CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1,
on Tuesday, 18th October, 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. H. F. C. CROOKSHANK,
M.P., Lord Privy Seal.
The Right Hon. JAMES STUART, M.P.,
Secretary of State for Scotland.
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 Right Hon. R. A. BUTLER, M.P.,
Chancellor of the Exchequer.
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. Sir WALTER MONCKTON,
Q.C., M.P., Minister of Labour and
National Service.
The Right Hon. DUNCAN SANDYS, M.P.,
Minister of Housing and Local
Government.
The Right Hon. D. HEATHCOT AMORY,
M.P., Minister of Agriculture,
Fisheries and Food.
The Right Hon. Sir DAVID ECCLES, M.P.,
Minister of Education.

The following were also present:
The Right Hon. GEOFFREY LLOYD, M.P.,
Minister of Fuel and Power (Items 6
and 7).
Dr. the Right Hon. CHARLES HILL, M.P.,
Postmaster-General (Item 8).
The Right Hon. JOHN BOYD-CARPENTER,
M.P., Minister of Transport and Civil
Aviation (Items 9 and 10).
The Right Hon. Sir REGINALD MANNING-
HAM-BULLER, Q.C., M.P., Attorney-
General (Item 7).

Secretariat:
Mr. H. O. HOOPER,
Mr. F. A. BISHOP.
PUBLIC RECORD OFFICE

Reference
CAB 128/29

ALL ODD NUMBERS BETWEEN

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1. The Cabinet approved the terms of a Press announcement to be issued from 10 Downing Street the following day about the Parliamentary arrangements for debate on the economic situation. The Cabinet were informed that steps were being taken to notify the Opposition about these arrangements in advance.

The Cabinet were informed that there would be pressure for a debate on National Service as soon as Parliament reassembled, and it was suggested that it would be preferable for the Government's policy to be explained in a White Paper before such a debate took place.

The Minister of Defence said that a White Paper could be made ready for publication by 29th October but it would not be possible, in the time available, to include in it detailed proposals on certain aspects of National Service which needed further consideration. The White Paper would therefore cover substantially the same ground as had been surveyed in the Prime Minister's speech at Bournemouth on 8th October. It would, however, be an advantage to be able to reply to the Questions which would be asked as soon as Parliament reassembled by promising that a White Paper, even if it could not be made comprehensive, would be published by 29th October, and that a debate would be arranged in the following week.

The Cabinet—

(1) Invited the Minister of Defence, in consultation with the Minister of Labour, to prepare a White Paper on National Service with a view to publication by 29th October.

The Foreign Secretary proposed that, in view of the Questions which would be asked as soon as Parliament reassembled suggesting that the Government should institute an inquiry into the issues raised by the disappearance of the two Foreign Office officials, the Government should without delay promise that an opportunity would be given to debate this matter. This might be done in the course of the business statement by the Leader of the House on 25th October. He proposed to seek the guidance of the Cabinet on the line which should be taken in such a debate.

The Cabinet were in agreement with this proposal. The Prime Minister said that he would consider whether to inform the Opposition in advance of the Government's willingness to afford opportunity for a debate on this subject.

The Cabinet—

(2) Invited the Foreign Secretary to circulate a memorandum for discussion at their next meeting on the line to be taken by Government spokesmen in a debate on the disappearance of the two Foreign Office officials.

2. The Home Secretary recalled that the House of Commons Disqualification Bill, as at present drafted, would not come into operation until the next Dissolution of Parliament. After consulting the Prime Minister, he now proposed to move an amendment in the Committee Stage to provide that the legislation should come into force on the date of the Royal Assent, but that Members of Parliament adversely affected should be able to retain their seats without penalty until the next Dissolution. This would enable the rationalisation of the law on this subject, including that governing Ministerial offices and Ministers of State, to come into effect without
delay, but would at the same time protect sitting Members who would otherwise be affected.

The Cabinet—

(1) Took note with approval of the Home Secretary’s statement.

The Lord Privy Seal said that his attention had been drawn to a further case in which a Member of the House of Commons might have become disqualified by acceptance of an office of profit under the Crown. It was thought that Mr. C. A. Howell, M.P., had become disqualified since he was a member of two panels constituted by the Minister of Pensions and National Insurance. It would be necessary for the Government to move for the appointment of a Select Committee to investigate this case, when Parliament met.

The Cabinet—

(2) Took note of this statement.

3. The Cabinet had before them a memorandum by the Minister of Housing and Local Government (C.P. (55) 155) reporting the results of his discussions with local authority associations about reductions in housing subsidies, and setting out (in the Annex to his memorandum) the detailed changes he now proposed in the rates of subsidy.

The Minister of Housing said that the rates he now proposed were in certain respects even lower than those he had previously mentioned to the Cabinet. In particular, he had not found it necessary in his discussions with local authority associations to go above a level of £20 per house for houses provided in connection with slum clearance, although the rate previously envisaged for these houses was £24. Although the local authority associations had protested vigorously against the proposals, they had not produced any convincing evidence that they would be unable to maintain a satisfactory rate of council house building with the reduced subsidies.

In discussion, the view was expressed that a reduction in expenditure on housing subsidies would be more acceptable to the public if the rate of subsidy for houses provided in connection with slum clearance was not reduced below the present level of £22 1s. per house. To continue that level of subsidy would not, of course, meet the demand of local authorities for an increase on account of higher building costs and interest rates.

The Chancellor of the Exchequer said that from the point of view of securing the largest possible saving in Government expenditure he would prefer that the rate for houses built in connection with slum clearance should be kept to the lower figure of £20 which had already been announced to the local authority associations. A really substantial saving on housing subsidies could only be obtained when some reduction could be made in the commitments for houses that had already been built. It would be helpful if some reference to the need to review subsidies on existing houses could be made when the Minister announced his proposals. It was similarly very desirable that there should also be some indication of the Government’s intention to tackle the problem of rent restriction.

In discussion, it was pointed out that it had already been announced that the Government did not intend at present to alter the rates of subsidy payable in respect of houses already built. As regards rent restriction, it was suggested that it would be unwise to indicate that the Government had it in mind to deal with this problem unless their intentions could be carried into effect promptly thereafter,
and the Cabinet had not yet considered in detail what course of action it would be practicable to take in this extremely difficult matter.

It was the general opinion of the Cabinet that, in view of the close connection between the two subjects, it would not be possible in announcing a reduction in housing subsidies to avoid making some reference to rent restriction. It might be enough for the Minister of Housing to say that the Government recognised the relationship between the level of housing subsidies and the problem of rent control and were at present reviewing the whole structure of the Rent Acts. It was felt, however, that in the course of the Parliamentary proceedings on the Bill dealing with housing subsidies, it might become necessary for the Government to go somewhat further than this. It was agreed that the Cabinet should consider the draft of a statement on this subject at their next meeting.

In further discussion the following points were also raised:

(a) The higher rate of subsidy of £24 per house for houses provided by New Town Development Corporations or by "expanded" towns for the accommodation of "overspill" population from big towns was justified by the fact that these authorities had no pool of pre-war council houses over which an increase in rents could be spread. New Town authorities would also be unable to make up for a reduction in housing subsidies by an increase in rates in the same way as other authorities could.

(b) The proposed higher subsidies for flats in buildings above four storeys in height were necessary because the taller buildings required strengthened construction and cost proportionately more.

(c) The Secretary of State for Scotland said that the proposal (in paragraph 2(c) of the Annex to C.P. (55) 155) to take powers to recover from the Councils of "exporting areas" 50 per cent. of any contribution which was paid for the accommodation of their "overspill" population by way of subsidy to other Councils, would raise particular difficulties in Scotland, in view of the acute over-crowding in such places as Glasgow. He would like to consider the implication of this proposal for local authorities in Scotland.

The Cabinet:

(1) Approved the proposals for amending the rates of housing subsidies, as put forward in C.P. (55) 155, subject to the rate for houses provided in connection with slum clearance being £22 l.x. per house.

(2) Invited the Minister of Housing to circulate to the Cabinet, for consideration at their next meeting, a draft of the reference to the problem of rent control which he would propose to include in his announcement.

(3) Invited the Minister of Housing to consult the Secretary of State for Scotland about the implication for Scottish local authorities of the proposal, in paragraph 2(c) of the Annex to C.P. (55) 155, to recover a part of the Government's expenditure on subsidies from the Councils of "exporting areas."

4. The Cabinet had before them a memorandum by the Home Secretary and the Secretary of State for Scotland (C.P. (55) 148) seeking authority to announce that the Government could not accept the main recommendations of the Royal Commission on Capital Punishment and did not at present propose to introduce legislation to deal with the other recommendations.

The Home Secretary recalled that, after considering the report of the Royal Commission at their meeting on 29th July, 1954, the
Cabinet had agreed not to accept the three major recommendations of the Commission but had decided that no final decision should be announced until Members of Parliament had had an opportunity of expressing their views. The Cabinet had also agreed that legislation should not be introduced to give effect to certain minor recommendations of the Royal Commission. The debate on the Report of the Royal Commission which took place in the House of Commons on 10th February, 1955, turned mainly on a proposal, contained in an amendment to the Government Motion, that the death penalty should be suspended for a number of years. In so far as the recommendations of the Royal Commission were discussed in debate, there was substantial support for rejecting the proposals to raise from 18 to 21 the statutory age limit below which the sentence of death might not be imposed, and to confer discretion on the jury to decide whether extenuating circumstances would justify substituting a sentence of life imprisonment. The Royal Commission's third main proposal, that the McNaghten rules in regard to insanity should be abrogated, had excited rather greater difference of opinion, but no satisfactory alternative had been suggested.

Nothing had been said in the debate or subsequently which would give the Cabinet cause to reconsider the conclusions they had reached, but no suitable opportunity had occurred for making any further statement on the matter. The Howard League had, however, recently submitted a memorial urging that capital punishment should be abolished or that at any rate the recommendations of the Royal Commission should be adopted, and it was to be expected that as soon as Parliament reassembled there would be pressure for some further indication of the Government's intentions.

The Prime Minister said that, although any announcement would doubtless give fresh impetus to the demand that the death penalty should be abolished, nothing in his view had occurred to warrant any modification of the view which the Cabinet had previously taken. An announcement of the Government's decisions on the matter should therefore be made at the first suitable opportunity.

The Cabinet—

Endorsed the proposal in paragraph 5 of C.P. (55) 148 and authorised the Home Secretary to announce, when a suitable opportunity arose, the Government's decisions on the recommendations of the Royal Commission on Capital Punishment.

5. The Cabinet briefly discussed the question of the accommodation of the Soviet leaders during their forthcoming visit to the United Kingdom in April.

It was agreed that it would be appropriate for the Soviet leaders to be accommodated at a suitable hotel in London, but that arrangements should if possible be made for them to stay at private homes during their visits to Scotland and the provinces.

It was also agreed that an Association football match would be a suitable sporting event for the Soviet leaders to attend.

The Cabinet—

Invited the Foreign Secretary to be guided by the views expressed in their discussion in making the necessary arrangements for the visit of the Soviet leaders.
6. The Cabinet had before them a note by the Foreign Secretary (C.P. (55) 152) endorsing a report by officials which drew attention to the need for expenditure on a scale more closely related to the importance of our interests in the Middle East, particularly in the oil-bearing States. The report recommended that a working party should be set up to consider urgently what further action might be taken to safeguard these interests.

The Foreign Secretary said that British oil companies owned investments in the Middle East valued at £600 millions. The United Kingdom economy was now dependent on the oil produced in the Middle East area and, as the report showed, would become increasingly dependent on this oil. An asset of vital importance to us had grown up in that region within a period of fifty years and adequate steps should be taken to protect it. Both the Egyptians and the Saudi Arabians had been attempting to undermine our position in the area and it was evident that the Russians were now working to spread their influence there. Although the defence of our position depended primarily on the solution of major political problems, the prospects of success for our policies would be considerably enhanced by an increase in Government expenditure. Apart from sums spent in fulfilment of our treaty and similar obligations, the total expenditure of the United Kingdom Government in the area was at present less than £2½ millions a year. He hoped, therefore, that the Cabinet would endorse in principle the recommendation in the official report that our expenditure in the area should be on a scale more closely related to our essential interests there and would approve the setting up of a working party to go into the matter urgently.

Discussion showed that the Cabinet were generally in favour of these proposals.

The Chancellor of the Exchequer said that in his view our policy in the Middle East had long needed some reinforcement of this kind. He therefore supported the proposal that a working party should consider urgently, but without prejudice as to method or commitment as to the scale of any additional expenditure, what action might be taken.

The Minister of Education said, with reference to paragraph 11 (d) of the official report, that he was disturbed by the difficulties which were being encountered in providing British teachers and teachers of English for countries in which we had important interests. Other countries, notably Germany, were apparently able to subsidise the provision of teachers of their languages in foreign countries and he had even heard of subsidised European teachers being sent abroad to teach English. It was a disadvantage that the British Council were not in a position to subsidise teachers of English sent abroad. He hoped it would be possible for his Department to be brought into the proposed discussions.

The Prime Minister said that the proposals were both timely and important and that a preliminary report should, if possible, be submitted within two weeks.

The Cabinet—

(1) Endorsed in principle the recommendation in paragraph 13 of the report attached to C.P. (55) 152 that the expenditure of the United Kingdom Government in the Middle East, and particularly in the oil-bearing States, should be on a scale more closely related to our essential interests there.

(2) Agreed that a working party should be set up, with composition and terms of reference as set out in paragraph 13 of that report, with the addition of a representative of the Ministry of Education, to examine what further action should be taken to safeguard the free flow of oil supplies.
(3) Invited the Foreign Secretary to arrange that a preliminary report by this working party should be submitted to the Cabinet as soon as possible.
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The Cabinet had before them a memorandum by the Foreign Secretary (C.P. (55) 153) about the dispute with Saudi Arabia over Buraimi.

The Foreign Secretary said that wholesale bribery in the area by the Saudi Arabian Government had rendered the Arbitration Agreement of July 1954 unworkable. It would now be unsafe to rely on any form of international decision to settle the dispute satisfactorily, and we therefore had no alternative but to base our future action and policy on a position of strength. This would involve reoccupying those parts of the disputed area to which we considered our claim fully justified and which were vital to our interests and those of our client Rulers. That method had been adopted earlier in the year in dealing with the Aden Protectorate and the Muscat frontiers against Saudi Arabia. We should again make a unilateral assertion of a reasonable line, defend it, and refuse to negotiate about it. This would in fact mean that we should not occupy some territory to which the Ruler of Abu Dhabi had a good claim: we should emphasise our forbearance in this respect, and in any case should avoid prejudicing our full claim in case we had eventually to submit to judicial settlement.

The retention of the Buraimi Oasis was essential to our position in South-East Arabia and to our interests in the oil deposits which were believed to exist in the Trucial States and the Sultanate of Muscat and Oman. But, under the Arbitration Agreement, the Saudis had been allowed to station fifteen policemen in Buraimi. It would be necessary to overpower this group without warning. This, together with the other action necessary, including the resumption of control by the Muscat authorities of Hamasa, would be regarded as highly provocative by Saudi Arabia and many other Arab interests. If such action were challenged before the United Nations, the influence of the United States might be decisive, and we should therefore seek to convince the United States Government that the action we had taken was justified and necessary on economic grounds.

The Foreign Secretary therefore recommended that we should inform the United States Government, and immediately afterwards the Saudi Arabian Government, that the Saudi action had made a judicial settlement of the dispute impossible; that we should then unilaterally declare the frontier we regarded as reasonable, making it clear that we would be prepared to make minor rectifications by agreement; that we should support the Ruler of Abu Dhabi in reoccupying the disputed area and removing the Saudi police from Buraimi, and should give the Sultan of Muscat any help necessary to resume control of Hamasa; and that we should be prepared to defend the action we had taken by force, if necessary.

The Prime Minister said that he agreed that unilateral action on the lines proposed should now be taken. To announce beforehand our intention to break off arbitration and to take unilateral action would, however, involve the risk that such action might be forestalled or that an avoidable clash of arms might take place. He therefore preferred that the disputed area should be reoccupied first, and an explanation given afterwards.

Discussion showed that there was general agreement with the Prime Minister’s view, and the Cabinet were informed that the military arrangements which the proposed action called for would be considered by the Defence Committee on the following day.

The Cabinet also had a preliminary discussion of the possible legal consequences of the action proposed in C.P. (55) 153.
The Attorney-General said that the question of termination of the Arbitration might be the subject of litigation, if the President of the International Court was asked by the Saudis to appoint two new members to the Arbitration, and possibly the Saudis would succeed in getting the issue before the International Court. In view of this, it was important that our reasons for regarding the Agreement as repudiated by the Saudis should be expressed as fully and precisely as possible. We should have more chance of succeeding in establishing repudiation if we alleged and proved that the Pakistani member of the Tribunal had been bribed. If we relied only on the conduct of the Saudi member and bribery in the disputed area, he was not so hopeful of establishing before the Tribunal that the Saudis had repudiated the Agreement. It would be unfortunate if, after acting on the lines proposed, a Court or Tribunal later declared that the agreement to arbitrate was binding upon us.

It was the general view of the Cabinet that the legal consequences of the action which it was now proposed to take should be examined further by the Attorney-General, in consultation with the Foreign Office and Commonwealth Relations Office.

The Cabinet—

(1) Approved the recommendations in C.P. (55) 153, provided that the disputed area should be reoccupied before any announcement of our proposals was made to the United States or Saudi Arabian Governments.

(2) Invited the Attorney-General, in consultation with the Foreign Office and Commonwealth Relations Office to examine further the legal consequences to the action proposed in C.P. (55) 153.

Post Office Finance.

8. The Cabinet considered a memorandum by the Postmaster-General (C.P. (55) 146) seeking authority to publish in a White Paper proposals which involved a major recasting of Post Office finance and charges.

The Cabinet were informed that these proposals had been examined by the Home Affairs Committee who felt that the Cabinet should have an opportunity of considering them, particularly in view of the increases recommended in telephone rentals and certain postal charges.

The Postmaster-General said that the proposals resulted from a comprehensive review of Post Office finance and development. It had become necessary to raise the annual income of the Post Office by the sum of £25½ millions in order to meet increased wage and other costs, to provide for depreciation of the equipment of the telephone service on the scale appropriate to replacement cost and to enable the Post Office to return to “self-contained finance” by resuming the practice of making an annual fixed contribution to the Exchequer as before the war. Of the additional revenue needed £19 millions would be raised by imposing increased charges for the telephone service. The telephone service to private subscribers and to some business subscribers in the provinces was now subsidised, to the extent of over £6 a year in the case of a private provincial subscriber. The rental charges would now be increased very substantially from about £6 to £9 for an exclusive provincial private line and from about £4 10s. to £7 10s. for a provincial shared private line. Business subscribers would pay about £1 each more. These increases might well prove a deterrent to some of the 380,000 people now waiting for the telephone. In raising nearly £7 millions of additional revenue from the postal services the burden was to the maximum extent possible being placed where the greatest losses were being incurred, particularly the express and re-direction services.
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The 2d. letter rate would, however, remain, as would the 3d. call-box fee for telephones, but letters weighing over 2 ounces would cost more and the parcel rates would have to go up. All the new rates would be announced in the White Paper and would come into force on 1st January, 1956.

The Chancellor of the Exchequer said that he supported the proposals. The increased charges were anti-inflationary in character and would be helpful in the present situation. It was not possible to say the same of the £300 millions investment programme which was envisaged in the proposals, but the amount was less than the Postmaster-General had thought necessary and he recognised that the figure must be accepted.

In further discussion the following points were made:—

(a) Although telephone rentals were paid by private subscribers, unlike business subscribers, out of taxed income, this was not an adequate reason for subsidising the private subscriber. Private lines established in the provinces were more expensive to install and maintain and the private subscriber would continue to be subsidised under the present proposals, although less so than before.

(b) There might be criticism of the proposal to provide for the depreciation of the telephone service on the basis of replacement cost. None of the nationalised industries had adopted this practice. The Exchequer might lose more than it gained from this proposal if industry at large pressed to be allowed to provide for depreciation on this basis against their tax liability.

The Cabinet—

Approved the proposals contained in C.P. (55) 146 and authorised the Postmaster-General to publish the White Paper setting them out.

9. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 154) setting out three new issues which had arisen in relation to the forthcoming Road Haulage Disposals Bill.

The Minister of Transport said that these issues related to matters on which the Home Affairs Committee had felt doubt in considering more closely the scope of the forthcoming Bill. The issues were concerned with the future of the Parcels Company, the abolition at the end of 1956 of the transport levy and the proposed arrangements for dealing with the contract service vehicles.

The Cabinet had decided at their meeting on 14th July that the Parcels Company should be put on offer for sale in October and the arrangements for doing this were now far advanced. It had been felt, however, that there was some risk that this company, which was performing a valuable public service, might pass into the hands of a speculator who would have no interest but to break it up and sell the assets. If, on the other hand, sale could be postponed it might prove possible to devise an alternative method of disposal which would ensure the preservation of the Company as a public service by making use of the more flexible powers with regard to company disposal which would be provided in the forthcoming Bill. He himself, however, did not rate highly the risk that any speculator would put forward a satisfactory offer for this Company. The cancellation at this late date of the arrangements for sale would not merely require a reversal of the Cabinet's previous decision but would evoke question and criticism among Government supporters, and would not be well received by the Disposals Board itself. If an offer were received from an unsuitable purchaser, he could not intervene to adjudicate upon it unless he were invited to do so by the British Transport Commission or the Disposals Board after disagreement among themselves, but he could draw their attention to the undesirability of allowing the Company to fall into unsuitable hands.
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The Cabinet were informed that these proposals had been examined by the Home Affairs Committee who felt that the Cabinet should have an opportunity of considering them, particularly in view of the increases recommended in telephone rentals and certain postal charges.

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The Cabinet—

Approved the proposals contained in C.P. (55) 146 and authorised the Postmaster-General to publish the White Paper setting them out.

Road Haulage Disposals Bill.
(Previous Reference: C.M. (55) 28th Conclusions, Minute 6.)

9. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 154) setting out three new issues which had arisen in relation to the forthcoming Road Haulage Disposals Bill.

The Minister of Transport said that these issues related to matters on which the Home Affairs Committee had felt doubt in considering more closely the scope of the forthcoming Bill. The issues were concerned with the future of the Parcels Company, the abolition at the end of 1956 of the transport levy and the proposed arrangements for dealing with the contract service vehicles.

The Cabinet had decided at their meeting on 14th July that the Parcels Company should be put on offer for sale in October and the arrangements for doing this were now far advanced. It had been felt, however, that there was some risk that this company, which was performing a valuable public service, might pass into the hands of a speculator who would have no interest but to break it up and sell the assets. If, on the other hand, sale could be postponed it might prove possible to devise an alternative method of disposal which would ensure the preservation of the Company as a public service by making use of the more flexible powers with regard to company disposal which would be provided in the forthcoming Bill. He himself, however, did not rate highly the risk that any speculator would put forward a satisfactory offer for this Company. The cancellation at this late date of the arrangements for sale would not merely require a reversal of the Cabinet's previous decision but would evoke question and criticism among Government supporters, and would not be well received by the Disposals Board itself. If an offer were received from an unsuitable purchaser, he could not intervene to adjudicate upon it unless he were invited to do so by the British Transport Commission or the Disposals Board after disagreement among themselves, but he could draw their attention to the undesirability of allowing the Company to fall into unsuitable hands.
As regards the transport levy, he had come to the conclusion, for the reasons set out in his paper, that the Commission would have been very favourably treated, in accordance with the principles laid down in the 1953 Act, if the levy were terminated at the end of 1956. But the Commission had put forward an additional claim based on hardship which would entail a revision of the provisions of the 1953 Act. This claim was so substantial that his colleagues had felt that further consideration must be given to it. He hoped, however, that in any event the Cabinet would endorse his proposal to maintain the levy at the same rate for the year 1956.

In the case of the contract vehicles it had been felt to be anomalous to compel the Commission to sell and replace vehicles needed to carry out contracts which the Commission were legitimately entitled to undertake. He was arranging to discuss this matter further with the Road Haulage Association but he was averse to amending the 1953 Act to increase yet further the number of vehicles to be retained by the Commission.

It was pointed out in discussion that it could not be made a condition of sale of the Parcels Company that it should be preserved as a public service. A buyer would put the assets to the most economic use he saw for them and it would not be practicable to attempt to control his actions. On the other hand, it would be unfortunate if the Company, which was performing a useful public service, were to fall into the hands of a speculator who had no other intention but to break it up. The risk of such a buyer coming forward for a company valued at £7 millions was, however, considered to be remote. It was felt that this risk would have to be taken and that the Minister of Transport should use such influence as he could bring to bear on the Commission and the Disposals Board to minimise it.

It was the general feeling of the Cabinet that the question of the transport levy raised complex issues which should be explored further by the Minister of Transport in consultation with the Ministers most closely concerned. It would be appropriate if the problem of the contract vehicles were to be considered further at the same time.

The Cabinet—

(1) Agreed that the arrangements for putting the Parcels Company on offer for sale should proceed as planned, but invited the Minister of Transport to attempt in consultation with the British Transport Commission and the Disposals Board to minimise the danger of the Company falling into undesirable hands.

(2) Invited the Minister of Transport to consult further with the Lord President, the Chancellor of the Duchy of Lancaster and the Financial Secretary, Treasury, on the issues which had arisen in connection with the transport levy and the contract vehicles respectively, and to report back to the Cabinet.

(3) Approved the proposal that, in any event, the transport levy should continue at its present rate for the year 1956.

10. The Cabinet had before them a memorandum by the Minister of Transport (C.P. (55) 151) recommending that an independent committee of enquiry should be set up, on a widely representative basis, to examine the system of inland waterways.

The Minister of Transport said that the recommendations of an expert enquiry, the Rusholme Board of Survey, were already available. The purpose of the further and more representative enquiry which he favoured would be to create a climate of opinion in which some progress could be made towards abandoning canals which were surplus to transport needs, without undue obstruction by interests whose main concern was in the amenities of the canals.
In a preliminary discussion, the Cabinet recognised that there was considerable public sentiment on this question. If any further enquiry was entrusted to a small and expert body, the amenity and other groups interested in the matter might continue irresponsibly to resist the Government in their search for a practicable solution for the problem of the surplus canals. On the other hand, a more representative enquiry might simply lead to the submission of numerous minority recommendations, so that the enquiry would not result in the guidance which the Government wished to obtain.

The Cabinet—
Agreed to resume their discussion of this subject at their next meeting.

Cabinet Office, S.W.1,
18th October, 1955.