CABINET 30 (46).

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W. 1, on Thursday, 4th April, 1946, at 10 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (in the Chair).

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council (Items 1-3).

The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.

The Right Hon. LORD JOWITT, Lord Chancellor.

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.

The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.

The Right Hon. J. WESTWOOD, M.P., Secretary of State for Scotland.

The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.

The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.

The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.

The Right Hon. VISCOUNT STANSCATE, Secretary of State for Air.

The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.

The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.

The following were also present:

The Right Hon. JOHN WILMOT, M.P., Minister of Supply (Item 3).

The Right Hon. GEORGE TOMLINSON, M.P., Minister of Works (Item 4).

The Right Hon. WILLIAM WHITELEY, M.P., Parliamentary Secretary to the Treasury (Item 1).

Secretariat:

Sir EDWARD BRIDGES.
Sir NORMAN BROOK.
Mr. W. S. MURRIE.
CABINET 30 (46).

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1. The Lord President informed the Cabinet of the business which it was proposed to take in the House of Commons in the following week.

On the 8th April, in Committee of Supply, there would be a debate on an Opposition Motion calling attention to the shortage of labour in agriculture and the need for improved amenities for agricultural workers. The Minister of Agriculture would reply to the debate. The Secretary of State for Scotland would be in attendance during the debate.

On the 9th April the Chancellor of the Exchequer would open his Budget. On the 10th and 11th April there would be a general debate on the Budget Resolutions.

On the 12th April the United Nations Bill would be completed; and the Second Reading of the Post Office and Telegraph (Money) Bill would be taken.

Parliament would adjourn for the Easter Recess on the 18th April and would meet again on the 30th April.

It was proposed that after the Easter Recess the House of Commons should meet on Mondays and Thursdays at 2:30 p.m. and sit until 10 p.m. or 10:30 p.m. On Fridays the House would sit, as at present, from 11 a.m. to 4 p.m. or 4:30 p.m. These proposals would be announced that day in reply to a Private Notice Question by Mr. Eden.

2. Attention was drawn to unauthorised disclosures in the Press of two matters about to be submitted for consideration by the Cabinet. The Times had printed on the 25th March an article on the future of the Iron and Steel Industry, which described in some detail the membership and proceedings of the Ministerial Committee on the Socialisation of Industries. The Observer had printed on the 31st March an article on the future of the Ruhr, which contained some of the material included in a report on this subject which had been prepared for the Foreign Secretary by the Economic and Industrial Planning Staff. Both articles appeared to be based on information obtained from official sources.

The Cabinet—

Invited the Lord Chancellor to enquire into these apparent leakages of official information, and to submit a report to the Prime Minister.

3. The Cabinet considered a memorandum by the Minister of Supply (C.P. (45) 120) on the future of the iron and steel industry.

The Minister of Supply recalled that the announcement made on the 19th November, 1945, about the socialisation of industries had stated that the Government would postpone their decision about the iron and steel industry until they had considered the report by the British Iron and Steel Federation on the industry's plans for future development. The proposals which he now put forward were based on consideration of this report and had been approved by the Committee on the Socialisation of Industries. He had considered the possibility of continuing the pre-war policy of leaving the industry to organise itself, and also the alternative of creating a special Government body with statutory powers to supervise the development and rationalisation of the industry and the planning of production in the national interest; but he had come to the conclusion that neither of these alternatives would be satisfactory, and he accordingly recommended:—

(i) That the Government should decide to nationalise the industry and should introduce a Bill for this purpose in the 1946-47 Session.

(ii) That an early announcement to this effect should be made in the House of Commons. This announcement should state that
all mineral rights in iron ore would be taken into public ownership, and its working undertaken solely by the Government; and that the part of the iron and steel industry to be taken over would include pig-iron production of all kinds, steelmaking and heavy steel-rolling, together with certain further processes the precise range of which would have to be determined in the light of detailed examination.

(iii) That immediately after this announcement discussions should be opened with the industry with a view to settling the financial and other arrangements which would enable an immediate start to be made with the development schemes mentioned in paragraph 18 of C.P. (46) 120.

The Prime Minister suggested that the Cabinet should first consider the question of timing. The Government machine was already under very heavy pressure; a great deal of legislation was being passed this Session which would have to be brought into operation during 1947; and a heavy programme of further legislation was already contemplated for the 1946-47 Session. Was there not some risk that Parliament might be asked to pass more legislation than the administrative machine could effectively absorb? On this ground there was much to be said for postponing the introduction of legislation to nationalise the iron and steel industry until the third Session of the present Parliament, provided that means could be found to prevent the industry from delaying meanwhile the execution of necessary works of development.

The Chancellor of the Exchequer said that he hoped there would be no delay in deciding to nationalise the industry and announcing the decision. Subject to this, he saw no reason why the introduction of the necessary legislation should not be deferred until the 1947-48 Session, provided that suitable arrangements were made to ensure that, in the meantime, development was not held up. He believed that such arrangements could be made.

The Foreign Secretary said that it was essential that a bold programme of development should be carried out in the interim period; for, unless this was done, the industry would be unable to maintain its position against foreign competitors. He had no confidence that the present leaders of the industry would be capable of carrying out such a programme, and he suggested that until the nationalisation scheme came into force, which would not be until 1949 if legislation were to be postponed until the 1947-48 Session, a strong Control Board should be set up to supervise the development and rationalisation of the industry. He saw no reason why large new plants, which could not in any event be financed without the help of the Government, should not be vested in the State, pending the nationalisation of the industry as a whole.

The Minister of Fuel and Power said that while he did not oppose the proposal to nationalise the industry, he felt that the Cabinet should not overlook the many difficulties inherent in the proposal. As the Minister of Supply admitted, it would be very difficult to draw a dividing line between what was to be nationalised and what was to be left under private enterprise. Was it wise to make an announcement about nationalisation until the Government were able to say more precisely where this line would be drawn? Again, it should be remembered that the industry was largely dependent on imported raw material and, on that account, was in a different position from that of the coal industry or the various public utilities which it had already been decided to nationalise. There were also likely to be difficulties about the supply of coking coal as was explained in the Annex to C.P. (46) 120. In dealing with the coal industry he was finding that, whatever the financial arrangements, there was a great reluctance to undertake new development in the interim period and the managerial staff in the industry were losing interest in their work because of uncertainty about their personal position. He suggested that the Foreign Secretary's proposal for the establishment of a Control
Board for the interim period should be worked out in more detail before the Cabinet were finally committed to it. In the coal industry the war-time experiment of public control without public ownership had not been successful.

In further discussion, there was general agreement that the industry should be nationalised but that it would be desirable to defer the necessary legislation until the 1947-48 Session. It was also the view of the Cabinet that it would be useful to establish a Control Board on the lines suggested by the Foreign Secretary to supervise the development and rationalisation of the industry during the interim period. It was important that there should be an early announcement of the Government's intentions, which should define as closely as was possible without detailed discussion with the industry the scope of the undertakings to be covered. Paragraph 13 of C.P. (46) 120 gave a reasonably accurate indication of what would be covered, and a definition on these lines would be sufficient pending detailed discussions with the industry.

Other points in discussion were:

(a) The Control Board might be given the task of preparing the nationalisation scheme as well as of supervising the development and rationalisation of the industry in the interim period.
(b) It was important to press on with the development schemes in South Wales, on Tees Side and at Motherwell in order to alleviate the growing problem of unemployment in the development areas.
(c) The industry had been handicapped in recent years through the high rates of interest which it had had to pay on the very heavy capital expenditure involved in the modernisation of its plant.

The Cabinet—

(1) Agreed that legislation to nationalise the iron and steel industry should be introduced in the 1947-48 Session and that an announcement of the Government's intentions should be made at the earliest possible date.
(2) Agreed that during the period before the iron and steel industry was nationalised it should work under the supervision of a Control Board, appointed by the Government, whose duty it would be to secure the necessary development of the industry and to work out a detailed nationalisation scheme. It was also for consideration whether any large new plants erected during the interim period should be provided by public funds and vested in the State, pending the nationalisation of the industry as a whole.
(3) Invited the Foreign Secretary, the Chancellor of the Exchequer, the Lord Chancellor and the Minister of Supply to submit to the Cabinet for consideration at their meeting on the 11th April proposals for the constitution and functions of the suggested Control Board together with a draft of the proposed announcement of the Government's intentions.

4. The Cabinet had before them a note by the Secretary (C.P. (46) 131) annexing a memorandum on the Order of the Victory March.

The Home Secretary said that, as Chairman of the Ministerial Committee on Victory Celebrations, he agreed in principle with the proposals set out in the memorandum; but he had certain comments to offer.

The main points in the Cabinet's discussion were:

(a) It was the view of the Cabinet that Sir Edward Bridges, as having been Secretary to the War Cabinet throughout the war,
should be included among those who were to stand behind His Majesty on the Saluting Base.

(b) It was suggested in the memorandum that the Prime Minister and the Home Secretary should drive in the first carriage and that Mr. Churchill should be in the second.

The Home Secretary suggested, and the Cabinet agreed, that it would be more appropriate that the Prime Minister and Mr. Churchill should drive in the first carriage.

(c) The Home Secretary said that he intended to take His Majesty’s Pleasure about the attendance at the parade of the various members of the Royal Family.

(d) Other suggestions made in further discussion were that a section of representative housewives should be included in the procession; that at least one person representing each of the Dominions and India should be given a prominent place in the stand immediately behind the Saluting Base; and that suitable provision would have to be made for the attendance of members of the Diplomatic Corps.

The Cabinet—

(1) Approved, subject to the modifications noted in paragraphs (a) and (b) above, the Order of March proposed in the memorandum annexed to C.P. (46) 131;

(2) Took note that the Home Secretary would take His Majesty’s Pleasure on these proposed arrangements;

(3) Invited the Ministerial Committee on the Victory Celebrations to proceed with their consideration of the seating arrangements for the Victory March, and to take into account the points which had been raised in the Cabinet’s discussion.

Paris Peace Conference.
Proposed Publication of Records by United States Government.
(Previous Reference: W.M.(43)93rd Conclusions, Minute 6.)

5. The Cabinet considered a memorandum by the Foreign Secretary (C.P. (46) 124) regarding the desire of the United States Government to publish, as part of a series of official documents on the foreign relations of the United States, the minutes of the proceedings of the Council of Four at the Paris Peace Conference.

The Foreign Secretary said that in 1943 the War Cabinet had considered that a determined effort should be made to persuade the United States Government to refrain from publishing these records and Mr. Churchill had prevailed upon President Roosevelt to veto the project at that time. Since then, however, some of the considerations which had influenced the War Cabinet had lost their force; and in present circumstances it seemed difficult to maintain our opposition to the publication of these documents.

The Cabinet—

Authorised the Foreign Secretary to inform the United States Ambassador in London that His Majesty’s Government no longer desired to offer objection to the publication of the records of the proceedings of the Council of Four at the Paris Peace Conference.

Food.
Proposed Reduction in Cheese Ration.

6. The Prime Minister said that he had been informed by the Minister of Food that, in view of the difficulty of obtaining supplies from the United States, it would be necessary to make some reduction in the cheese ration. The Minister desired to announce this in the debate on the World Food Situation which was to take place in the House of Commons that afternoon.
The Cabinet took the view that no final decision should be taken to make this reduction until every possibility of maintaining the existing supplies had been fully explored. In any event, it would be inexpedient to announce such a reduction in the course of the debate that afternoon.

The Cabinet—

Took note that the Prime Minister would arrange for an early Meeting of Ministers on World Food Supplies to consider the possibility of maintaining the existing cheese ration; and would ask the Minister of Food not to make any announcement on this question for the time being.

_Cabinet Office, S.W. 1,
4th April, 1946._