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*CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room,
House of Commons, S.W.1, on Thursday, 3rd May, 1962, at 6 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	The Right Hon. VISCOUNT KILMUIR, Lord Chancellor
The Right Hon. SELWYN LLOYD, Q.C., M.P., Chancellor of the Exchequer	The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council and Minister for Science
The Right Hon. HENRY BROOKE, M.P., Chief Secretary to the Treasury and Paymaster General	The Right Hon. DUNCAN SANDYS, M.P., Secretary of State for Commonwealth Relations
The Right Hon. IAIN MACLEOD, M.P., Chancellor of the Duchy of Lancaster	The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education
The Right Hon. PETER THORNEYCROFT, M.P., Minister of Aviation	The Right Hon. LORD MILLS, Minister without Portfolio
The Right Hon. REGINALD MAUDLING, M.P., Secretary of State for the Colonies	The Right Hon. JOHN HARE, M.P., Minister of Labour
The Right Hon. EDWARD HEATH, M.P., Lord Privy Seal	Dr. The Right Hon. CHARLES HILL, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs
The Right Hon. ERNEST MARPLES, M.P., Minister of Transport	The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food

Also present :

The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury

Secretariat :

The Right Hon. Sir NORMAN BROOK
Mr. J. H. WADDELL

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Canada

The Prime Minister gave the Cabinet an account of the impressions he had formed during his recent discussions in Canada and the United States.

In Canada the Government were facing both economic and political difficulties. During the boom industrialists had tended to over-invest at the top of the market, and this had increased their present difficulties. The devaluation of the Canadian dollar, which had been announced that day, was not unexpected. Canadian Ministers were inclined to be resentful of Britain's application for entry to the Common Market; they seemed unwilling to consider it dispassionately; and it might become an issue in the forthcoming election. Suggestions were likely to be heard, during the campaign, that the interests of other Commonwealth countries were being sacrificed to the European policies of the United Kingdom Government. Canadian Ministers seemed to be particularly suspicious of the encouragement given by the United States Administration to Britain's application: they saw this as nothing more than a manifestation of America's desire to terminate Commonwealth preferences. But in business circles in Canada there was a greater readiness to consider this question on its merits and to see the value, both to other Commonwealth countries and to under-developed countries generally, of the influence which the United Kingdom would be able to exercise in a prosperous European community.

United States

The United States Administration were also facing some economic difficulties. Substantial unemployment continued in spite of the large programmes of public expenditure which had been undertaken. There was some danger that relations between the administration and the business community might deteriorate: President Kennedy's policies had attracted some of the unpopularity associated with President Roosevelt's New Deal.

The Prime Minister said that in his discussions with President Kennedy on defence matters it had become evident that the President shared his own disappointment that it had proved impossible to avert a further Western series of nuclear tests. But the President was hopeful that, after the current series of Western tests and the Russian series which was likely to follow it, there might be an opportunity to renew the attempt to conclude an international agreement for the cessation of tests. There was a growing realisation in the administration that the destructive power of the two opposing *blocs* was now so great that the credibility of the nuclear deterrent might soon be called in question. It was for this reason that the administration were stressing the importance of conventional arms, and in due time they might consider favourably a thorough-going measure of nuclear disarmament. The prospect of such disarmament would be increased if, as seemed likely, the Soviet leadership was becoming seriously concerned to improve social and economic conditions in countries of the Eastern *bloc* and to reduce the heavy burden imposed on them by nuclear armaments.

The Prime Minister said that this renewal of his personal contact with President Kennedy had been valuable. He had, however, formed the impression that it would not be profitable at this stage to move towards a Summit meeting. It would be prudent to defer until towards the end of the year any further initiative for this purpose, whether on Berlin or other themes. In the meantime the Government should concentrate on securing entry to the Common Market on acceptable terms. There was no sign that the close relations established with the United States Administration would be prejudiced by British membership of the Common Market and there were good grounds for hoping that the friction which at present persisted on a number of commercial matters, such as shipping policy

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and protective tariffs on carpets and glass, could be reduced. Protectionism in the United States was, however, a strong force and its influence was spreading to the southern States. He had undertaken to send to the President a full statement of our case against the administration's discriminatory policy on shipping.

In the Cabinet's discussion the following points were raised :

(a) The reports of the Prime Minister's speeches and discussions in the United States and Canada had been well received in this country and in other parts of the Commonwealth. Many people were, however, uneasy about the attitude of the United States Government to United Kingdom membership of the Common Market. The fact that they supported it on political grounds, despite its economic disadvantage to them, was increasing the suspicion with which the latest proposals for political unity in Europe were viewed by public opinion in this country and by our partners in the European Free Trade Area. This made it the more important that the implications of these proposals for political co-operation in Europe should be carefully examined by the Cabinet and fully explained in the country.

(b) The attitude of the United States Administration towards the Common Market negotiations was coloured by the fear that Britain's efforts to protect the interests of other Commonwealth countries might have the effect of worsening the position of third countries, including especially the countries of South and Central America, where anything which increased the risk of Communist penetration would be particularly unwelcome to the United States. It was to be expected also that the arrangements which might have to be made to protect Commonwealth producers of temperate foodstuffs—*e.g.*, Australian wheat—would be regarded as introducing new forms of protection. But the general tenor of the Prime Minister's discussions suggested that the administration would be ready to consider such cases individually on their merits.

(c) There was a noticeable gap between the formulation of policy by the United States Administration and its effective implementation on the ground. This had been evident in Laos and South Vietnam and in United Nations discussions on colonialism as well as in relation to the Common Market. On colonialism it was satisfactory that President Kennedy should have asked for more advance information of British policies and intentions, and indicated that he intended to improve the machinery for co-ordination between the various United States agencies concerned, both in Washington and at the United Nations.

The Cabinet—

Took note of the Prime Minister's statement and of the points made in discussion.

*Cabinet Office, S.W. 1,
4th May, 1962.*