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SECRET

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C.C. (57)

26th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W. 1, on Thursday, 28th March, 1957, at 4.15 p.m.

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister.

The Right Hon. R. A. BUTLER, M.P.,
Secretary of State for the Home
Department and Lord Privy Seal.

The Right Hon. SELWYN LLOYD, Q.C.,
M.P., Secretary of State for Foreign
Affairs.

The Right Hon. The EARL OF HOME,
Secretary of State for Commonwealth
Relations (*Item 1*).

The Right Hon. JOHN MACLAY, M.P.,
Secretary of State for Scotland.

The Right Hon. Sir DAVID ECCLES,
M.P., President of the Board of Trade.

The Right Hon. IAIN MACLEOD, M.P.,
Minister of Labour and National
Service.

The Right Hon. LORD MILLS, Minister
of Power.

The Right Hon. VISCOUNT KILMUIR,
Lord Chancellor.

The Right Hon. PETER THORNEYCROFT,
M.P., Chancellor of the Exchequer.

The Right Hon. ALAN LENNOX-BOYD,
M.P., Secretary of State for the
Colonies.

The Right Hon. DUNCAN SANDYS, M.P.,
Minister of Defence.

The Right Hon. D. HEATHCOAT AMORY,
M.P., Minister of Agriculture,
Fisheries and Food.

The Right Hon. VISCOUNT HAILSHAM,
Q.C., Minister of Education (*Item 1*).

The Right Hon. HAROLD WATKINSON,
M.P., Minister of Transport and Civil
Aviation.

The following were also present:

The Right Hon. The EARL OF SELKIRK,
First Lord of the Admiralty (*Item 1*).

The Right Hon. GEORGE WARD, M.P.,
Secretary of State for Air (*Item 1*).

The Right Hon. EDWARD HEATH, M.P.,
Parliamentary Secretary, Treasury.

Admiral of the Fleet The Right Hon.
The EARL MOUNTBATTEN OF BURMA,
First Sea Lord and Chief of Naval
Staff (*Item 1*).

The Right Hon. JOHN HARE, M.P.,
Secretary of State for War (*Item 1*).

The Right Hon. AUBREY JONES, M.P.,
Minister of Supply (*Item 1*).

Marshal of the Royal Air Force Sir
WILLIAM DICKSON, Chairman, Chiefs
of Staff (*Item 1*).

General Sir GERALD TEMPLER, Chief of
the Imperial General Staff (*Item 1*).

Air Chief Marshal Sir DERMOT BOYLE,
Chief of the Air Staff (*Item 1*).

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. B. ST. J. TREND.

Mr. J. M. WILSON.

Statement on
Defence, 1957.
(Previous
Reference:
C.C. (57) 21st
Conclusions,
Minute 2.)

* 1. The Cabinet had before them a note by the Minister of Defence (C. (57) 80) covering a revised draft of the White Paper on future defence policy.

The Cabinet considered the draft White Paper paragraph by paragraph and various detailed amendments were approved.

In discussion the following points of substance were made:—

(a) *The Foreign Secretary* said that the last two Statements on Defence had opened with a reference to the main objectives of our defence policy and had emphasised the importance attached to the North Atlantic Alliance. It would be desirable that a similar reference should be included in the opening paragraphs of the present White Paper, in order to avoid any impression of an abrupt departure from earlier defence policy. The main reasons for the new approach were the change in the balance between nuclear and conventional weapons, the closer co-operation that was being established with our Allies, the changed nature of the Soviet threat and the need to relieve the strain imposed on the national economy by the present level of defence expenditure. These reasons should be set out after an opening passage which referred back to the previous Statements on Defence.

(b) No detailed assessment had yet been made of the cost of the proposals outlined in the White Paper. It would be desirable to establish their financial implications at least in broad terms before the White Paper was debated in Parliament.

(c) *The Chancellor of the Exchequer* said that in view of the recent agreement with the United States about the supply of medium-range ballistic rockets, it would be important to avoid giving any commitment in the forthcoming debate about the manufacture of a British version of this weapon.

(d) The paragraphs dealing with Civil Defence omitted any reference to stockpiles of food and oil. The present food stockpile would suffice to maintain the survivors of a nuclear attack for only a few weeks. Moreover, recent events had proved the importance of having reserve stocks of oil even for limited emergencies, and arrangements were in fact being made to build up a strategic reserve of oil. Even if it was undesirable to include a reference to the stockpiling of food and oil in this White Paper, it might be necessary to indicate during the Defence debate that a review of stockpiling was being undertaken both for global war and for other emergencies.

(e) The United Kingdom Permanent Representative on the North Atlantic Council had pointed out that the figures in paragraph 24 comparing defence expenditure in 1955 by the North Atlantic Treaty countries might subsequently be used as an argument against the United Kingdom by France and, later, by Germany. The figures for 1956 were likely to show our relative expenditure in a less favourable light, especially in comparison with France. On the other hand, these figures illustrated forcibly the present defence burden borne by this country. The increase in French defence expenditure was mainly due to the operations in Algeria.

(f) It would be desirable that full use should be made of the charter air line companies for the movement of units of the Central Reserve. Proposals on these lines were already being considered.

(g) *The Chancellor of the Exchequer* expressed concern about the cost of providing aircraft and guided weapons for the Royal Navy. It was recognised in paragraph 27 that naval forces would not for the most part contribute to the main deterrent and we could not afford to provide tactical nuclear equipment.

* Previously recorded in a Confidential Annex.

In reply it was stated that, under the revised defence programme, very substantial reductions would be made in the naval forces. The Royal Navy had an important role in limited wars and for this purpose it was essential that it should have up-to-date aircraft and anti-aircraft guided weapons.

(h) If the required increase in regular recruitment was to be achieved, it would be necessary to incur additional expenditure on improving conditions of service in the forces. It would also be important to pay fair compensation to existing officers whose service was prematurely terminated as a result of the reductions in the total size of the forces. The terms of compensation to be offered in these circumstances should be agreed between the Treasury and the Service Departments before the Defence debate.

(i) The paragraphs dealing with the ending of National Service and the reductions in the total size of the United Kingdom forces raised difficult problems of presentation. The recent discussions about the withdrawal of certain British forces from Germany indicated that there was likely to be considerable concern among Western European Union countries and in the North Atlantic Treaty Organisation about these proposals. There was a risk that the German Government might not ratify the recent agreement to provide £50 millions for the support of British troops in Germany when the extent of the proposed further reductions in British forces was made known. It might therefore be desirable to describe our objective in rather more general terms, and to give an undertaking that our Allies would be consulted about the scale and timing of the proposed reductions.

On the other hand, these reductions were the main feature of the new defence policy and unless firm decisions on the ultimate size of the forces were made and published now, the planned savings in future defence expenditure would not be achieved. In any event, the reductions would be spread out over a period of about six years; and in March 1958, there would still be about 620,000 men in the forces, compared with the present strength of about 700,000. If this was made clear in the White Paper there could be no justification for any German repudiation of the agreement to provide £50 millions during 1957-58 towards the cost of maintaining British troops in Germany in that year. Moreover, if the White Paper reaffirmed the Government's intention to plan ultimately for all-regular forces, it would be impossible to conceal the probable total size of such forces. A figure of 320,000 had been quoted by the Minister of Labour during a debate in Parliament in 1956.

(j) *The Chiefs of Staff* emphasised that a reduction in the total strength of the forces to 375,000 could not be justified on strictly military grounds. The threat of Communism had in no way diminished and, since the planned reductions in British forces would not, in the event, be counter-balanced by any comparable increases in the forces of the other countries in the Western Alliances, the total forces available for the defence of the free world would be reduced. Though no precise estimate could be given of the forces required for sound military planning, the further reduction now proposed from the previous target figure of about 410,000 would result in a disproportionate loss of fighting units. The Chiefs of Staff therefore considered that it should be made clear in the White Paper that the decision to reduce the forces eventually to 375,000 was dictated primarily by economic needs.

Summing up, *The Prime Minister* suggested that the concluding paragraphs of the White Paper dealing with the problems of manpower should be revised to take account of the points made in the discussion. The political difficulties of our Allies, particularly of the German Government, could not be ignored. It might therefore be preferable to begin these paragraphs by referring to our traditional

reliance on regular forces, and our declared intention to revert to this practice as soon as possible. It should also be emphasised that this country would continue fully to honour its commitments under our various regional pacts; that the programme of reductions would be kept under continual review in the light of changes in strategic circumstances; that the reduction would be spread over a period of six years; that only a small proportion of the programme would be carried out during 1957-58; and that we would work in close consultation with our Allies. He undertook to prepare revised paragraphs on these lines which, together with the amendments already agreed, would be incorporated in a further draft of the White Paper to be circulated for consideration by the Cabinet early in the following week.

The Cabinet—

- (1) Invited the Foreign Secretary to prepare a revised draft of the opening paragraphs of the White Paper.
- (2) Invited the Chancellor of the Exchequer to arrange for a preliminary costing of the proposals in the White Paper to be made before the forthcoming debate on Defence.
- (3) Invited the Service Ministers, in consultation with the Chancellor of the Exchequer, to consider the terms of compensation for officers whose services were prematurely terminated as a result of the reductions in the forces.
- (4) Took note that the Prime Minister would prepare a revised draft of the paragraphs dealing with manpower.
- (5) Agreed to give further consideration to a revised draft of the White Paper at a meeting early in the following week.

**Industrial
Disputes.**

(Previous
Reference:
C.C. (57) 25th
Conclusions,
Minute 5.)

2. *The Minister of Labour* said that the employers in the engineering industry had now intimated that they would be prepared to enter into direct discussions with the unions, as a preliminary to the submission of the dispute to a Court of Enquiry, provided that the conditions of negotiation were the same as those adopted by the employers in the shipbuilding industry. The unions' representatives appeared to have accepted this proposal, though with considerable reluctance. In these circumstances, if the representatives of the employers offered a wage increase of less than 5 per cent., as seemed not unlikely, the negotiations might break down rapidly and there could be no certainty that the unions would be prepared to withdraw the strike notices which had been issued to take effect on 30th March.

The Minister of Transport said that the Amalgamated Society of Locomotive Engineers and Firemen (A.S.L.E.F.) had declined to give the undertakings regarding increased efficiency which the National Union of Railwaymen (N.U.R.) were willing to give in consideration of the proposed wage increase of 5 per cent. Until they had done so the British Transport Commission were not prepared to pay the footplate men more than the wage increase of 3 per cent. which the arbitrator had awarded.

The Cabinet—

Took note of these statements.

*Cabinet Office, S.W. 1,
30th March, 1957.*