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

Present:

The Right Hon. Sir WINSTON CHURCHILL, M.P., Prime Minister.
The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council (Items 1-5 and 8-11).
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. OLIVER LYTTELTON, M.P., Secretary of State for the Colonies.
The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.
The Right Hon. PETER THORNEycROFT, M.P., President of the Board of Trade (Items 1-5 and 8-11).
The Right Hon. FLORENCE HORSBROUGH, M.P., Minister of Education.

The following were also present:—
The Right Hon. LORD DE L'ISLE AND DUDLEY, Secretary of State for Air (Items 3–5).
The Right Hon. IAIN MACLEOD, M.P., Minister of Health (Item 9).
The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury (Items 1–5).
Admiral Sir GUY GRANTHAM, Vice-Chief of Naval Staff (Item 6).

The Right Hon. LORD SIMONDS, 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. JAMES STUART, M.P., Secretary of State for Scotland.
The Right Hon. HAROLD MACMILLAN, Minister of Housing and Local Government.
The Right Hon. Sir THOMAS DUGDALE, M.P., Minister of Agriculture and Fisheries.
The Right Hon. GWILYM LLOYD-GEORGE, M.P., Minister of Food.
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Japan.
Trade with the
Sterling Area.
(Previous
Reference:
C.C. (54) 6th
Conclusions,
Minute 6.)

The Lord Privy Seal said that the Japanese Trade Agreement was to be debated in the House of Commons that day on the basis of a motion by the Opposition. Government supporters representing Lancashire constituencies had put down an amendment to that motion which, while recognising that the Agreement would bring advantages to the trade of the Empire, urged that "any further arrangements should provide such safeguards of the interests of the textile industry as the experience of the coming year may show to be necessary." It would be convenient, in the handling of the debate, if the Government could accept this amendment.

The President of the Board of Trade said that the wiser course would be to accept the amendment. The Agreement was limited to one year and renewal would have to be considered in the light of experience gained during that year. The textile industry was concerned mainly about its Colonial markets, but no guarantee could be given that those markets would be reserved for the Lancashire trade. He would have to make it clear during the debate that the United Kingdom Government could not dictate the trade policies of Colonial Governments; but, subject to this, he could accept the amendment.

The Colonial Secretary endorsed this view.

The Cabinet—

Authorised the President of the Board of Trade to accept the amendment to the Opposition motion on the Japanese Trade Agreement on the basis which he had indicated in the Cabinet’s discussion.

Parliament.

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

Armed Forces.

Pay.
(Previous
Reference:
C.C. (54) 7th
Conclusions,
Minute 3.)

The Lord President said that, as a result of discussions in the Committee which the Cabinet had appointed on 3rd February to work out details of a scheme for increases in Service pay, the Minister of Defence and Service Ministers had now agreed to reduce the total increases of £18 millions authorised by the Cabinet to a figure of £16½ millions, of which £10½ millions would be found in 1954 within the limits of approved Service Estimates. They were willing to discuss with the Minister of Labour how these pay increases could best be presented with a view to reducing their effect on current wage negotiations in industry. They considered, however, that the general scheme should be announced before the debates on the Service Estimates and that the details should follow within two days of the general announcement.

The Minister of Labour said that, if these increases in Service pay were to attain their object of retaining experienced men in regular service, they must be made to appear attractive to those men. His difficulty was that, the more this was done, the harder it would be for him to hold industrial wages to a reasonable level. He was hoping to hold the general level of wage increases in industry to about 7s. per week, but some of the proposed increases in Service pay were in the region of 14s. to 49s. a week. He would therefore like further time to consider the questions of presentation and timing in relation to current wage negotiations in industry. The difficult period in these negotiations would be between 20th February and the middle of March.
In discussion the following points were made:

(a) There had been no increases in Service pay since 1950, and it would be unreasonable to compare the increases now proposed with a 7s. increase in industry which was to be added to a number of earlier increases made since 1950.

(b) The Government could not hope to emerge with credit from the debates on the Service Estimates if no announcement of pay increases was to be made until after those debates. Increases made then would seem to have been extracted from the Government by pressure applied during the debates. It was generally agreed that on this account the announcement could not be deferred beyond 4th March.

(c) It could be shown that the proposed increases were designed to give greater rewards to experienced and skilled men and were, therefore, not comparable with an addition of 7s. to basic wage rates in industry. On the other hand, this increased differential in the pay of Servicemen could be used as an argument for differential increases for skilled men in industry; and the result would be increased costs and the loss of competitive power in export markets.

The Chancellor of the Exchequer said that, while he accepted the Cabinet decision, he still believed that a fair settlement might have been made within a total of £8 millions.

The Prime Minister said that the Chancellor of the Exchequer and the Minister of Labour should have a further day in which to consider the detailed figures of the scheme proposed by the Lord President and the method of its presentation to Parliament. If they desired to raise further points, the Cabinet should meet on the following day to discuss them. Subject to this, the proposals could be regarded as approved.

The Cabinet—

(1) Invited the Chancellor of the Exchequer and the Minister of Labour to examine the details of the revised scheme of increases in Service pay totalling £16½ millions, and to consider how best this scheme could be presented to Parliament.

(2) Agreed that, if the Chancellor of the Exchequer or the Minister of Labour found in the revised scheme any points of disagreement which they could not resolve in consultation with the Minister of Defence and the Service Ministers, the Cabinet should meet on the following day to settle any points still outstanding.

(3) Subject to Conclusion (1) above, approved the revised scheme of increases in Service pay and agreed that it should be announced before the forthcoming debates on Service Estimates.

The Chancellor of the Exchequer said that, in view of the Cabinet's decision to increase Service pay, it would be more difficult to continue to resist the claim for improvement of the retired pay of certain Service officers. The total cost of the improvement claimed was insignificant in comparison with the cost of the proposed increases in Service pay. It would, however, give rise to consequential claims; and he would like to reflect further on the whole question and submit precise proposals to the Cabinet.

The Cabinet—

(4) Took note that the Chancellor of the Exchequer would submit a further memorandum on the retired pay of certain Service officers.
4. In the light of the discussion recorded in the preceding
Minute, the Cabinet reviewed the prospects of making progress in
Parliament with the Judges’ Remuneration Bill. It was the general
view of the Cabinet that an announcement of increases in Service pay
and of improvement in the retired pay of certain Service officers
would create a climate of opinion in Parliament which would make
it possible to proceed with the Judges’ Remuneration Bill.

The Lord Privy Seal said that, while he accepted this view, he
would like to have a further opportunity to consider the precise timing
for taking the Second Reading of this Bill in the House of Commons.

5. The Cabinet considered a telegram from the Foreign Secre-
tary (Berlin telegram No. 120) commenting on the proposal for a
Five-Power Meeting (Berlin telegram No. 113) which the United
States Secretary of State had put forward at a private discussion
between the four Foreign Ministers in Berlin. The Foreign Secretary
had pointed out that in further discussion of this question it might
be difficult to maintain the unity of the three Western Powers; but
he had added that their main concern must be to prevent any
appearance of disunity, even though that might mean that he would
have to defend positions which fell short of what the United Kingdom
alone might have been able to offer.

The Minister of State said that, in his view, the American
proposal was unfortunately worded and unduly restricted in its
scope. He hoped that it might be possible to persuade Mr. Dulles to
accept a modified draft. It was most important that the offer to hold
a Five-Power Meeting should be kept open, even if its scope was
restricted. He agreed with the Foreign Secretary, however, that we
must avoid any appearance of disunity between the Western Powers.

The Minister of Housing emphasised the need to give support
to the French Foreign Minister. It was now likely that no agreement
would be reached on the unification of Germany and in these circum-
cstances M. Bidault, who had been firm in his support of the European
Defence Community, would need all the help we could give him in
persuading the French Parliament to proceed to its ratification. He
was unlikely to find support for this course unless it was clear to
French public opinion that he had not sacrificed French interests in
Indo-China.

The Prime Minister said that the fact of a Five-Power Meeting
would be more important than its form. If small results were
obtained from Berlin, there would still be hope that something better
might be obtained from a Five-Power Meeting, and it would be a
point gained if the United States and the Chinese People’s Govern-
ment sat down at the same conference table. For these reasons he
thought the Cabinet might tell the Foreign Secretary that he should
do his best to secure a Five-Power Meeting, and that he need not feel
obliged to defend every detailed argument used by the French and the
Americans on particular points, though he should maintain the unity
of the three Western Powers on all issues of principle.

The Cabinet—

Invited the Minister of State to send a message to the
Foreign Secretary on the lines suggested by the Prime
Minister.
6. When the Cabinet had considered on 28th January the possible courses which would be open to the Government in the event of a breakdown in the defence negotiations with Egypt, they had been disposed to agree that the best alternative policy would be to wind up the Base in the Canal Zone, to re-deploy the British Forces in the Middle East in our own time, and in Egypt to stand on our rights under the Treaty of 1936. They had appointed a Committee of Ministers to consider the military and legal implications of such a policy.

The Cabinet now had before them a memorandum by the Lord Chancellor (C. (54) 45) presenting the conclusions of this Committee. The Appendix to this memorandum outlined the military plan recommended by the Chiefs of Staff, after consultation with the Commanders-in-Chief, Middle East, for carrying out such a policy. This envisaged that the Base would be wound up by clearing Tel El Kebir first and rolling up from the south. It would be two years before this process could be completed, and the Treaty force (of 10,000 ground troops and 2,000 R.A.F.) would eventually take up their position in an area round Moascar/Abu-Sueir. They would there be adjacent to a land-force Treaty area, though not within it; and they would be in a position to control the bridges over the Suez Canal and the supply of black oil to Cairo. Their lines of communication, and their eventual line of evacuation, would be through Port Said. The project of a defended perimeter near Suez, which had been mentioned in the Cabinet's discussion on 28th January, had been abandoned—partly for legal reasons, but mainly because there was no accommodation for such large numbers of troops near Suez and it would not be justifiable to build it at this stage.

The Committee were satisfied that a reasonable legal defence could be put forward for this policy if it were challenged before an international tribunal during the two years that would necessarily be spent in winding up the Base and evacuating seven-eighths of the British Forces now in Egypt. We should be on strong legal grounds if we had announced that we were in process of evacuating the Base and reducing our troops to the numbers prescribed in the Treaty and if we had ensured that all our actions taken in Egypt thereafter were demonstrably directed towards that end. For we were clearly entitled to take a reasonable time to withdraw, and during that time we should be entitled to safeguard the security of our troops. It would not be necessary to announce in advance the precise positions which we expected to be occupying in 1956; and the question whether we could justify in law the positions actually occupied in 1956 would depend on the circumstances at that time.

In discussion of this alternative policy the following points were made:

(a) This plan for winding up the Base could not be carried through successfully without Egyptian co-operation. Some of the British authorities in Egypt thought it unlikely that this co-operation could be secured if the policy had to be presented to public opinion in this country as a policy of standing on our rights under the Treaty of 1936.

The Prime Minister said that it should not be assumed that the Egyptians would necessarily withhold their co-operation. If this plan were put into operation, it would be seen in Egypt that large numbers of British troops were being withdrawn; and the Egyptians might well feel that they need not offer active opposition to that part of the plan which provided for the evacuation of seven-eighths of the British forces now in Egypt. If, on the other hand, the Egyptians showed active hostility and resorted to violence, a new situation would be created in which it would be easier for us, both politically and militarily, to take a firmer line.

(b) The Chief of the Imperial General Staff said that he was mainly concerned about the security of the small force of 12,000
which under this plan would eventually be concentrated in the middle of the Canal Zone, with no power to safeguard its communications with Port Said or Suez.

*The Prime Minister* said that any military attack on this force would be regarded as an act of war which would justify us, not merely in reinforcing these troops, but in using air power in retaliation against the Egyptian forces.

(c) If this policy were adopted, we should have to explain why we attached less importance than we had hitherto to the maintenance of an effective Base in the Canal Zone. It would have to be made clear that no Base could be effective in war without the co-operation of the local government and the availability of local labour. The policy would have to be presented simultaneously with the plan for the re-deployment of our forces in the Middle East in areas where local co-operation was more likely to be forthcoming.

(d) If this policy were adopted, it would probably be expedient that, in addition to any public announcement, we should also make our intentions plain in a secret communication to the Egyptian Government. This could go further than the public announcement: it could, in particular, make it clear that any interference with our withdrawal by organised Egyptian forces would be regarded as an act of war.

*The Prime Minister,* summing up this part of the discussion, said that further study should be made of the alternative policy outlined in C. (54) 45. In particular, a detailed time-table should be prepared, showing the sequence of the military movements involved and their relation with the political steps which would have to be taken. For this purpose it could be assumed that the small British force of 12,000 which would eventually remain in Egypt under this plan need not be confined wholly within the areas prescribed in the Treaty for land forces.

The Cabinet then proceeded to discuss the prospects of securing a new defence agreement with Egypt.

*The Lord Chancellor* reminded the Cabinet that the alternative policy outlined in C. (54) 45 had been suggested as one which might be adopted only if the defence negotiations with Egypt came to nothing. He himself believed that the more satisfactory course would be to conclude a new defence agreement and he would be ready, if necessary, to make some further concessions to the Egyptians in order to obtain such an agreement.

*The Prime Minister* said that the terms which had been offered to the Egyptians in October had been presented as our final offer. It was on this basis that we had persuaded the United States Government to urge the Egyptians to accept them. And we had hitherto resisted all American suggestions that those terms should be modified with a view to making them more acceptable to the Egyptians. Were we now to give away, because of Egyptian intransigence, what we had been unwilling to concede in response to the suggestions of our American friends? This would surely weaken our bargaining position with the Egyptians. And it would certainly provoke criticism from Government supporters in the House of Commons.

*The Minister of State* said that we should certainly be on weak ground if we appeared to be offering concessions to the Egyptians at this stage. There was, however, some possibility of alterations in the October terms which would be to our advantage. Thus, on the clause regarding the availability of the Base in war, it had now been suggested that the Egyptians might be willing to accept a formula which included a reference to attacks on Turkey or Persia; and this would probably be preferable, from our point of view, to our own formula which in effect involved arbitration by the United Nations. On the wearing of uniforms by British technicians in the Base, we had less scope for varying our terms without appearing to
Transport Charges.
Increase in Freight Rates.

Previous Reference: C.C. (52) 98th Conclusions, Minute 5.

7. The Cabinet had before them memoranda by the Minister of Transport (C. (54) 1 and 40) and by the Chancellor of the Exchequer (C. (53) 362) on an application from the British Transport Commission for authority to increase railway freight charges by 10 per cent., subject to a limit of 10s. a ton.

The Minister of Transport said that, in accordance with the statutory procedure, he had referred this application to the Transport Tribunal, who had advised that the proposed increases of freight charges should be approved. The increases had to some extent been made necessary by the wage increase which the Government had encouraged the British Transport Commission to grant. It was also relevant that, while railway freight charges were \( \frac{3}{4} \) times what they had been in 1939, the rise in the general level of wholesale prices and, in particular, of coal prices had been substantially greater. There seemed to be no alternative but to approve the proposed increases; and, as every week's delay in their taking effect was costing the Commission some £500,000 in revenue, he sought authority to announce his approval at once. He had also felt bound to warn the Cabinet that the Commission would soon be applying for a further increase in London passenger fares and also that in due course he would wish to bring before his colleagues proposals for helping the Commission to finance the modernisation of the railways.

The Chancellor of the Exchequer agreed that the proposed increases in freight charges must be approved. He would be ready to consider on their merits any proposals which the Minister might put forward for helping the railways to finance modernisation but, as he had explained in C. (53) 362, he was opposed to any form of Government subsidy for the railways.

While there was general agreement that the proposed increases in freight charges must be approved, the Cabinet thought it important to make it clear in debate that the Government had not resigned themselves to the prospect of periodical increases of railway charges and would pursue with vigour their efforts to ensure that rising costs would be offset by economies resulting from greater efficiency.
Kenya.

General China.

(Previous Reference: C.C. (54) 4th Conclusions, Minute 7.)

8. The Prime Minister said that the Governor of Kenya, considering whether he should recommend commutation of the sentence of death passed on a leader of the Mau Mau rebels known as General China, should give due weight to the fact that it was now being claimed on General China's behalf that he had given himself up in response to the Government's offer of an amnesty. In view of the importance of convincing Mau Mau supporters generally of the reliability of this offer, might it not be advantageous to exercise clemency in General China's case, even though the Government did not in fact accept his claim to have surrendered under the terms of the amnesty? It appeared from paragraph 3 of the Governor's telegram No. 113 that he would be prepared to consider commutation in certain circumstances.

The Colonial Secretary said that on the facts there was no room for doubt. The judge who had tried General China had stated publicly that he did not believe that the rebel leader had given himself up in response to the surrender offer. On the question of expediency he was in full agreement with the Governor's view that commutation of the sentence would have a deplorable effect in Kenya, particularly among the Government's Kikuyu supporters, and would encourage the rebels to fight to the last in the belief that they would, even then, be treated with clemency. He did not share the Governor's view of the circumstances in which commutation of this sentence would be justified. There was, however, another case of a Mau Mau leader in which a claim that surrender had been made in response to the Government's surrender offer might possibly be established. In that event commutation of that sentence might be considered to be justified.

The Cabinet—

Took note of the Colonial Secretary's view that commutation of the sentence passed on General China would not be warranted but that, where a claim to have surrendered in response to the Government's surrender offer could be clearly established by a Mau Mau leader, commutation of sentence might be justifiable.

9. The Cabinet had before them memoranda by the Minister of Health (C. (54) 47 and 51) on the relation between smoking and cancer of the lung.

The Minister of Health said that the Home Affairs Committee had supported his view that it was unavoidable that he should announce in Parliament at an early date that he had been advised by his Standing Advisory Committee on Cancer and Radiotherapy that it must be regarded as established that there was a relation, though not a simple one, between smoking and cancer of the lung and that it was desirable that young people should be warned of the risks apparently attending on excessive smoking, particularly of cigarettes. If the Cabinet agreed, he proposed to make an announcement on 12th February in the terms of the draft answer to a written Question.
annexed to C. (54) 51, and to hold a Lobby Conference with the object of encouraging the Press to maintain a due sense of proportion in their comments on his statement.

The Prime Minister said that it was desirable that the Minister should also make public as much as possible of the facts and arguments on which the Advisory Committee had based their advice.

The Lord President said that the Home Affairs Committee had felt some doubt about the propriety of authorising the Medical Research Council to accept a sum of £250,000 which certain British tobacco companies had offered for research into causes of cancer. On further consideration, however, the Ministers concerned were satisfied that this offer could suitably be accepted on the basis that the companies had consulted the Minister of Health, who had advised that the money would be best put at the disposal of the Council.

The Cabinet—

(1) Approved the draft Answer annexed to C. (54) 51 and authorised the Minister of Health to publish it in the Official Report of the House of Commons for 12th February.

(2) Invited the Minister of Health to arrange for the simultaneous publication of as many as possible of the facts and arguments on which the advice of his Standing Advisory Committee was based.

(3) Agreed that the tobacco companies' offer of £250,000 for research might be accepted by the Government on the basis outlined by the Lord President.

10. The Cabinet had before them memoranda by the Home Secretary (C. (53) 317 and C. (54) 41) on the recommendations made in the report of the Royal Commission on Betting, Lotteries and Gaming (Cmd. 8190) and on the Government's attitude to the Pool Betting Bill.

The Home Secretary said that the Pool Betting Bill introduced by Mr. F. W. Mulley, M.P., went some way towards carrying out the Royal Commission's recommendations on football pools, which had been approved by the Home Affairs Committee. The Government's failure to define their attitude to the Bill when it had recently come up for Second Reading had already been the subject of unfavourable comment and, if they continued to maintain a neutral attitude when the Bill again came before the House on 12th February, they would be likely to incur further criticism. He therefore proposed that the Government spokesman on that occasion should make it clear that, if the Bill received a Second Reading, the Government would assist its further stages.

The Cabinet—

(1) Agreed that, in the resumed Second Reading debate on the Pool Betting Bill on 12th February, the Government spokesman should state that, if the Bill obtained a Second Reading, the Government would assist in its further stages.

(2) Deferred consideration of the other issues raised in C. (53) 317 and C. (54) 41.
11. The Cabinet had before them memoranda by the Prime Minister (C. (54) 39) and the Commonwealth Secretary (C. (54) 49) and a note by the Secretary of the Cabinet (C. (54) 48) about a proposal that The Queen, during her forthcoming tour of Ceylon, should visit the Temple of the Tooth at Kandy.

The Prime Minister said that, whereas the late Prime Minister of Ceylon had been of the opinion that in all the circumstances The Queen should not visit the Temple, the present Prime Minister of Ceylon was strongly in favour of such a visit and hoped that Her Majesty would be willing to observe Buddhist etiquette by removing her shoes when she entered the Temple. It has been ascertained that The Queen was anxious to meet the wishes of her Ceylonese subjects in this matter, and there did not appear to be any ground on which the Cabinet should consider tendering advice in a contrary sense.

The Cabinet—

Took note with approval of the Prime Minister's statement.

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