CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Tuesday, 26th July, 1955, at 11 a.m.

Present:

The Right Hon. Sir ANTHONY EDEN, M.P., Prime Minister.

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. HAROLD MACMILLAN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT WOOLTON, Chancellor of the Duchy of Lancaster.

The Right Hon. GWILYM LLOYD-GEORGE, M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. the EARL OF HOME, Secretary of State for Commonwealth Relations.

The Right Hon. SELWYN LLOYD, Q.C., M.P., Minister of Defence.

The Right Hon. PETER THORNEycroft, M.P., President of the Board of Trade.

The Right Hon. OSBERT PEAKE, M.P., Minister of Pensions and National Insurance.

The following were also present:

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (Item 9).

The Right Hon. HENRY HOPKINSON, M.P., Minister of State for Colonial Affairs (Items 3–5).

The Right Hon. HENRY BROOKE, M.P., Financial Secretary, Treasury (Item 9).

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. H. O. HOOPER.
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1. The Cabinet were informed of the provisional arrangements for business in the House of Commons in the first week after the end of the summer recess.

2. The Chancellor of the Exchequer said that the statement on the economic situation which he had made in the House of Commons on the previous day had been well received. He now wished to consult his colleagues on three particular aspects of the speech which he would be making when that statement was debated in the House of Commons later in the day.

First, as regards Government expenditure, he proposed to make it clear that he did not contemplate any drastic reduction of existing programmes of investment for the benefit of the social services. There would, in particular, be no interference with present plans for the building of hospitals or schools.

Secondly, he proposed to decline the requests which were being made for a forecast of the future course of Government policy in respect of the convertibility of sterling. He would at this stage confine himself to declaring the Government's aim of keeping the dollar value of the pound sterling at about $2.80.

Thirdly, as regards public expenditure on housing, he was disposed to say that the number of new houses to be started by local authorities in 1955 would be about 80 per cent. of the corresponding figure for 1954 and that house-building by local authorities would now be directed mainly to what was needed for slum clearance or for the relief of congestion in urban areas.

The Cabinet—

(1) Took note, with approval of the statements which the Chancellor of the Exchequer proposed to make, in his speech in the House of Commons, that afternoon, on exchange policy and on investment generally.

As regards housing, doubts were expressed about the expediency of making any statement which might provoke debate on housing policy before the Government had decided what adjustments should be made in the housing subsidy. The Minister of Housing said that, with the Cabinet's approval, he had been taking administrative measures to reduce the number of new houses to be started by local authorities; but the full effect of those measures had not yet been brought out by the published statistics and he had been able so far to avoid public disclosure of the fact that the number of new houses to be started by local authorities in 1955 would be only 80 per cent. of the number started in 1954. He would himself prefer that this fact should not be disclosed before Parliament adjourned. For he hoped that, before Parliament reassembled, the Government would have settled their future policy on housing subsidies. And, if the subsidy were reduced, the local authorities would have a financial incentive to reduce their rate of building and less reliance would need to be placed on the administrative methods for controlling the volume of local authority building.

In discussion the following points were made:—

(a) It was politically desirable that the annual total of new houses built should not fall below 300,000. Within that total a larger proportion might be privately built, but the number built by local authorities should not fall below 200,000.
(b) If the total was not to fall below 300,000 the volume of local authority building might have to be adjusted to take account of fluctuations in the volume of private building. Was it not possible that the policy of credit restriction might reduce the volume of private building? There had recently been a falling off in the number of houses started with assistance from building societies. It was, however, suggested that this was not so much because people were being discouraged, by higher interest rates, from borrowing from the building societies. It might rather be because the societies had less money to put into house building, since some investors were looking elsewhere for a higher return on their savings. In so far as credit restriction increased savings, the activities of the building societies might increase.

(c) In debate on investment the relevant factor would be the total volume of house building rather than the division of that total between local authority building and private building. It might therefore suffice to say that the total level had risen far above the target of 300,000 a year; that the Government were taking steps to bring the annual rate nearer to that target figure; but that it was not their policy to allow the rate to drop below that figure.

The Cabinet—

(2) Invited the Chancellor of the Exchequer, in his references to housing in his speech in the House of Commons that afternoon, to be guided by the views expressed in the Cabinet’s discussion, and particularly by those recorded in paragraph (c) above; and took note that he would settle the precise terms of his statement on this point in consultation with the Minister of Housing.
4. The Prime Minister reported to the Cabinet the impressions which he and the Foreign Secretary had formed as a result of their discussions with representatives of other Governments at the Four-Power talks in Geneva.

The situation in the Far East had not been considered by the Conference. It had, however, been the subject of private bilateral discussions outside the conference room. All the four Governments recognised that it presented a greater immediate threat to world peace than the situation in Europe. It was evident, from the conversations which had taken place, that President Eisenhower recognised the heavy responsibility that rested on him, and that he was resolved to do his utmost to restrain Chiang Kai-shek from any rash or provocative course of action. The efforts which he had so far made to persuade Chiang to withdraw his forces from the coastal islands had not been successful. He was now considering the possibility that Chiang might be induced to reduce his forces there, so that they might present less of a challenge to the Communists and, from his point of view, be less of a hostage to fortune. If the islands were held only as outposts, it would be less likely that a major struggle would develop there in which the United States might feel obliged to intervene. On the other side it was also evident, from the conversations at Geneva, that the Russians would use such influence as they had over the Chinese Communists to dissuade them from taking any action which might precipitate a major conflict in the Far East.

In the Conference itself discussion had turned mainly on the questions of German unification and European security. It had proved impossible to induce the Russians to modify their view that Germany could not be unified until a new system of security had been established in Europe. In this they were influenced by a genuine fear that Germany might re-emerge as a strong military power in Europe. Even if the Russian leaders could be persuaded that this could be prevented, their freedom to manoeuvre would for some time be limited by an instinctive fear of Germany among the Russian people. This evidently went so deep that even a dictatorship had to take account of it. At this Conference, at any rate, the Russians had seemed to be more apprehensive of the resurgence of Germany than of encirclement by the United States.

The other outstanding impression left by the Conference was the desire of the Russian leaders to establish more normal relations with Governments of the West. They seemed genuinely anxious to secure a relaxation of international tension and a friendlier relationship with the Western Powers.

The Foreign Secretary said that he was in full agreement with all that the Prime Minister had said and had little to add to it. The Russians had seemed far less anxious than he had expected about the possibility of encirclement by the United States. They were much more concerned about Germany—and, in the long run perhaps, at the position in which they might find themselves between a resurgent Germany and a strong China. He doubted whether the Foreign Ministers, at their meeting in October, would make much progress towards the unification of Germany. But, if a steady pressure were maintained, a solution might eventually be found through some form of security pact for Europe. Meanwhile it certainly seemed that the Russian leaders were anxious to follow peaceful policies in Europe. They had presumably concluded that, with the advent of nuclear weapons, European war would not serve their purposes. Moreover, with the end of the Stalin regime, they seemed less disposed to favour aggressive methods and would prefer, if they could, to devote their resources to the development of their internal economy.

The Cabinet—

Took note of these statements.
5. The Minister of State for Colonial Affairs said that the Legislative Assembly of Singapore had on the previous day passed a resolution asking (i) that the Governor, in the exercise of his powers, should place the most liberal possible interpretation on the terms of the existing constitution; (ii) that, where the Governor was required by the constitution to consult with Ministers, he should accept their advice; and (iii) that the time had come for the grant of a new constitution providing for the immediate grant of self-government. The Governor had said that he must have time to consider this resolution, and could not give an immediate reply to it.

The new constitution had been in force for little more than three months: there could be no question of amending it without full discussion: the Governor would doubtless do his best to avoid making any further statement until he had had an opportunity for personal consultation with the Colonial Secretary, who would be in Singapore for a short time on 31st July and would be returning, about ten days later, for a longer stay. Meanwhile the Commissioner-General for South-East Asia had arrived in Singapore and would doubtless bring his influence to bear on the Chief Minister. British troops were available to deal with any disorders that might arise. In Singapore one infantry battalion and a squadron of armoured cars were available, and there was another infantry battalion in Johore. There was every reason to believe that the police would be reliable.

The Prime Minister said that he saw no reason to consider the amendment of a constitution which had been in force for little more than three months. The Commissioner-General for South-East Asia would presumably send an early appreciation of the situation.

The Cabinet—

Took note of these statements.

6. The Cabinet had before them a note by the Lord Chancellor (C.P. (55) 89) covering an interim report of the Committee on Security in the Colonies.

The Lord Chancellor recalled that on 5th November, 1954, the Cabinet had appointed a Committee of Ministers to review the existing organisation of armed forces, police and security services in Colonial territories. This Committee had invited General Sir Gerald Templer to carry out an investigation on their behalf. General Templer’s report was annexed to his memorandum.

The military aspects of General Templer’s report were still under consideration. This interim report dealt only with his recommendations on Police and Security Services. The most important of these were:

(i) that separate Police and Intelligence Departments should be established within the Colonial Office;
(ii) that the Colonial Secretary should join with the Foreign Secretary and the Minister of Defence in issuing a new charter of the Joint Intelligence Committee;
(iii) that the Colonial Office should be permanently represented on the Joint Intelligence Committee and Joint Intelligence Staff; and
(iv) that the United Kingdom should, if necessary, contribute towards the cost of establishing regional police training colleges in the Colonies.

The Committee strongly endorsed these recommendations, which had now been accepted by the Colonial Office. Other less important recommendations in General Templer’s report had also been accepted and were being put into operation.
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(date) 1/1/85

(Signed) [Signature]
There was, however, one recommendation which neither the Colonial Secretary nor the Committee felt able to accept—namely that, in appropriate cases, there should be no hesitation in operating a "colour bar in reverse" to ensure rapid promotion of Africans in Colonial Police Forces. The Colonial Secretary feared that the adoption of this recommendation would undermine the morale of European police officers now serving in Colonial territories in Africa. The Committee had felt obliged to accept his view on this point, though they hoped that no opportunity would be lost of promoting senior African police officers, wherever possible.

In discussion the following points were made:

(a) The Minister of State for Colonial Affairs said that, in the light of Foreign Office experience, the Colonial Office were now prepared to accept the recommendations for the establishment of separate Police and Intelligence Departments within the Colonial Office and for the closer association of the Colonial Office with the work of the Joint Intelligence Committee and Joint Intelligence Staff.

(b) The Commonwealth Secretary suggested that the time had come when his Department should also be permanently represented on the Joint Intelligence Committee.

The Prime Minister said that he would like to have an opportunity of considering this suggestion, in the light of advice from the Chiefs of Staff and the Chairman of the Joint Intelligence Committee.

(c) In the later stages of their development towards self-government the Colonies enjoyed a considerable measure of independence in the allocation of their revenue, and it would not always be easy to ensure that in these territories expenditure on such purposes as the provision of houses for the police had a sufficiently high priority in comparison with expenditure on social services.

The Cabinet—

(1) Approved the recommendations in the interim report of the Committee on Security in the Colonies, and invited the Colonial Secretary to take immediate steps to bring them into operation.

(2) Took note that the Prime Minister would consider the suggestion that the Commonwealth Relations Office should be permanently represented on the Joint Intelligence Committee.

(3) Agreed that the Committee on Security in the Colonies should remain in being and should report to the Cabinet (i) on the military aspects of General Temple's report and (ii) on the progress made in giving effect to the approved recommendations on Police and Security Services in Colonial territories.

7. The Cabinet resumed their discussion on the question whether the United Kingdom should vote in favour of admitting Japan to the General Agreement on Tariffs and Trade (G.A.T.T.).

The Cabinet were informed that it now seemed likely that Japan would in any event obtain rather more than the minimum number of votes necessary for admission to the G.A.T.T. Of the more important industrial countries, Germany's attitude was not yet known, but it was understood that the Benelux countries intended to vote in favour of Japan's admission. On the other hand, an increasing number of those countries which intended to vote in her favour were expected to avail themselves of the protection afforded
by Article XXXV. Of the Commonwealth countries, Australia, South Africa and the Central African Federation were inclined to abstain, but Australia had asked what our intentions were.

In discussion the following points were made:

(a) Although we should invoke the safeguards afforded by Article XXXV, these would be effective only against Japanese competition in the home market and not against competition in export markets overseas.

(b) A decision to vote in favour of admitting Japan would not be popular in this country, especially in Lancashire. But it would tend to secure the advantage of Japanese goodwill, and neither abstention nor a hostile vote could now impede her admission.

(c) It would be possible for the United Kingdom to delay their vote until it was clear that Japan had already obtained the number of votes needed for admission.

The general feeling of the Cabinet was that, in these circumstances, the best course would be to vote for Japan’s admission. The Government would be open to political criticism if they recorded a favourable vote immediately after Parliament had adjourned; and our vote should be delayed on that account until about 8th August. In the interval the other Commonwealth Governments should be informed of the course which we proposed to follow; and it would be helpful if some of them could be persuaded to follow the same line.

The Cabinet—

(1) Agreed that the vote of the United Kingdom should be recorded, about 8th August, in favour of the entry of Japan into the G.A.T.T.; and authorised the President of the Board of Trade to make arrangements accordingly.

(2) Invited the Commonwealth Secretary to inform other Commonwealth Governments of this decision, and to do what he could to influence them to follow the same course.

8. The Cabinet had before them a memorandum by the Lord Chancellor (C.P. (55) 88) on the composition and terms of reference of the proposed Committee to enquire into the working of administrative tribunals.

The Lord Chancellor said that the proposals outlined in his memorandum were based on further consultations which had been held since the Cabinet previously discussed this matter on 30th June. Discussions had taken place between senior officials of the Departments concerned; and he had also had an opportunity of consulting with some of his colleagues before formulating his proposals.

Discussion showed that there was general agreement with the terms of reference proposed in paragraph 3 of the Lord Chancellor’s memorandum.

As regards the composition of the Committee, the following points were raised:

(a) Since the Lord Chancellor’s memorandum was written, Lord Radcliffe had been appointed a trustee of the will of the late Mr. Gulbenkian. This might make it impossible for him to accept the Chairmanship of the proposed Committee. The Lord Chancellor would consult him about this.

(b) Sir Oliver Franks might be asked to act as Chairman of the Committee if Lord Radcliffe were unable to do so. In that event Lord Justice Parker might be asked to serve as a member of the Committee.
(c) If the Trades Union Congress were invited to nominate a member of the Committee, the British Employers' Confederation might feel that they should have had a similar opportunity to nominate an employer. There was something to be said for including a suitable industrialist among the members of the Committee. It would, however, be preferable that both the trades unionist and the industrialist should be selected by the Government, though the Trades Union Congress and the British Employers' Confederation should have an opportunity to comment on the Government's choice before any public announcement was made.

The Cabinet—

(1) Approved the terms of reference, proposed in paragraph 3 of C.P. (55) 88, for the Committee which was to enquire into the working of administrative tribunals.

(2) Approved the membership of the proposed Committee, as set out in paragraph 4 of C.P. (55) 88, subject to the points noted in paragraphs (a) to (c) above.

(3) Invited the Lord Chancellor to ascertain whether Lord Radcliffe would be able to accept the Chairmanship of this Committee; to consult with the Minister of Labour and the President of the Board of Trade on the choice of a trades unionist and an industrialist to serve as members of the Committee; and to submit for the Prime Minister's approval his final recommendations regarding the composition of the Committee.

9. The Cabinet considered memoranda by the Minister of Transport (C.P. (55) 91) and the Minister of Works (C.P. (55) 96) on a scheme for relieving traffic congestion at Hyde Park Corner by constructing a new roundabout and tunnel and by converting Park Lane and the East Carriage Drive into one-way streets.

The Minister of Transport said that urgent action was needed to relieve the traffic congestion at Hyde Park Corner. Elements in the present scheme had been under consideration for a number of years and, although there had been important differences of opinion on the question whether a tunnel was necessary, those differences had now been resolved. The scheme now planned would have the effect, not merely of relieving local traffic congestion in the Hyde Park area, but of improving the access to inner London from the west. He recognised that the scheme, which would involve radical reconstruction at Hyde Park Corner, would affect the amenities in that area. But the problem had been exhaustively considered and the traffic problem was now so urgent that time should not be lost in canvassing the possibility of an entirely new alternative proposal.

The Minister of Works said that the Fine Arts Commission had commented adversely on this scheme, and it would certainly provoke much public controversy. He doubted whether the scheme would achieve as much as had been claimed for it: much of the traffic congestion might merely be transferred to the Piccadilly area. The traffic problem at Hyde Park Corner might be more effectively relieved by more radical road improvements elsewhere, e.g., near Victoria Station. The proposal to include a tunnel had been added at a late stage to a surface scheme which was already intended as a comprehensive scheme. He wondered therefore whether, with the tunnel as a nucleus, it might not be possible to work out alternative surface arrangements which would not encroach so much upon amenities.
In discussion it was pointed out that some of the amenities that would be destroyed could be recreated—the trees cut down could be planted again—but the problem of London traffic was already urgent and would get worse. It would store up trouble to put off dealing with it. The tunnel by itself would not solve the problem by relieving east–west traffic congestion because the approaches to it would take up space at present available for north–south traffic. It was accepted that, on any basis, a bold approach to the problem would be necessary. But the inclusion of a tunnel at a cost of £14 millions would raise the total cost of the scheme to £24 millions and the Cabinet should be satisfied from all points of view that it was the best solution that could be achieved.

The Lord President said that the Home Affairs Committee had been considering this problem for several months. Nobody liked encroaching on the Royal Parks, but he had been forced to the conclusion that the traffic problem could not be dealt with otherwise. He was convinced that both an enlarged roundabout and a tunnel would be necessary. The Cabinet’s discussion had, however, disclosed some differences of opinion on important aspects of the plan; and he thought that a further examination by the two Departments concerned, the Road Research Laboratory and the London County Council, in the light of the opinions expressed in the Cabinet’s discussion, might result in some improvements which might help to satisfy public opinion.

The Cabinet—

(1) Agreed in principle that there was need for major road improvements to relieve traffic congestion at Hyde Park Corner, Park Lane and Marble Arch.

(2) Recognised that these improvements would involve some encroachment on the amenities of the Royal Parks, but considered that, as a tunnel had now been added to the earlier proposals, it might be possible to modify the scheme in such a way as to reduce its interference with amenities.

(3) Invited the Minister of Transport to hold discussions for this purpose with representatives of the Ministry of Works, The Ministry of Housing and Local Government, the Road Research Laboratory and the London County Council, and to report the results of his discussions to the Cabinet before the end of September.

National Service: Science Teachers.

10. The Cabinet had before them a memorandum by the Chancellor of the Duchy of Lancaster and the Minister of Labour (C.P. (55) 90) proposing that science graduates willing to take up teaching should be allowed to defer their National Service and that a limit should be established for deferment of other scientists.

The Chancellor of the Duchy of Lancaster said that the shortage of scientists, which was causing general and serious concern, was bound to continue unless effective steps were taken to increase the number of teachers of science in the schools. The best means of securing this increase was to allow science graduates to defer their National Service on condition that they took up teaching and remained in that profession. But the number of deferments granted to scientists for work of other national importance had been increasing greatly in recent years, and if yet another category were now added it might become impossible to claim that the principle of universality of service was being maintained. A Sub-Committee of the Home Affairs Committee had, however, been able to agree upon certain proposals. It was recommended that a limit should be
established to the total number of deferments granted to scientists for all civilian purposes other than teaching, and a system evolved for allocating the deferments among the various interests concerned. In addition, all scientists who took up teaching could be deferred on the assumption that the number would not be likely to exceed 75–100 each year. If it became apparent that the number of applications was likely much to exceed these figures, there would have to be further consultation between the Education Departments and the Ministry of Labour. In order, however, to avoid giving any impression that deferment for this category would be granted without limit, the public announcement which, if approved, would be made in answer to a Parliamentary Question could simply say that favourable consideration would be given to the deferment of such graduates.

The Cabinet—

Approved the proposals outlined in C.P. (55) 90, and authorised the Minister of Labour to make an announcement, in reply to a Parliamentary Question, in the terms set out in the annex to that memorandum.

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26th July, 1955.
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