CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 1st April, 1958, at 10.30 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 (Items 1-4).
The Right Hon. ALAN LENNOX-BOYD, M.P., Secretary of State for the Colonies.
The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council.
The Right Hon. SIR DAVID ECCLES, M.P., President of the Board of Trade.
The Right Hon. HENRY BROOKE, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs (Items 3-8).
The Right Hon. HAROLD WATKINSON, M.P., Minister of Transport and Civil Aviation.
The Right Hon. JOHN HARE, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. REGINALD MAUDLING, M.P., Paymaster-General.

The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.
The Right Hon. D. HEATHCOAT AMORY, M.P., Chancellor of the Exchequer.
The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland.
The Right Hon. DUNCAN SANDYS, M.P., Minister of Defence.
The Right Hon. IAIN MACLEOD, M.P., Minister of Labour and National Service.
The Right Hon. LORD MILLS, Minister of Power.
The Right Hon. GEOFFREY LLOYD, M.P., Minister of Education.
Dr. The Right Hon. CHARLES HILL, M.P., Chancellor of the Duchy of Lancaster.

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

Secretariat:
The Right Hon. SIR NORMAN BROOK.
Mr. B. ST. J. TREND.
Mr. M. REED.
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1. The Cabinet reviewed the situation created by the Soviet announcement of their unilateral decision to suspend tests of nuclear weapons. This, though it had been expected, would put the Western Powers at some disadvantage from the point of view of world opinion; for neither the United States nor the United Kingdom was at present prepared to forgo the scientific knowledge which some further tests would give them. The Cabinet were informed of the nature and purpose of the further tests included in the current British series. It would be particularly difficult for the United Kingdom Government to forgo these before they knew precisely what information they might expect to obtain from the United States authorities after the proposed amendment of the MacMahon Act. This would be regulated by a bilateral agreement which, after the amending legislation had been passed, would have to lie before Congress for thirty days; and, if this procedure could not be completed before Congress rose in the summer, the agreement could not come into operation until February 1959. Fortunately, there had recently been indications that the Administration were now more conscious of the need to expedite this process; and it was possible that the terms of the agreement might be finally settled during the Prime Minister's visit to Washington in June.

Consultations would now be opened with Allied Governments on the nature of the public response to be made to this Soviet announcement, and no formal statement of the United Kingdom Government's position could be made until those consultations had been completed. The Prime Minister would, however, need to make some interim statement in reply to Questions which were to be addressed to him in the House of Commons that afternoon. It was agreed that, in the course of this, attention should be drawn to the fact that the Soviet announcement had been made at a moment when an extensive series of Russian tests had just been finished, a further series of American tests was about to begin and the current series of British tests had not been completed. Reference should also be made to the fact that the disarmament proposals, which had been put forward by the Western Powers but rejected by the Soviet Union, had included provision for the suspension of nuclear tests if accompanied by a satisfactory system of international control. Finally, the issue should be linked with the suggestion for a meeting of Heads of Governments, at which proposals for an international agreement on the suspension of nuclear tests could be considered. It was fortunate that the statement on the attitude of the Western Powers towards such a meeting had been endorsed by the North Atlantic Council before the Soviet announcement on nuclear tests had been made. Its simultaneous publication had gone some way to reduce the impact of that announcement on public opinion in the free world.

The Cabinet—

(1) Approved the terms of the interim statement which the Prime Minister proposed to make in the House of Commons that afternoon on the Soviet announcement of their unilateral decision to suspend nuclear tests.

(2) Invited the Foreign Secretary to arrange for consultations to be opened with Allied Governments on the nature of the public response to be made to this Soviet initiative.

2. The Paymaster-General said that, in the resumed discussions in Paris about the European Free Trade Area, the French Government had maintained their opposition to our own proposals and their reluctance to put forward their alternative plan. There were some indications that the other signatories of the Treaty of Rome were unwilling to exert the necessary pressure on the French Government to expedite the negotiations. It would be desirable, particularly in connection with the forthcoming visit of the German Federal Chancellor to this country, to consider how the Six Powers could
be induced to bring the discussions to a head; and it might also be necessary to invoke the assistance of the United States Government for this purpose.

The Minister of Defence said that, on the other hand, there was some hope that, as a result of his recent discussions in Bonn and Rome, the German and Italian Governments would be prepared to consider the possibility of enlarging the scope of their agreement with the French Government for the manufacture of arms so as to extend it to the United Kingdom.

The Cabinet—
Took note of these statements.

Cyprus.
(Previous
Reference: (Previous
Conclusions, Minute 4.)

3. The Foreign Secretary said that, in view of the postponement of the Greek elections, there was now no prospect of an early resumption of negotiations with the Greek Government about Cyprus. It would be difficult to justify to Parliament a period of complete inactivity over this problem, and some means must therefore be devised of maintaining discussions with the Turkish Government in the interim. As a first step he had informed them that they were not entitled to interpret his recent discussions in Ankara as offering them a base in Cyprus except as part of a plan for a political settlement likely to command the acquiescence of the three Governments concerned and of both the Cypriot communities. The next step would be to indicate to them our own view of the possible basis of such a settlement. For this purpose we might suggest to them an arrangement whereby, in return for the establishment of a Turkish base in Cyprus, they would release us from our undertaking to accept a partition of the Island in the last resort and would acquiesce in a policy of unitary self-determination for the part of the Island outside the British and Turkish bases with the minimum of delay, subject to adequate guarantees, embodied in a Treaty, for the rights of minorities and to certain limitations of sovereignty as regards militarisation and foreign policy.

In discussion it was suggested that, if we put forward this proposal immediately after appearing to modify the undertaking about the establishment of a Turkish base in Cyprus, the Turkish Government would be likely to reject it and to adopt an even more intransigent attitude towards any other solution which might subsequently be suggested, including the conception of tri-dominium. Moreover, the proposal would imply that, apart from the British and Turkish bases, Cyprus would be free to achieve union with Greece; and if, as a result, communal disorders broke out or the Soviet Union sought to gain a foothold in the Island, public opinion in this country would be critical of an arrangement whereby, although we retained troops in Cyprus, we failed to intervene in order to restore law and order. For this reason it might be wiser to put forward the concept of tri-dominium at the next stage in the negotiations and to reserve the proposal outlined by the Foreign Secretary for discussion only if tri-dominium proved to be unacceptable.

On the other hand, this proposal was known to have the support of the United States Government. Moreover, it was likely to be more acceptable than tri-dominium to the Greek Government; and it could be regarded as deriving originally from a suggestion which the Turkish Government themselves had tentatively made at one point during the earlier discussions. There was no reason to suppose that, if the situation in Cyprus deteriorated again, a system of tri-dominium which would depend upon the full co-operation of the three Governments concerned would be any more effective in securing the maintenance of law and order.
The Prime Minister, summing up the discussion, said that the balance of advantage appeared to lie in putting this proposal to the Turkish Government not as a definite plan which we sponsored but as a suggestion which they themselves had originally made and we had subsequently been considering. This approach should be made as informally as possible, preferably through the Turkish Ambassador in London, in order to ascertain whether the Turkish Government were prepared to entertain it. If they rejected it, we should then have no alternative but to put forward publicly our own solution based upon tri-dominium, for which we should continue to make preparations.

The Cabinet—

(1) Invited the Foreign Secretary to ascertain informally, on the lines indicated by the Prime Minister, the Turkish reaction to the proposal which he had submitted to the Cabinet.

(2) Invited the Colonial Secretary to arrange for officials to continue their examination of the means of giving effect to the conception of tri-dominium.

Parliament:

4. The Cabinet were informed of the business to be taken in the House of Commons the week after the Easter recess. The Budget would be opened on 15th April. It was hoped that the debate on the Budget Resolutions would be concluded on 21st April.

Rent Restriction.

(Previous Reference: C.C. (58) 27th
Conclusions, Minute 1.)

*5. The Minister of Housing said that, following the Cabinet's earlier discussion of his proposals for legislation to mitigate hardship arising out of the Rent Act, 1957, he and the Secretary of State for Scotland had again considered, with the Lord Chancellor, what should be the level of rent payable after a landlord had applied to the County Court for an eviction order. As a result he did not wish to modify his earlier proposal that, as from 6th October, 1958, the tenant should be required to pay a rent equal to the "controlled" rent of twice the gross value of the property (or the corresponding figure in Scotland) up to the date on which the landlord's application was determined by the court. But he now proposed that, if stay of eviction was granted, the proposal in paragraph 6 (vii) of C. (58) 64 should be modified and that the tenant should thereafter be required to pay, throughout the period of postponement, whatever rent was asked by the landlord, subject to the power of the court, if satisfied that this sum was more than the tenant could reasonably afford, to abate it to a level not less than twice the gross value of the property. This proposal should protect the tenant from financial hardship and would at the same time give less cause for complaint to those tenants who had already made agreements with their landlords.

Discussion showed that there was general agreement that this proposal was preferable to the earlier suggestion that the court's determination should be subject to an upper limit of 2½ times the gross value of the property. Under the latter scheme the tenant who had already reached agreement with his landlord on a rent above the prescribed limit would be aggrieved, while the fact that the Government recognised a certain formula as defining a permissible rent would tend to cause all rents to be fixed at or near the limit allowed by that formula. It could admittedly be argued that, if no upper limit was fixed, a landlord who wished to gain possession of his property in order to sell it outright would be able to secure an artificially high rent if the tenant were unable to prove that he could...
not pay it without hardship. In practice, however, there were likely
to be few cases of this kind. Nor was it reasonable that the courts
should be required to determine rents, during a stay of eviction, on
the basis of open market values, since they would be unable to
discharge this duty without in each case inspecting the premises.

In further discussion there was general agreement that the balance
of advantage lay in the early introduction of legislation on the lines
proposed in C. (58) 64, amended on the lines indicated in the
discussion as regards the rent to be payable during a stay of eviction.

The Cabinet—

(1) Authorised the Minister of Housing to announce on the
following day the outline of the Government's proposals
to mitigate hardship arising out of the Rent Act, 1957.

(2) Invited the Minister of Housing to settle the terms of the
announcement with the Lord Privy Seal, the Secretary
of State for Scotland and the Chief Whip.

(3) Invited the Minister of Housing to arrange for the drafting
of the necessary legislation and for its introduction on
a date to be agreed with the Lord Privy Seal.

Land:

6. The Cabinet had before them a memorandum by the Home
Secretary (C. (58) 70), covering the report of a Sub-Committee of the
Home Affairs Committee, under the Chairmanship of the Lord
Chancellor, which proposed that the basis of compensation for
compulsory acquisition of land should be amended to provide for
market value; that no change should be made in the compensation
payable for planning restrictions; and that no attempt should be
made to provide for recovery of betterment.

In discussion it was recognised that there were strong arguments
of equity for amending the present system under which a land­
owner was liable to receive a lower price for his land if it was
compulsorily acquired by a public authority than if he sold it to a
private purchaser. Moreover, a Private Member's Bill which sought
to provide compensation on the basis of market value for compulsory
acquisition of land had already received an almost unanimous Second
Reading and had been warmly welcomed by the Government's
supporters both in the House of Commons and in the country. The
mover of this Bill, Captain Corfield, M.P., was unwilling to withdraw
it in the absence of an assurance of Government legislation.

On the other hand, a statutory obligation to pay compensation
at market values would in certain cases materially increase the cost
to public authorities of acquiring land. This would expose the
Government to the criticism of impeding municipal development,
which would be particularly embarrassing in relation to slum
clearance in Glasgow and other congested urban areas. Moreover,
a Bill which increased the level of compensation for compulsory
acquisition but made no attempt to deal with the problem of
betterment would be likely to revive public interest in the whole
question of the taxation of land values, on which it would neither
be practicable nor politically desirable to attempt to legislate in the
last session of the present Parliament.

The Prime Minister, summing up the discussion, said that the
Cabinet would need to give further consideration to the issues
involved before deciding whether it would be appropriate to introduce,
during the forthcoming session, legislation dealing with compensation
for the compulsory acquisition of land. Meanwhile, however, there
would be advantage in proceeding with the preparation of a draft
Bill. Captain Corfield, M.P., could be given no assurance that the
Government intended to legislate but should be persuaded, if
possible, to agree not to proceed further with his own Bill.
The Cabinet—

(1) Invited the Minister of Housing to arrange for the drafting of a Bill to provide that the basis of compensation for compulsory acquisition of land should be market value.

(2) Agreed to consider further, at a subsequent meeting, whether it would be appropriate to introduce this Bill during the 1958–59 session.

(3) Invited the Minister of Housing, in his further discussions with Captain Corfield, M.P., to be guided by the points made in their discussion.

Malta.

(Previous Reference: C.C. (58) 26th Conclusions, Minute 2.)

7. The Colonial Secretary said that the Governor of Malta had assented to the Appropriation Bill which had been passed by the Maltese Legislature and was about to sign the necessary warrants for the issue from the Consolidated Reserve Fund of the monies required for capital works during the financial year 1958–59 and for recurrent services during the first quarter of that year. The Governor’s action was constitutionally correct, as he was obliged in this matter to act on the advice of the Maltese Government. He had, however, been instructed to inform the Government, when he signed the warrants, that the United Kingdom subvention to the Maltese budget would not be increased beyond £5 millions and that any deficit above this figure must be made good from the financial resources of the Island.

The Cabinet—

Took note, with approval, of this statement.

Territorial Waters.

(Previous Reference: C.C. (58) 24th Conclusions, Minute 2.)

8. The Lord Chancellor said that the Attorney-General had sought authority to make public forthwith at the International Conference on the Law of the Sea our proposal that the limit of territorial waters should be established at six miles for all purposes, subject to an appropriate reservation on rights of passage for warships and aircraft. This proposal would be unwelcome to the Canadian Delegation who were still seeking to persuade us to support their plan for a three-mile limit to territorial waters coupled with exclusive fishing rights up to a limit of twelve miles.

In discussion the Cabinet reaffirmed their view that our own proposal should be put forward at whatever point was judged by our representatives at the Conference to be appropriate.

The Cabinet—

Invited the Foreign Secretary to inform the Attorney-General that he should formally propose, at the point which he judged appropriate in the discussions at the International Conference on the Law of the Sea, that the limit of territorial waters should be established at six miles for all purposes with a reservation of rights of passage for warships without prior authorisation and rights of passage for aircraft outside the three miles.

Cabinet Office, S.W.1,
1st April, 1958.