CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Wednesday, 6th November, 1957, at 11 a.m.

Present:

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


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.

The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council.

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

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

Dr. The Right Hon. CHARLES HILL, M.P., Chancellor of the Duchy of Lancaster.

The following were also present:

The Right Hon. The EARL OF SELKIRK, First Lord of the Admiralty (Item 8).

The Right Hon. GEORGE WARD, M.P., Secretary of State for Air (Item 8).


The Right Hon. JOHN HARE, M.P., Secretary of State for War (Item 8).

The Right Hon. The EARL OF PERTH, Minister of State for Colonial Affairs (Items 9-10).

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

Secretariat:

The Right Hon. Sir NORMAN BROOK.

Mr. B. ST. J. TREND.

Mr. H. O. HOOPER.

Mr. J. M. WILSON.

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1. The Prime Minister said that he was concerned at the course of the current discussions on future relations between this country and Malta. The Prime Minister of Malta, Mr. Mintoff, had now put forward further financial demands; and, in addition, there were new aspects of the proposal for political integration which seemed likely to give rise to serious difficulty. It was possible that Mr. Mintoff might be seeking a pretext for breaking off the negotiations. If so, it was desirable that our position should be stated to him in terms which would command the approval of Government supporters in this country. The Prime Minister therefore proposed to prepare, in consultation with the Colonial Secretary, a written statement of the position of the United Kingdom Government on the points recently raised in these discussions. This could be incorporated in a letter which he would send to Mr. Mintoff.

The Cabinet—

Took note with approval of this statement by the Prime Minister.

2. The Prime Minister recalled that on 22nd October the Cabinet had held a preliminary discussion of the various proposals for further Government action in relation to pensions and had agreed to resume their discussion at a subsequent meeting. On reflection he had come to the conclusion that, before the Cabinet’s discussion was resumed, further work should be done by officials on two of the main alternative courses outlined in C. (57) 211. First, he thought that the Ministry of Pensions and National Insurance should study in detail the practical and administrative difficulties of operating a scheme of compulsory supplementation, with special reference to the difficulties of “contracting-out.” Secondly, he suggested that the Treasury should continue their study of a State scheme of graduated contributions and benefits and should, in particular, consider the possibility of enlarging the concept of graduated contributions as a means of financing social services. When these studies had been completed a further memorandum could be prepared as a basis for the Cabinet’s resumed discussion of this question.

The Cabinet—

Instructed the Secretary of the Cabinet to arrange for officials to carry out further studies of this problem on the lines indicated by the Prime Minister.

3. The Cabinet were informed that financial discussions with representatives of the Egyptian Government had now been resumed in Rome. These discussion were exploratory in character. The basis on which the Treasury representative was proposing to proceed was set out in paragraph 4 of Rome telegram No. 695. It should however be understood that he would not at this stage seek to commit Her Majesty’s Government to any final agreement; and that, in particular, he would not be authorised to conclude even a provisional arrangement on the basis indicated in paragraph 4(e) of that telegram, viz., releasing some part of Egypt’s blocked sterling balances against the deposit of a corresponding sum by Egypt with some neutral international body.

The Cabinet—

Noted the basis on which financial discussions were being conducted in Rome with representatives of the Egyptian Government.
4. The Prime Minister recalled that the Atomic Energy Authority had appointed a Committee, under the chairmanship of Sir William Penney, to investigate the cause of the accident which had occurred on 10th October at the plutonium plant at Windscale. The report of this enquiry had now been submitted. It was a highly-technical document dealing with the design and operation of a defence installation, and it was written in language which presupposed considerable knowledge of the technology of this particular plant. The Prime Minister said that, after a careful study of the report, he had come to the conclusion that it would not be in the public interest to publish it. It had, however, disclosed some defects of organisation and some shortcomings in the technical procedures for carrying out the particular operation which was in progress when the accident occurred. He had therefore decided that these matters, together with the general arrangements for safeguarding health and safety, should be the subject of a further enquiry to be carried out under the chairmanship of Sir Alexander Fleck, the Chairman of the Imperial Chemical Industries, Limited. Sir Alexander Fleck had agreed to undertake this task, and his report would be prepared in a form suitable for publication.

The Prime Minister said that he proposed to present to Parliament on 8th November a White Paper which would contain a summary of Sir William Penney's findings on the cause of the accident, the report of the Medical Research Council on the precautions taken to safeguard health and safety, and a report by the Atomic Energy Authority indicating in general terms the nature of the deficiencies disclosed by the accident and recommending that a review should now be made of organisation and procedures with a view to reducing the risk of any similar accident in the future. It would be stated in the White Paper that Sir Alexander Fleck had agreed to undertake this review.

In discussion there was general agreement with the course which the Prime Minister proposed to take. It was stated, in reply to questions, that the White Paper would include a detailed explanation of the reasons why it was improbable that an accident of this type could occur at Calder Hall or at any of the reactors to be erected under the programme for the production of nuclear energy for civil purposes.

The Cabinet—

Took note that the Prime Minister would present to Parliament on 8th November a White Paper on the causes of the recent accident at the plutonium plant at Windscale.

5. The Prime Minister said that his statement on the Government's attitude towards wage claims, which he had made in the debate in the House of Commons on the previous day, had provoked relatively little controversy in the House and seemed on the whole to have been well received by the Press. While he was convinced that the Government should adhere firmly to their policy in practice, he doubted whether they would gain by prolonging public debate on it. In the event their policy would be judged by its results; and further political controversy at this stage was unlikely to bring any advantage. He proposed that a short statement should be prepared defining the main elements in the Government's attitude; and that this should be made available for use by Ministers and other Government speakers for the purpose, not of prolonging debate on this question, but of ensuring that consistent answers were given to the questions which were still likely to be raised.
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The Cabinet—

Invited the Home Secretary, in consultation with the Chancellor of the Exchequer, the Minister of Labour, the Paymaster-General and other Ministers directly concerned, to prepare a draft statement of the Government's attitude towards wage claims on the lines indicated by the Prime Minister.

6. The Cabinet discussed the arrangements for handling the remainder of the Debate on the Address in the House of Commons. They were also informed of the business to be taken in the House of Commons in the following week.

7. The Foreign Secretary said that the Iraq Petroleum Company (I.P.C.) were proposing to extend the oil pipeline through Syria at a cost of some £15 millions. The Shell Company had asked whether Her Majesty's Government would wish them, in view of their interest in the I.P.C., to support this proposal. Since the project should benefit Iraq and should not prejudice the separate proposals for the construction of an alternative pipeline through Turkey, there was no reason why we should discourage the Shell Company from participating in it; and he proposed that they should be advised accordingly.

The Cabinet—

(1) Authorised the Foreign Secretary to inform the Shell Company that, so far as Her Majesty's Government were concerned, they were at liberty to support the proposal by the Iraq Petroleum Company for the extension of the oil pipeline through Syria.

The Foreign Secretary said that it would shortly be necessary to decide what policy we should adopt during the forthcoming debate in the United Nations on the report of the Secretary-General proposing that the cost of clearing the Suez Canal should be recovered by means of a surcharge of 3 per cent. on Canal dues. We should need to discuss our tactics with the French Government and to ascertain whether the United States Government would see objection to our abstaining on the vote on this proposal. We should not, however, court the risk that our abstention might cause the Secretary-General's proposals to fail to receive the necessary majority vote and so revive pressure in the United Nations for the whole cost of clearance to be borne by the French Government and ourselves. On balance, therefore, it seemed probable that it would be to our advantage to vote in favour of the Secretary-General's proposals rather than to abstain.

The Minister of Transport said that this course would be regarded by our own shipowners as a betrayal of their interests. They would be liable either to press for reimbursement of the proposed surcharge or to refuse to pay it. In the latter event, the Egyptians might seek to deny them the right of passage of the Canal, and a delicate situation would then arise.

In discussion there was general agreement that it would, on balance, be to our advantage that the Secretary-General's proposals should be approved. Further thought should be given, however, to the best means of so presenting these proposals to our own shipowners that they would accept them with the minimum of complaint.
The Cabinet—

(2) Invited the Foreign Secretary, in consultation with the Minister of Transport, to give further consideration to the manner in which the United Kingdom attitude towards the proposals by the Secretary-General of the United Nations for the recovery of the costs of the clearance of the Suez Canal might be framed in order to enlist, as far as possible, the support of United Kingdom shipowners for those proposals.

Defence Policy.

8. The Cabinet had before them a memorandum by the Minister of Defence (C. (57) 257) on recruitment for the Armed Forces.

The Minister of Defence said that, if the objective of all-regular forces of 375,000 was to be achieved by 1962, the average entry of adult long-term recruits would need to be 27,000 a year up to the end of 1962 and 22,500 a year thereafter. Since April this year the annual rate of entry on long-service engagements for all three Services had been no more than 10,000. The latest figures had, however, been more encouraging. The number of recruits in September had been higher than in the corresponding period in 1956, and the provisional figures for October, following the abolition of the three-year Army engagement, suggested that the annual rate of long-term engagements might be doubled. But a total increase of about 50 per cent. in long-term entries would be required if all-regular forces of the planned size were to be achieved. The willingness of men and women to join the Services was influenced by a wide variety of factors and it was difficult to assess the relative weight to be attached to each of them in present conditions. With the agreement of the Service Ministers he had therefore decided to set up an independent committee under the chairmanship of Sir James Grigg to advise on the long-term measures needed to attract and retain sufficient men in the Forces. In the meantime, some interim action was needed to stimulate recruitment. He had therefore suggested that Service pay should be increased to restore the ratio to civilian wages established in February 1956 and that various disparities and anomalies in allowances should be removed. These measures would cost about £39 millions in 1958-59. In addition it would be important to show that the problem of providing better barracks and more married quarters was being tackled with determination. This would involve an annual expenditure of about £10-15 millions. He realised the difficulties of giving any pay increase to the Services at this juncture but he thought it would be impossible to achieve the objective of all-regular forces if Service pay was significantly lower than the average of civilian wages.

The First Lord of the Admiralty said that more men were volunteering for service in the Navy than were required for the present planned total of 80,000 in 1962. The Navy would be able to recruit about 10,000 more volunteers than were at present wanted by that date. In his view the most important factor in recruitment was to establish clearly the future roles of the Services and to provide them with good equipment. The necessary volunteers would then be forthcoming.

The Secretary of State for War said that the number of long-term recruits was at present about 1,200 a month, compared with the average of 1,850 a month required if the target figure of an all-regular force of 165,000 by 1962 was achieved. Delay in tackling the problem of closing this gap would make it more difficult to achieve the objective and might well increase the ultimate cost. An early announcement should be made of the Government's intention to
improve Service conditions. This might conveniently be done in the
course of the debate on defence in the House of Commons on the
following day. An increase in pay would have a significant effect,
at least in the short term. If, however, any increase in pay had to
be deferred in view of the general economic position of the country,
it would be the more important to remove the anomalies and
injustices in the system of allowances, particularly those for married
men who could not be provided with married quarters. In the
long term, improvements in accommodation would probably have
the greatest effect in stimulating recruitment. Married quarters for
the Army were at present inadequate, and most of the barracks were
in a deplorable state. An early start should be made on a programme
for improving these conditions.

The Secretary of State for Air said that the recruitment of
apprentices was satisfactory and there were adequate numbers of
re-engagements by men already in the Royal Air Force. Initial
entries on long-term engagements were, however, about 25 per cent.
below the figure required to achieve the planned size of the Royal
Air Force in 1962. Though in general accommodation in the
Royal Air Force was better than in the Army, some improvements
were needed; and, if the present gap in long-term recruitment was
to be closed, measures on the lines proposed by the Minister of
Defence were necessary.

The Chancellor of the Exchequer said that he was doubtful
whether all-regular forces of 375,000 could be achieved whatever
increases in pay were given. If all-regular forces could not be
recruited, the alternatives would be either to continue some form
of conscription or to reduce the Services' commitments. On the pay
proposals, he had been disturbed at the premature publication in
the Press of details of the proposals prepared by the Services. He
understood that an enquiry was being made into this. Even an
interim pay increase for the Services would at this stage undermine
the Government's attempt to curb inflation. The most that should
be announced publicly was that the question of any pay increases
was being considered. Decision should be deferred at least until
February, when the extent and effect of the current round of wage
claims in industry could be assessed and any adjustments about
increases in pay could be related to the reshaping of the Services
and their equipment in the light of the special studies which the
Defence Committee had agreed should be undertaken. Some of
the proposals for adjustments in allowances appeared to be no more
than indirect pay increases. He could not agree to any increases in
allowances until there had been further consideration of the need
for them and the amounts involved had been firmly established.
He agreed, however, that some provision should be made for the
improvement of barrack accommodation and the provision of
married quarters, but this should be within the ceiling proposed
for the Defence Budget. He was also concerned about the proposal
to set up an independent committee. He would have thought that
this proposal would have been brought to the Cabinet for approval
in principle before the Government were committed to it. If such a
committee were to be appointed it would be important to ensure
that their terms of reference made it clear that they were not required
to consider rates of pay nor, in particular, what rates of pay would
be required to achieve all-regular forces of any given size.

In further discussion the following points were made:

(a) It would be incompatible with the objectives of recruiting
all-regular forces to turn away volunteers for the Navy. Further
consideration was already being given to the question of adjusting
the role of the Navy in relation to the other two Services as part of
the special studies initiated by the Defence Committee.
Further consideration might be given to the possibility of obtaining recruits from oversea territories and particularly from the Colonies. In the past such recruitment had been limited by the ruling that units recruited overseas could only be used within the territory concerned.

There was general agreement that any interim pay increase for the Services should be deferred until the beginning of 1958, when full information about the Defence Estimates would be available. Doubts were expressed about the advisability of proceeding with the building programmes of the Services in view of the heavy cuts that had recently been made in civilian investment. On the other hand, such a programme, particularly if it were within the agreed ceiling for the Defence Budget, could be justified as part of the effort to reduce the present armed forces from a total of 750,000 to all-regular forces of about half that size.

It would not be possible at this stage to reverse the arrangements which had already been made to set up the independent committee under Sir James Grigg’s chairmanship. The fact that such an independent enquiry had been made might be helpful to the Government, if it subsequently became apparent that some form of conscription had to be continued owing to a short-fall in volunteers. The terms of reference should, however, be discussed between the Minister of Defence and the Chancellor of the Exchequer and submitted to the Prime Minister for approval.

The Prime Minister, summing up the discussion, said that the Government could not at this stage abandon the attempt to provide all-regular forces by 1962. It might, however, be prudent to initiate discreetly a study of the action which could be taken if it subsequently became apparent that the planned size of the forces could not be achieved by voluntary recruitment. Any interim increase in Service pay and allowances should be deferred until the beginning of 1958, when it could be considered in the general context of the Defence Estimates. Meanwhile, further study should be given to the question of allowances, particularly those which could be regarded as part of the arrangements for providing adequate accommodation for Service personnel. A programme for the improvement of barracks and married quarters should also be prepared. In the course of the defence debate on the following day it could be stated that the Government were studying the question of pay and allowances for the Services but that no decision had yet been reached, and that the Government proposed to go ahead with a steady programme for improving accommodation for the Services. Certain improvements in uniform and clothing were also being considered. A reference in general terms might also be made to the setting up of the committee under Sir James Grigg’s chairmanship but the Minister of Defence should agree the terms of this reference with the Chancellor of the Exchequer.

The Cabinet—

(1) Agreed that the proposals for increasing Service pay and allowances should be considered further when the full Defence Estimates for 1958–59 were discussed.

(2) Agreed in principle that a programme for improving barrack accommodation and married quarters for the Services should be prepared within the agreed Defence Budget and invited the Minister of Defence, in consultation with the Chancellor of the Exchequer and the Service Ministers, to arrange for such a detailed programme to be prepared.

(3) Invited the Minister of Defence, in consultation with the Service Ministers, to take account of the points noted in paragraphs (a) and (b) above in their studies of the future defence programmes.
(4) Invited the Minister of Defence, in consultation with the Chancellor of the Exchequer, to prepare terms of reference for the independent committee under Sir James Grigg's chairmanship and to submit them for the Prime Minister's approval.

Cyprus.

9. The Cabinet considered a memorandum by the Foreign Secretary and the Minister of State for Colonial Affairs (C. (57) 258) on a request that the Sub-Commission of the European Commission on Human Rights should be granted facilities to visit Cyprus for the purpose of investigating Greek allegations that the administration of the Island was being conducted in a manner which constituted a breach of the European Human Rights Convention.

The Foreign Secretary said that it would be difficult for the investigators to refrain from concluding, in accordance with the terms of Article 15 of the Convention, that there was in Cyprus a state of emergency or public danger sufficient to justify the imposition of emergency measures. Investigation of the circumstances in which the curfew regulations were applied was unlikely to lead to any damaging disclosures. It would seriously prejudice the presentation of our case in the forthcoming debate on Cyprus in the Assembly of the United Nations if we refused to afford the facilities sought, and the Solicitor-General had advised that there were no adequate legal grounds for doing so. Therefore, despite the risks involved, he had come reluctantly to the conclusion that it would be expedient to accord these facilities.

There was also a possibility that facilities might be sought at a later stage to investigate allegations of ill-treatment of persons in Cyprus. While we remained responsible for law and order in Cyprus, we could not allow these allegations to be the subject of an international investigation on the spot. This request, if it were made, must be firmly resisted.

The Minister of State for Colonial Affairs said that the Colonial Secretary was in agreement with the views expressed by the Foreign Secretary.

In discussion there was general agreement that, in a choice of evils, the course proposed by the Foreign Secretary should be adopted. It would be damaging to our interests in the United Nations if we now repudiated our obligations under this Human Rights Convention.

The Cabinet—

(1) Endorsed the proposals in paragraphs 7(v) and 10 of C. (57) 258.

The Foreign Secretary said that he proposed to inform M. Spaak, the Secretary-General of the North Atlantic Treaty Organisation, who was now in London, that we were still concerned that he should use his good offices to promote a tripartite conference on the future of Cyprus in the New Year. He would, however, attempt to discourage M. Spaak from continuing to pursue the proposal for an independent Cyprus as a possible basis of settlement. Our objective must remain to secure the deferment of a decision on the international status of Cyprus for a prescribed period of years. The concept of a condominium for Cyprus might provide the basis of a settlement for the intervening period; and consideration might be given to a proposal that Turkey as well as the United Kingdom should retain enclaves in Cyprus for defence purposes.

SECRET.
The Cabinet—

(2) Authorised the Foreign Secretary to discuss with the Secretary-General of the North Atlantic Treaty Organisation, on the basis which he had outlined, the possibility of convening a tripartite conference on the future of Cyprus.

10. The Cabinet had before them a memorandum by the Minister of Labour (C. (57) 259) on the considerations affecting the ratification of four Conventions adopted by the International Labour Conference.

It was proposed to ratify Convention No. 105 concerning the abolition of forced labour, as the law and practice of the United Kingdom were already fully in accord with its requirements. It was not practicable to ratify Convention No. 104 concerning the abolition of penal sanctions for breaches of contract of employment by native workers in dependent territories; but it could be stated that the basic principles of Recommendation 100, concerning the protection of migrant workers in under-developed countries, were generally acceptable to the majority of the Governments of our non-metropolitan territories. Recommendation 102, concerning welfare facilities for workers, could be accepted with reservations.

The Cabinet—

Authorised the Minister of Labour to present a White Paper announcing the proposals outlined in C. (57) 259.

Cabinet Office, S.W. 1,
6th November, 1957.