the prospects of securing acceptance of the recommendations of the recent Constitutional Conference, at which the leaders of the Baganda had agreed to support a scheme for enabling their people to participate in the government of the Protectorate. It was an essential feature of this scheme that the Kabaka would become a constitutional ruler and the administration of Buganda would be assumed by Ministers in his name; and it was unlikely that this plan would continue to be acceptable to the Baganda if they were precluded from choosing Mutesa as their Kabaka. It was therefore recommended that, if the Lukiko accepted the constitutional scheme as a whole, there should be an interval of twelve months during which it would be brought into operation and that, if the Lukiko then chose Mutesa as their Kabaka, he should be allowed to return to Buganda on condition that he surrendered his direct rule and became a constitutional ruler.

In C. (54) 338 the Colonial Secretary set out the terms in which he proposed to announce this decision in the House of Commons.

In discussion there was general support for the proposals put forward by the Colonial Secretary in C. (54) 336. The following particular points were raised:

(a) So far as possible, the new decision should be presented as a necessary consequence of the legal judgment and not as a reversal of policy. This presentation would make it more acceptable to Government supporters and less likely to provoke demands for reconsideration of the decision to exclude Seretse Khama from the Bamangwato Reserve of Bechuanaland.

(b) The statement annexed to C. (54) 338 was too long to be given orally in the House of Commons. It would be preferable that there should be a much shorter oral announcement, supplemented by a White Paper containing detailed explanation and justification of the Government's decision.

The Cabinet—

(1) Approved the plan put forward in C. (54) 336, and authorised the Colonial Secretary to announce this in the House of Commons on 16th November.

(2) Invited the Colonial Secretary to settle the terms of the proposed announcement, in consultation with the Lord Chancellor, the Commonwealth Secretary and the Attorney-General.
7. The Cabinet had before them a memorandum by the Foreign Secretary (C. (54) 335) recommending that the amount of the loan which we had offered to Persia should be increased from £5 millions to £10 millions.

The Cabinet were reminded that, when they had authorised in July the offer of a loan of £5 millions to Persia, their object had been to give support to the Persian economy, to further the conclusion of a satisfactory oil agreement and to promote political stability in Persia. The Persians had, however, secured relief from their immediate difficulties through the grants and loans, totalling over $100 millions, which they had received from the United States. Now that an oil agreement had been concluded large sterling earnings would accrue to Persia in a few years' time and it was in our commercial interest to secure a foothold in the Persian market by assisting the Persians to overcome their immediate shortage of sterling. The Foreign Secretary hoped that the Cabinet would be willing to meet the desire of the Persians for a larger loan accompanied by more favourable terms than we had previously envisaged. He recommended that the Persians should now be offered a loan of £10 millions repayable over five years and that the interest rate on the loan should be 3½ per cent.

The Chancellor of the Exchequer said that he agreed that the amount of the loan should now be increased to £10 millions. He was, however, reluctant to agree to an interest rate as low as 3½ per cent. Our recent loan to Pakistan carried an interest rate of 4 per cent.; and, if we now lent money to Persia at 3½ per cent., we should be open to two criticisms—first, that we were lending to a foreign country on terms more favourable than those accorded to a Commonwealth country; and, secondly, that we were openly subsidising our exports. He would therefore prefer that a lower rate of interest, say 3 per cent., should be offered for any part of the loan borrowed for one year only, and that for the remainder we should adhere to the 4 per cent. rate of interest which had been offered previously.

The Minister of State, Board of Trade, supported the views expressed by the Chancellor of the Exchequer.

The Cabinet—

Agreed that a loan of £10 millions should be offered to Persia at rates of interest acceptable to the Chancellor of the Exchequer; and invited the Minister of State for Foreign Affairs to seek to persuade the Persian Government to accept the proposal that interest should be payable at 3 per cent. for any part of the loan repaid in the first year and 4 per cent. for the remainder.

8. The Cabinet considered a memorandum by the Minister of Pensions and National Insurance (C. (54) 337) putting forward a time-table for carrying through the proposed improvement in the rates of old-age and disability pensions.

The Minister of Pensions and National Insurance said that he had now received advance information of the results of the Government Actuary's quinquennial review of the working of the National Insurance Scheme and, in the light of this, he had been able to discuss with the Chancellor of the Exchequer the increases which could be made in the various rates of benefit under the Scheme. He informed the Cabinet of the increases which he proposed to make, with the Chancellor's concurrence, in the rates of National Insurance benefits and also in the rates of war disability pensions and pensions for war widows. He also indicated what the corresponding increase would be in contributions under the National Insurance Scheme.
The time-table proposed for the introduction of these improvements was summarised in the Appendix to C. (54) 337. The Minister explained that this was determined by the time needed to carry through the considerable administrative preparations required for collecting the increased contributions and paying the increased benefits. He had done his utmost to meet the political pressure for early improvement in the rates of old-age pension; and the time-table which he now put forward was substantially more attractive, from this point of view, than that to which he had originally been working. Under it the new rates of old-age pension would come into operation in April, instead of June. This improvement had been made possible by the Chancellor’s readiness to agree that the increased benefits might become payable two months before the first date on which collection of the increased contributions could begin. No further acceleration of this time-table could, however, be attempted without serious risk of an administrative breakdown.

The Minister explained that the plan outlined in the Appendix to C. (54) 337 would be supplemented by an increase in the rates of National Assistance. This was not shown in his time-table because it depended, not on the decision of the Government, but on the initiative of the National Assistance Board. He had, however, good reason to believe that before the end of the year the Board would propose an increase in their rates; and if, as he expected, their decision was taken in time to enable him to lay the necessary Regulations before Parliament early in December, the new rates could come into operation in January. It was likely, therefore, that this improvement, which would benefit the poorest of the old-age pensioners, could form part of the comprehensive plan which he hoped to put before Parliament in the Debate on the Address for improving the position of pensioners generally and increasing benefits under the National Insurance Scheme.

In discussion the following points were raised:

(a) Government spokesmen had consistently stated that these plans would be dependent on the results of the Government Actuary’s quinquennial review and the recommendations of the Phillips Committee. It was important, therefore, that the Government Actuary’s Report and the Report of the Phillips Committee should be available to Parliament before the Government’s plans were debated. The Cabinet were assured that the Government Actuary’s Report would be published before the Government’s plans were announced. It was not yet certain when the Report of the Phillips Committee would be available; but it was hoped that it might be published before the Parliamentary proceedings on the National Insurance Bill were concluded.

(b) The Report of the Government Actuary would provide statistical support for the increases to be made, under the Minister’s proposals, both in benefits and in contributions. The special value of the Phillips Report would lie in the support which it gave to the maintenance of the contributory principle.

(c) There was general agreement that it would be inexpedient to attempt to supplement the main scheme by any form of special Christmas payment to old-age pensioners.

(d) It was desirable that the improved rates of National Assistance should be brought into operation as early as possible in January.

(e) There was no reason to believe that there was any widespread hardship among old-age pensioners. Hardship was confined mainly to those who were unwilling to ask for supplementary assistance from the National Assistance Board; and, although these undoubtedly included the most deserving cases, their numbers were not large.

(f) It was most important that the Government should be able to show that no time was being lost in bringing the improved rates
into operation. It followed that, where legislation was necessary, Parliament should be urged to pass it at the earliest possible date; and that the further time required in completing necessary administrative preparation should be reduced to the minimum.

The Cabinet—
Agreed to resume their consideration of this question at their meeting on the following day.

Cabinet Office, S.W. 1,
10th November, 1954.