CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 11th September, 1958, at 4 p.m.

Present:


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.

The Right Hon. John Macrleay, M.P., Secretary of State for Scotland.

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.

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. Viscount Kilmuir, Lord Chancellor.

The Right Hon. D. Heathcoat Amory, 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. Ian 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.


The following were also present:

The Right Hon. Sir Reginald Manningham-Buller, Q.C., M.P., Civil Lord, Admiralty (Item 7).

The Right Hon. Edward Heath, M.P., Parliamentary Secretary, Treasury.

Secretariat:

Mr. E. St. J. Trend.

Mr. J. S. Orme.

Mr. G. H. Baker.

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1. The Home Secretary said that, as the result of discussions which, together with the Colonial Secretary, he had held with West Indian Ministers, it should now be possible to formulate an approach to the Federal Government of the West Indies designed to enlist their co-operation in controlling the flow of emigration from the territories within the Federation, while reserving to the United Kingdom Government the right to take statutory powers, if necessary, to deport undesirable immigrants from the Commonwealth. In the light of the further consultations with the West Indian Governments which should result from this approach, it would be possible for the Cabinet to reach a decision on this issue of policy.

The Minister of Labour said that it was important that, as part of any new arrangements to strengthen the control over emigration from the West Indies, it should be made more explicit than at present that a passport would not be issued to an emigrant unless he could furnish satisfactory evidence that he had an assured prospect of employment in this country. This would be the most effective means of ensuring that coloured immigration into the United Kingdom did not merely increase the level of unemployment. On the other hand it would be the stipulation which the West Indian Governments would be most likely to resist.

The Cabinet—

Invited the Home Secretary, in consultation with the Colonial Secretary and the Minister of Labour, to initiate formal discussions with the Federal Government of the West Indies on the possibility of establishing a more satisfactory control over emigration from the West Indian territories to the United Kingdom.

2. The Cabinet had before them a memorandum by the Secretary of State for Scotland (C. (58) 186) to which were annexed certain documents relating to the recent arbitration on the salaries of Scottish teachers.

The Chancellor of the Exchequer said that the wording of the findings of the arbitration tribunal made it clear that the purpose of arbitration in this particular case had been, not to determine the amount of the proposed increase in the salaries of Scottish teachers, but to enable the two parties on the National Joint Council to submit to the Secretary of State an agreed recommendation on this subject. The Secretary of State remained free, therefore, to exercise his statutory right to modify or to reject this recommendation, if he saw fit to do so. At the present juncture, when it was proving increasingly difficult for the Government to sustain their policy of wage restraint, it would be particularly inappropriate to concede to Scottish teachers an increase in salary of as much as 5 per cent. Such a concession would encourage the practice of claiming interim awards and would undermine the convention, which had hitherto been accepted by many grades in the public service, that salaries should only be reviewed at prescribed intervals of several years. Moreover, if it became clear that the Government were prepared to acquiesce in interim awards, there would no longer be an incentive to arbitrators to adopt a strict attitude towards inflated claims which were submitted to them.

In discussion there was considerable support for this point of view. If the Secretary of State must be regarded as committed to endorsing any recommendation of the National Joint Council which was based on the findings of an arbitral panel, he would in effect be abandoning his statutory right to determine the level of
remuneration of teachers in Scotland. Moreover, he would be admitting, by implication, that he had been wrong in advising the Joint Council, before the arbitration, that he could not find that any major change in circumstances had taken place to justify a revision of the salaries introduced in November 1956. It would be wise, therefore, to challenge the contention of the National Joint Council that this statement was irrelevant to the issue referred to arbitration; and it was indefensible that, in an issue of this kind, the Secretary of State should have no opportunity to state his own case to the arbitral panel.

On the other hand, there was little doubt that public opinion would regard the procedure adopted in the present instance as constituting an arbitration in the normal sense of the term, particularly since the letter in which the National Joint Council had referred the issue to the tribunal had defined the purpose of the reference as being “to determine a dispute which has arisen in relation to...” This was the conventional formula for the constitution of arbitral tribunals, and public opinion would be unable to distinguish between the panel which had been set up in the present case and the procedure of normal arbitration. If the findings of the panel were now rejected, confidence in the Government’s declared acceptance of the principle of arbitration would be seriously shaken. Moreover, a salary increase of 5 per cent. was not unreasonable in the light of the fact that the existing salaries had been determined nearly two years ago. In all other cases which might be thought to be liable to be affected by the present proposal increases of salary had been granted since 1956. The attitude of the local education authorities in England and Wales indicated that they too might find it necessary to negotiate an interim award of 5 per cent. as from April 1959.

In further discussion it was agreed that the balance of advantage lay in maintaining the formal integrity of the Government’s wages policy by accepting the award of the arbitral panel. Its implementation should, however, be deferred for as long as possible; and further consideration should be given to the possibility of revising, in the context of the next review of the constitution and functions of the National Joint Council, a procedure which made it possible for salaries to be increased without permitting the responsible Minister to state the case against an excessive award.

The Cabinet—

1. Agreed that a salary increase of 5 per cent. should be granted to teachers in Scotland.

2. Invited the Secretary of State for Scotland to defer the announcement of this decision until the end of October, in order that the award should not begin to take effect until 1st November.

3. Invited the Chancellor of the Exchequer, in consultation with the Minister of Labour and other Ministers affected, to consider further the possibility of securing a revision of the system of arbitration in those cases in which the Minister responsible for financing, in whole or in part, the cost of any award was given no opportunity to make representations to the arbitral tribunal.

Cyprus.
(Previous Reference: C.C. (58) 69th Conclusions, Minute 2.)

3. The Prime Minister said that the latest reports from H.M. Chargé d’Affaires at Ankara suggested that the Turkish Government might be prepared to consider, however reluctantly, the return of Archbishop Makarios to Cyprus. He therefore proposed that the Turkish Government should be informed that we had been considering the desirability of a concession in this respect in relation to our firm intention to put our plan for Cyprus into operation. We had reached the conclusion that the balance of advantage might lie...
in announcing that the Archbishop and the other political exiles would be free to return to Cyprus in the near future. In our view this would be a challenge to the Archbishop to face the responsibilities of his position. If he refused this challenge, his prestige would fall. If he accepted it, he would be subject, after his return, to great pressure from those elements in Cyprus who wished to see peace restored, and his presence might also increase the chance that the Greek community would eventually acquiesce in our new plan for Cyprus. We should no longer make the Archbishop's return dependent on his giving any assurances about his future behaviour; but it would be made clear to him that he would remain subject to the law and emergency regulations in force in Cyprus, and that there would be no question of our consenting to release the political detainees in the Island until he had shown that he was prepared to co-operate with us in establishing peaceful conditions and restoring law and order.

In discussion there was general agreement that it would be wise to ascertain the reaction of the Turkish Government to an approach on these lines. If they did not reject it outright, it would thereafter be necessary for the Cabinet, before reaching a final decision, to consider the probable attitude of public opinion, both in this country and abroad, to the return of the Archbishop.

The Cabinet——

Invited the Foreign Secretary to instruct H.M. Charge d'Affaires at Ankara to ascertain, on the lines indicated by the Prime Minister, the reaction of the Turkish Government to the proposal that Archbishop Makarios should be allowed to return to Cyprus.

4. The Cabinet had before them:—

(i) a note by the Paymaster-General (C. (58) 181) covering a general brief on the Free Trade Area which had been prepared for use at the forthcoming Commonwealth Economic Conference at Montreal;

(ii) notes by the Paymaster-General (C. (58) 182 and 184) covering memoranda dealing with the grant of financial assistance to the under-developed countries and the treatment of textiles in the context of the Free Trade Area negotiations;

(iii) a memorandum by the Paymaster-General (C. (58) 183) examining the problem of agricultural policy in relation to those negotiations.

The Paymaster-General said that at the Montreal Conference we should need to take the other members of the Commonwealth into our confidence about our attitude towards the negotiations for the establishment of a European Free Trade Area. The next stage in those negotiations would follow closely upon the Conference and he would therefore welcome guidance from the Cabinet on the three main issues which were now outstanding.

Financial Assistance to the Under-developed Countries

It was clear that, if a Free Trade Area Convention was to be adopted by the Organisation for European Economic Co-operation, it would be necessary for additional finance to be made available for the development of the Irish Republic, Greece, Iceland and Turkey (the peripheral countries) in order that they might be able, at the end of an extended transitional period, to play their full part in the Free Trade Area. We had hitherto resisted any proposal of
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this kind. But we could no longer refuse to discuss with other European countries the possibility of an arrangement on these lines; and we must be prepared to indicate at the Montreal Conference that some concession of this nature would probably be necessary if we were to secure the establishment of a Free Trade Area.

In discussion it was suggested that, at a time when we were finding great difficulty in making adequate finance available for Commonwealth development, we should invite considerable political criticism if we undertook to provide finance for the development of four European countries which had shown themselves to be actively hostile to our interests in other respects. It would therefore be very desirable that we should not contract any commitment in this respect unless it was essential to secure the successful completion of the negotiations and the arrangement could be represented as only one element in a final settlement which was otherwise acceptable to us. In particular, we should avoid, if possible, the creation of a European Development Agency, which would be liable to provoke a critical reaction from the other members of the Commonwealth in the light of our inability to promote a corresponding agency for the Commonwealth itself.

Textiles

In the course of the Free Trade Area negotiations we had proposed the extension to textiles of the general rule proposed for all other products, viz., that, if not less than half the value of the finished product had been added within the Area, this should suffice to establish origin within the Free Trade Area for tariff purposes. This proposal had provoked strong opposition both from our own textile industry and from certain European Governments, mainly on the ground that cheap textiles of Asian origin, particularly grey cloth, would be entitled to benefit under the proposed principle after processing in Europe and that the European textile industries, particularly spinning and weaving, would, as a result, suffer serious damage. The industry had accordingly proposed that a highly restrictive definition of origin should be adopted. Such a definition would, however, encounter strong opposition from Switzerland and other more liberally-minded countries in Europe. Moreover, those members of the Commonwealth which exported textiles had a considerable interest in ensuring that the origin rules for textiles were as liberal as possible, in order that the Free Trade Area as a whole, and the United Kingdom in particular, should provide a large and expanding market for their semi-finished products.

Two possible compromises had been devised in order to overcome these difficulties. The first (Formula "A") was a relatively restrictive formula, which should do much to meet the views of the United Kingdom industry and might prove acceptable to the other parties to the Free Trade Area negotiations. The second (Formula "B"), while identical with Formula "A" as regards yarn, grey cloth and finished cloth, would permit more liberal treatment for made-up goods. The essential difference between the two formulae lay in the fact that, under Formula "B," nearly all garments would be regarded as originating in the Free Trade Area if they were made from grey cloth not originating in the Area, whereas, under Formula "A," all made-up goods would have to be woven within the Area.

It would be inadvisable to seek to make a final choice between these alternative formulae without ascertaining the views of the other members of the Commonwealth and of the United Kingdom industry. For tactical reasons, it would be desirable to indicate at the Montreal Conference that the Free Trade Area negotiations were unlikely to yield any proposal more liberal than Formula "A" but to suggest to the industry that even this formula would be liable to encounter considerable opposition from the other members of the Commonwealth, although Formula "B" might be more acceptable to them. Our final decision should then be taken in the light of the results of these separate consultations.
In discussion there was general agreement that we confronted an acute dilemma in this matter. It was unlikely that Formula "B" would be accepted by the other members of the Free Trade Area or that any European country would be prepared to regard goods incorporating Asian grey cloth as originating within the Free Trade Area. On the other hand, the adoption of Formula "A" would almost certainly prevent the achievement of any agreement between the United Kingdom industry and the industry in Hong Kong for the voluntary limitation of exports of Hong Kong textiles to this country. In these circumstances a decision must necessarily be deferred until we had ascertained the views of the other members of the Commonwealth and of the United Kingdom industry on the lines proposed in C. (58) 184.

Agriculture

We were publicly committed to rejecting any agreement which sought to incorporate agriculture in a Free Trade Area. Under pressure, however, we had conceded that, simultaneously with the establishment of the Free Trade Area, an Agricultural Agreement should be negotiated with the object of promoting trade in Europe by concerting national agricultural policies. We had made it clear that such an agreement would be acceptable to us only if it was consistent with our commitments to support home agriculture and our commitments to the Commonwealth.

As regards support for agricultural production, it might be possible to achieve a solution of the problem by suggesting that the Contracting Parties to the Agricultural Agreement should undertake that they would not, as a deliberate act of policy, increase guaranteed prices or similar means of price or income support for the purpose of raising the real or effective value of the total of producers' subsidies or producing in their respective countries a larger proportion of their total requirements for agricultural products. In terms of tariff policy, however, the issue was likely to prove more difficult, since we must seek to honour both our undertaking to our own producers that we would maintain adequate protection for those commodities for which the tariff constituted the equivalent of the price guarantee system and our undertaking to the other members of the Commonwealth that we would maintain free entry for their products and their existing preferential margins. It was far from certain whether these commitments could be reconciled with the tariff concessions which we should be expected to make in the context of the Free Trade Area negotiations.

The latest proposals which had been put forward by the Six Powers represented some modification of their original attitude towards the treatment of agriculture in a Free Trade Area. But they incorporated certain objectionable features:

(i) A proposal that progress from the first to the second stage of the industrial Free Trade Area should be conditional upon agreement on progress to the second stage of the Agricultural Agreement.

(ii) A proposal that, during the first stage of the Agreement, specific obligations on tariffs should be accepted (involving, among other things, a standstill on tariffs on agricultural products for this period) and that new rules should be proposed to govern the subsequent period.

(iii) An implicit proposal that the objective of the later stages of the Agreement should be the complete abolition of tariffs, quotas and production subsidies.

It would be difficult wholly to reject the concept of a standstill on agricultural tariffs. If food exporting countries were to accept a firm commitment to abolish their tariffs on industrial goods, we
could not reasonably expect to retain complete freedom to increase our own tariffs on foodstuffs. A possible compromise would be to offer an undertaking that we would not increase our aggregate tariff protection in respect of agricultural commodities. On the other hand, we could not accept any suggestion that progress from the first to the second stage of the industrial Free Trade Area should be contingent upon the negotiation during the first stage of an adequate long-term Agricultural Agreement. This would destroy the confidence both of our own producers and of the other members of the Commonwealth that we intended to honour our commitments to them; and it would invite formidable pressure from the other countries in the Free Trade Area to modify our agricultural policies.

A decision on these issues could not be taken until we had ascertained the views of the National Farmers' Unions and the other members of the Commonwealth. The former should therefore be informed of the undertakings which we proposed to offer on production and subsidy policy and on the level of aggregate tariff protection. The other members of the Commonwealth, however, should merely be told, at the Montreal Conference, that we proposed to adhere to our present policy as regards agriculture in the context of the Free Trade Area. Since we did not propose to disclose to them the undertaking which we would be prepared to accept in respect of production and subsidy policy, it would be unwise to mention the possibility that we might also offer an undertaking on aggregate tariff protection.

In discussion it was suggested that the proposed undertaking on production and subsidy policy was unlikely to be accepted by the National Farmers' Unions unless it incorporated a specific proviso that it must not be construed as precluding the production in the United Kingdom of a larger proportion of our total requirements for agricultural products as a result of an increase in farming efficiency. If amended in this way, the formula might be accepted in principle. Any concession on tariffs, however, including the proposed offer of an undertaking not to increase our aggregate tariff protection, would cause more serious difficulties. For horticultural products tariffs constituted the equivalent of the production subsidies for agriculture; and any formula which limited our freedom to raise those tariffs would imply a diminution of the protection which horticulture at present enjoyed against increases in production costs. No other means of providing protection for horticulture could be devised. Freedom to adjust the tariff was therefore essential if we were not be accused by the industry of breaking our explicit and repeated pledges that agriculture would not be jeopardised by the Free Trade Area.

In further discussion it was agreed that, in the light of these considerations, we should endeavour, during the next stage of the Free Trade Area negotiations, to secure agreement on the basis of the proposed undertaking about production subsidies alone. If, however, this proved insufficient, it might be possible, while preserving our right to increase the aggregate of agricultural tariff protection to some extent, to offer to accept some limit on the extent of such an increase. An offer of this kind, if coupled with an undertaking to bind nil tariffs on certain foodstuffs, might suffice to secure a satisfactory Agricultural Agreement which would not conflict with our public assurances to the United Kingdom industry.

The Cabinet—

(1) Approved, in principle, the proposals in C. (58) 181, 182, 183 and 184, subject to the points made in their discussion.
(2) Invited the Chancellor of the Exchequer and the Paymaster-General to be guided by these memoranda, amended as necessary to meet the points made in discussion, during the forthcoming Commonwealth Economic Conference at Montreal and the resumed negotiations on the establishment of a European Free Trade Area.

(3) Invited the Paymaster-General to ensure that no commitment would be accepted by the United Kingdom in respect of any of the issues discussed in these memoranda without further reference to the Cabinet.

Nigeria, 5. The Cabinet had before them a memorandum by the Colonial Secretary (C. (58) 171) on the Nigeria Constitutional Conference which was due to reassemble in London on 29th September.

The Colonial Secretary said that at the Conference in the previous year it had been agreed that the Eastern and Western Regions of Nigeria should be granted regional self-government. The representatives of the Northern Region had now informed him that they wished to be given a similar status with effect from 15th March, 1959. In accordance with his predecessor's undertaking, he was bound to accede to this request. As regards independence for Nigeria as a whole, an undertaking had been given during the 1957 Conference that, if at the beginning of 1960, the new Nigerian Parliament asked the United Kingdom Government to agree to full self-government within the Commonwealth by a specified date in that year, Her Majesty's Government would consider it with sympathy and would be prepared to fix a date when they would accede to the request. It now seemed doubtful, however, whether he would be able to rest on that undertaking at the forthcoming Conference. The Governor-General had represented strongly that we should be prepared to announce during the Conference a date in 1960 on which we would agree to full self-government for the Federation as a whole. Public opinion in Nigeria was conspicuously loyal to the Crown and the Commonwealth connection, and it would be unwise to alienate this sentiment by reluctance to prescribe a date for the achievement of Federal self-government. A concession in this respect must, however, be dependent on our being satisfied that the administration of the Regions would continue on satisfactory lines in the interim and that, when Federal self-government was introduced, adequate arrangements would be made to maintain the unity of the country, to preserve the integrity of the police force and to assure us of the continuance of such defence facilities as we should need to retain. These included staging and overflying rights for our aircraft, together with the right to use the harbours at Lagos and Port Harcourt in war. It had been suggested that, in addition, we should reserve sovereignty in perpetuity over a small enclave of Nigerian territory which would provide a secure and permanent base for our forces. This proposal would need further examination; and its advantages would need to be weighed against the risk that it would appear to imply that we doubted whether we could rely on the continuing loyalty of Nigeria. For their part the Nigerians would need our help in building up their defence forces, particularly by seconding British officers on suitable terms.

The Minister of Defence emphasised the importance of avoiding any uncertainty about the defence facilities which we should need to retain in Nigeria as an essential part of our means of reinforcing the Middle Eastern and Far Eastern theatres. The Defence Agreement should, if possible, constitute an integral element in the constitutional instrument establishing self-government rather than a
separate agreement to be concluded with Nigeria after the grant of independence. Moreover, the strategic importance of Nigeria was sufficiently great to justify us in making every effort to retain an enclave of territory under our own sovereignty.

In discussion there was general agreement that we should adhere to the policy, to which we were committed, of granting full self-government to Nigeria, subject to being satisfied as regards the essential constitutional and military safeguards. It would be desirable, however, that further consideration should be given to the timing of the proposed Defence Agreement. It was arguable that this Agreement might well prove more reliable and command greater international respect if, on the Malayan precedent, it was signed, or at least ratified, by the Nigerian Government in the exercise of their full powers after they had attained independence.

The Cabinet—

(1) Invited the Colonial Secretary to be guided, at the forthcoming Conference on Nigeria, by the considerations which had emerged during their discussion.

(2) Invited the Colonial Secretary to circulate periodical reports on the progress of the Conference and to seek further authority from the Cabinet if he found it desirable to prescribe, during the proceedings, a specific date in 1960 for the independence of Nigeria.

(3) Invited the Colonial Secretary, in consultation with the Minister of Defence, to arrange for a further examination of the best means of securing our future strategic requirements in Nigeria and of the most appropriate timing of the conclusion of a Defence Agreement.

Tia.

6. The Cabinet had before them a memorandum (C. (58) 187) about the International Tin Agreement, which the Chancellor of the Exchequer had circulated on behalf of the President of the Board of Trade.

The President of the Board of Trade said that the International Tin Agreement faced an imminent crisis. The financial resources of the Buffer Stock, which already held over 25,000 tons of tin, would be exhausted within the next few days; and if the Stock was then compelled to withdraw from the market, the price would fall sharply and the main producers of tin, including Malaya and Nigeria, would sustain severe damage. On the other hand, the Agreement was fundamentally an unsound one and the Buffer Stock had invited its present embarrassment by deliberately supporting an excessively high price at the expense of the consumer. A reduction in international output on a scale which would solve the problem would be unacceptable to the Soviet Union. Nor could we contemplate accepting an indefinite commitment to provide the finance required to enable the Buffer Stock to continue to buy indefinitely all tin offered to it at the current price of £730 a ton. Moreover, a loan to Malaya, which would perhaps constitute the least objectionable means of making such additional finance available, could not now be negotiated in time to save the position. If it was regarded as essential to protect Malaya from the consequences of a sharp fall in the price, the simplest course would be to acquire the tin ourselves. But, if so, we must be prepared to buy on a very substantial scale—it might be necessary to purchase at least 5,000 tons at a cost of between £3 millions and £4 millions, if disaster in Malaya was to be avoided.

In discussion there was general agreement that, in the light of the increasing surplus in the world supply of tin, it would be unwise, both on the merits of this particular case and in terms of the
precedent which might be established for other international commodities, to attempt to support a speculative market at an artificial price level. A decision to this effect would, admittedly, be an unfortunate prelude to the forthcoming Commonwealth Economic Conference at Montreal, since the other members of the Commonwealth, who had always criticised us for lack of co-operation in supporting international commodity schemes, would condemn our acquiescence in the collapse of the International Tin Agreement. But it might also serve as a salutary reminder to them that we could not undertake to guarantee the solvency of such schemes regardless of the circumstances.

On the other hand, if we allowed the economy of Malaya to be gravely damaged and a commodity scheme promoted by the Western Powers to be frustrated by Soviet economic pressure, our prestige in the Far East would suffer a reverse and the peoples of that area would be given further encouragement to turn towards Communism. The amount of additional finance required to enable the Agreement to continue in the short-term, while alternative arrangements were examined, was relatively small in relation to the political issues at stake; and, although we could not ourselves undertake to finance an indefinite continuation of the existing Agreement, we should consider urgently the possibility of reconstructing it in co-operation with the United States.

The Cabinet—

(1) Agreed that the Government should not intervene in support of the International Tin Agreement.

(2) Invited the President of the Board of Trade, in consultation with the Foreign Secretary, the Chancellor of the Exchequer and the Commonwealth Secretary, to consider, as a matter of urgency, the possibility of negotiating, in conjunction with the United States, a reconstruction of the Agreement which would place the scheme on a more sound and economic basis.

7. The Cabinet had before them a note by the Minister of State for Foreign Affairs (C. (58) 185) covering a memorandum on the policy to be adopted in the discussion, at the forthcoming session of the United Nations General Assembly, of the proposed second Conference on the Law of the Sea.

In discussion it was agreed that the United Kingdom spokesman at the General Assembly should advocate the policy outlined in C. (58) 185, subject to confirmation that it would have the support of the United States Government. It was suggested, however, that it would be to our advantage to offer, before the discussion in the General Assembly, to submit to some form of arbitration the legal issues involved in our fishery disputes with the Icelandic Government. Alternatively, such an offer might be made during the proceedings at the General Assembly.

The Cabinet considered the arrangements to be made for disposing of the Icelanders held in the Fishery Protection Vessel Eastbourne. It was agreed that it would be preferable to avoid the publicity involved in bringing these men to the United Kingdom. It would be wiser to return them to their own country, either by embarking them in a small boat near the shore or, preferably landing them on a beach. If this course proved, on further examination, to be impracticable, it would be necessary to consider alternative arrangements.

The Cabinet—

(1) Invited the Foreign Secretary to arrange that, subject to confirmation that the policy outlined in C. (58) 185 would
enjoy the support of the United States Government, the United Kingdom spokesman should advocate this policy at the discussion, in the forthcoming session of the United Nations General Assembly, of the proposed second Conference on the Law of the Sea.

2. Invited the Foreign Secretary, in consultation with the Attorney-General, to consider, in relation to the discussion in the General Assembly, the form and timing of an offer by the United Kingdom Government to submit to some form of arbitration their fishery dispute with the Icelandic Government.

3. Invited the Civil Lord, Admiralty, to arrange, if possible, for the Icelanders at present held on board the Fishery Protection Vessel *Eastbourne* to be returned to their own country.

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8. The *Prime Minister* informed the Cabinet that during his forthcoming absence on a short holiday in Scotland he would remain available for consultation on any major issue of policy. Since the Home Secretary would also be away during this period he had asked the Lord Chancellor to assume responsibility for the conduct of the day-to-day business of government.