



(c) crown copyright

Printed for the Cabinet. December 1946

SECRET

Copy No. 44

C.M. (46)

107th Conclusions

CABINET 107 (46)

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 19th December, 1946, at 11 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. | The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal (<i>Items 4-7</i>). |
| The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer. | The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade. |
| The Right Hon. A. V. ALEXANDER, M.P., Minister without Portfolio. | The Right Hon. LORD JOWITT, Lord Chancellor. |
| The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma. | The Right Hon. J. WESTWOOD, M.P., Secretary of State for Scotland. |
| The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies. | The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service. |
| The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power. | The Right Hon. ELLEN WILKINSON, M.P., Minister of Education. |
| The Right Hon. ANEURIN BEVAN, M.P., Minister of Health. | The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries. |

The following were also present :

- | | |
|---|--|
| The Right Hon. VISCOUNT HALL, First Lord of the Admiralty (<i>Items 6-7</i>). | The Right Hon. ALFRED BARNES, M.P., Minister of Transport (<i>Items 5-6</i>). |
| The Right Hon. JOHN STRACHEY, M.P., Minister of Food. | The Right Hon. GEORGE TOMLINSON, M.P., Minister of Works (<i>Item 4</i>). |
| The Right Hon. LEWIS SILKIN, M.P., Minister of Town and Country Planning (<i>Item 4</i>). | The Right Hon. JAMES GRIFFITHS, M.P., Minister of National Insurance (<i>Item 5</i>). |
| The Right Hon. HECTOR MCNEIL, M.P., Minister of State (<i>Items 6-7</i>). | The Right Hon. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury (<i>Items 1-4</i>). |

Admiral Sir JOHN H. D. CUNNINGHAM,
First Sea Lord and Chief of Naval Staff (*Item 7*).

Secretariat :

Sir EDWARD BRIDGES.
Sir NORMAN BROOK.
Mr. W. S. MURRIE.
Mr. C. G. EASTWOOD.

CABINET 107 (46)

CONTENTS

<i>Minute No.</i>	<i>Subject</i>	<i>Page</i>
1	Parliament Business in the House of Commons.	211
2	Burma Constitutional Position.	211
3	India Compensation for Members of Indian Services.	212
4	Town and Country Planning	212
5	Electricity Bill	214
6	Shipping	216
7	Palestine Illegal Immigration.	216

Parliament.
Business in
the House of
Commons.

1. *The Lord President* informed the Cabinet of the business to be taken in the House of Commons in the week beginning 20th January, 1947.

On 21st January the Second Reading of the *Statistics of Trade Bill* would be taken.

The Report Stage and Third Reading of the *Agricultural Wages (Regulation) Bill* and of the *Road Traffic (Driving Licences) Bill* would be taken on 22nd January.

On 23rd January it was proposed to take the remaining stages of the *Pensions (Increase) Bill*, the *Trustee Savings Banks Bill* and the *Greenwich Hospital Bill*, together with Motions approving *Purchase Tax (Exemption) Orders*.

On 24th January the Second Reading of the *Malta (Reconstruction) Bill* would be taken.

It might, however, be found necessary to hold a Debate on Foreign Affairs in substitution for the business proposed for 23rd and 24th January.

Burma.
Constitutional
Position.

2. The Cabinet had before them memoranda by the Secretary of State for Burma (C.P. (46) 465) and the Minister without Portfolio (C.P. (46) 464).

(Previous
Reference:
C.M. (46) 105th
Conclusions,
Minute 3.)

The Prime Minister recalled that on 12th December the Cabinet had considered that no further assurances should be given about constitutional developments in Burma in advance of the discussions which would be held if the Executive Council accepted the invitation to send a delegation to London. The Governor of Burma had now, however, reported (telegram No. 262 of 17th December) that, from conversations which he had since held with Aung San, he was satisfied that the Anti-Fascist People's Freedom League (A.F.P.F.L.) would not agree to a delegation visiting this country unless an assurance were given in advance that Burma would be free to choose whether or not she remained within the British Commonwealth. The position had been considered by the India and Burma Committee that morning and they had agreed to recommend to the Cabinet that a statement to this effect should be made to Parliament before the Recess.

All the advice from Burma was that the A.F.P.F.L. commanded great influence throughout the country and that if their leaders left the Executive Council the administration of the country would be paralysed, there would be a police strike, and it would be impossible to maintain Government without the use of force. Indian troops could not be used for this purpose, and British troops could not be made available without serious consequences elsewhere. One brigade could be brought from Malaya. A second brigade could be made available at the cost of weakening our Forces in India or delaying the demobilisation scheme. But, even so, the administrative troops required to support these brigades would be lacking if, as must be assumed, we were unable to use the Indian administrative troops now in Burma. Finally, even if these could have been provided, it would not be possible with this strength to do more than hold Rangoon and a few other key points; and the countryside generally would be outside our control.

There would, therefore, be great military difficulty in attempting to govern Burma by force. Nor was it clear to what useful result such an attempt would lead. It would probably serve only to strengthen national feeling in Burma and to increase the influence of those who advocated early secession from the British Commonwealth.

Apart from military considerations, the political background must also be taken into account. Pledges had been given that Burma's constitutional advance would not be prejudiced by its separation from India. India had now been informed that she could choose whether or not she remained within the Commonwealth, and Burma expected the same treatment. It was also desirable that we should not seek to pursue in Burma a policy

inconsistent with that which we had pressed the Netherlands Government to follow in the Dutch East Indies.

In these circumstances the India and Burma Committee had felt that an assurance should be given on the lines suggested. If the Cabinet shared this view, the Prime Minister suggested that he might settle the terms of the statement in consultation with the Secretary of State for Burma and the President of the Board of Trade.

The Minister of Food said that he was counting on Burma to export 1½ million tons of rice during the next season. If there were widespread civil disturbances this would not be available, and the consequences, directly for South-East Asia and indirectly for the whole world cereals situation, would be most serious.

While some Ministers regretted that the pressure of events had forced the Governor to go further in his consultations with Aung San than the Cabinet had intended, and disliked in principle giving, in advance of negotiations, assurances on points to be discussed in these negotiations, the general view of the Cabinet was that there were strong arguments both of expediency and of principle in favour of the course proposed. It had always been intended that Burma should be assisted towards self-government. If, as it appeared, Aung San was disposed to be friendly and to work for keeping Burma within the Commonwealth, there were advantages in strengthening his position in Burma.

The Secretary of State for the Colonies emphasised the importance of securing proper safeguards for the hill tribes and Shan States. He also pointed out that the proposed statement would have repercussions in Ceylon, and said that he would submit a memorandum to the Cabinet on this aspect of the matter.

The Cabinet—

Agreed that a statement should be made by the Prime Minister in the House of Commons on the following day on the lines suggested by the Governor of Burma; and took note that the terms of this statement would be settled by the Prime Minister, in consultation with the Secretary of State for Burma and the President of the Board of Trade.

India.

Compensation for Members of Indian Services.

(Previous Reference: C.M. (46) 98th Conclusions, Minute 6.)

3. *The Prime Minister* recalled that on 19th November the Cabinet had agreed that the Viceroy should put before the Interim Government in India proposals for the payment of compensation to members of the Services in India, when their appointments under the Secretary of State were terminated. There were now indications that the Interim Government would not accept these proposals. The India and Burma Committee had considered the position and had agreed that the Parliamentary Under-Secretary of State for India should visit India immediately after Christmas to discuss the matter with members of the Indian Government. He would be accompanied by officials of the Treasury and the India Office.

The Cabinet—

Took note, with approval, of the Prime Minister's statement.

Town and Country Planning.

(Previous Reference: C.M. (46) 105th Conclusions, Minute 5.)

4. On 12th December the Cabinet had invited the Lord Chancellor, in consultation with the Minister of Town and Country Planning, to arrange for Part IV of the Town and Country Planning Bill to be re-drafted on the lines suggested in the annex to C.P. (46) 454. They now had before them a memorandum by the Lord Chancellor and the Minister of Town and Country Planning (C.P. (46) 455) covering a revised draft of this Part of the Bill.

The Lord Chancellor explained that Clause 50 provided for the payment of a global sum by way of compensation and for

the distribution of that sum in accordance with a scheme made by the Treasury, which would be subject to affirmative resolution of both Houses of Parliament. This scheme could not be made until the necessary information about all development values had been obtained in accordance with regulations made under Clause 51, and it would be some years before this information could be collected. The global figure inserted in Clause 50 would cover amounts payable under the corresponding Scottish Bill and power was taken to make the necessary apportionment between England and Wales and Scotland.

The Chancellor of the Exchequer said that he had agreed with the Minister of Town and Country Planning that the amount of the global sum to be inserted in Clause 50 should be £300 million, but the Bill would also provide for additional payments, amounting to some £25 million, in cases where value payments under the War Damage Act had been reduced on the ground that the war damage sustained had increased the development value of the land. Payment would be made in Treasury stock. Interest at 2½ per cent. would run from the appointed day and might either be paid in cash or as an addition to the value of the stock. Land which was dead ripe for development at the date of the introduction of the Bill would be taken out of the field of compensation and betterment altogether if development was permitted and was carried out within five years of the appointed day.

The Minister of Town and Country Planning said that he accepted the revised draft of Part IV of the Bill and was satisfied that the proposed global sum could be justified, if it was put forward as an *ex gratia* payment and no attempt was made to justify it on the basis of calculations related to the estimated value of development rights.

In discussion the following points were raised:—

(a) *The Lord President* said that Clauses 50 and 51 would be strongly criticised on the ground that they deprived Parliament of all opportunity of debating the principles on which compensation was to be paid and the machinery for the settlement of claims.

(b) As the scheme under Clause 50 would consist almost entirely of financial provisions, should it not be subject to affirmative resolution of the House of Commons only?

It was pointed out that this would increase the opposition to the Bill in the House of Lords for no purpose; for, when the Bill had passed and development rights had been taken over, the House of Lords would have no interest in rejecting a scheme providing for payments to the owners of those rights.

(c) It was agreed that, in order to emphasise the fact that payments were to be made *ex gratia* and not in recognition of any right to compensation, the shares in the global figure should be described in the Bill, not as "compensation," but as "payments."

(d) The revised draft of Part IV did not prescribe a time-limit by which the payments would be made. So long as the amount due in respect of any particular piece of land was unknown, development of this land was likely to be held up; and it would be difficult to meet this situation by making payments on account because of the uncertainty as to the amount eventually payable.

On the other hand, it was argued that, as a large part of the development undertaken during the next five years would be carried out by public authorities, no large amount of desirable development was likely to be delayed in practice. It was desirable, however, that payment should not be deferred for more than five years, and Part IV of the Bill should be amended to provide that the payments should become due in five years from the appointed day.

(e) *The Minister of Town and Country Planning* said that at an earlier stage he had agreed to omit from Part III of the Bill a provision giving planning authorities power to acquire land for planning purposes. He did not wish to press that this provision should be included in the Bill as introduced, but he might have to

raise the matter again if he were strongly pressed in the Committee Stage to confer this power on planning authorities.

The Cabinet—

- (1) Approved the proposal to make available the sum of £300 million as an *ex gratia* payment to owners of development rights, and agreed that provision should be made for special payments to owners of land where value payments under the War Damage Act had been reduced on the ground that the war damage had increased the development value.
- (2) Agreed that the Bill should provide that the payments to be made to owners of development rights in accordance with any scheme made by the Treasury under Clause 50 should become due in five years from the appointed day under the Bill.
- (3) Subject to Conclusions (1) and (2) above, approved the revised draft of Part IV of the Town and Country Planning Bill; and took note that the Minister of Town and Country Planning would introduce the Bill in dummy before Parliament was adjourned for the Christmas Recess, and would submit a revised draft to the Legislation Committee with a view to its being published early in January.

Electricity Bill.
(Previous Reference: C.M. (46) 69th Conclusions, Minute 6.)

5. The Cabinet had before them a memorandum by the Minister of Fuel and Power (C.P. (46) 459) covering a draft of the Electricity Bill; and a note by the Minister of National Insurance (C.P. (46) 462) on the question whether there should be a single Area Electricity Board for Wales and Monmouthshire.

The Minister of Fuel and Power said that the draft Bill gave effect to the general principles approved by the Cabinet on 18th July, and incorporated amendments agreed on by the Committee on the Socialisation of Industries.

The Cabinet first considered whether a single Area Electricity Board should be appointed for Wales and Monmouthshire.

The Minister of National Insurance said that in the recent White Paper on Wales the Government had stated that so far as practicable Wales would be treated as a single unit for administrative purposes, and they should therefore be satisfied that there were good reasons for not treating Wales as a single unit in the Electricity Bill. Even if there had to be two Boards, should not the South Wales area be extended to include the whole of Cardiganshire?

The Minister of Health supported the proposal that there should be a single Board for Wales and Monmouthshire. The establishment of a separate Regional Hospital Board for Wales under the National Health Service Act, 1946, had not been incompatible with an arrangement by which patients from North Wales were treated in Merseyside hospitals; and, even if there were a single Area Electricity Board for Wales, it should be possible to make arrangements with neighbouring areas to ensure cheap and efficient supplies of electricity.

The Minister of Fuel and Power said that his proposal to divide Wales between two Boards was based on the desire to secure a properly balanced load in each area. If North and South Wales were combined in a single area, the relatively sparsely populated areas of North Wales would lose the advantage of being attached to the industrial area of Merseyside. The principle of the Bill was that each area should be a separate entity for tariff purposes, and for this reason arrangements of the kind suggested by the Minister of Health were impracticable. The local authorities had pressed for some 30 to 40 Area Boards instead of the 14 prescribed by the Bill; and, if he were to yield to the demand for a separate Board for Wales, he would find it difficult to resist similar claims from other parts of the country.

In further discussion it was pointed out that it was impossible to treat Wales and Monmouthshire as a unit for the purpose of the Transport Bill, and there was general agreement that the division of Wales and Monmouthshire between the South Wales Electricity Board and the Merseyside and North Wales Electricity Board should be retained. It was suggested, however, that the Minister of Fuel and Power might consider further whether the dividing line between the two areas might not be so adjusted as to bring the whole of Cardiganshire into one Area.

Other points in discussion were :—

(a) It was suggested that the provision in Clause 1 (6) (c) requiring the policy of the Electricity Boards to be directed to securing the avoidance of "undue preference" in the provision of electricity supplies might preclude the use of differential charges for electricity as an instrument of economic planning.

The Minister of Fuel and Power recalled that he had been compelled to insert a similar provision in Section 1 (1) (c) of the Coal Industry Nationalisation Act. It would, therefore, be difficult to omit Clause 1 (6) (c) from the Electricity Bill.

In further discussion there was general agreement that the right course would be to retain Clause 1 (6) (c) in its existing form, but to add a proviso to the sub-section enabling the requirement to be relaxed in suitable cases.

(b) *The Minister of Fuel and Power* said that Clause 21 had originally provided for the payment of compensation to local authorities who had applied some of the proceeds of their electricity undertakings towards the reduction of their rates or could show that the severance of their electricity undertakings from their other undertakings had involved an increase in the burden of their establishment charges. The provision had been dropped as a result of discussion on the Committee on the Socialisation of Industries, but he must warn the Cabinet that he would be strongly pressed to provide compensation on these lines when the Bill was before Parliament and he might at a later stage have to seek the approval of the Committee on the Socialisation of Industries for some concession to these claims of the local authorities.

(c) *The Minister of Transport* pointed out that the provision in Clause 21 enabling compensation to be paid to local authorities and certain joint boards in respect of approved capital works on which expenditure had been incurred after 19th November, 1945, might lead to his being asked to make a similar concession in the Transport Bill.

(d) It was explained that Clause 27 (3) would require amendment to provide for an appeal to the House of Lords.

(e) *The Minister of Fuel and Power* said that Clause 42 (1) (b) made provision for the discussion of matters affecting safety, health and welfare of persons employed by Electricity Boards with appropriate organisations. He had been pressed by organisations representing workers to amend the Clause so as to provide for consultation rather than merely for discussion and had promised to consider this suggestion.

The Minister of Transport said that if the Clause were so amended, he would probably have to make a corresponding amendment in the Transport Bill. He would not object to this, if a clear distinction was made between the machinery for settling terms and conditions of employment and the machinery for dealing with matters affecting safety, health and welfare.

(f) *The Chancellor of the Exchequer* pointed out that the Bill provided for the dissolution of all company undertakings at the vesting date. Some of these undertakings owned foreign assets, and it would be necessary to make some suitable provision to safeguard these assets.

The Cabinet—

- (1) Invited the Minister of Fuel and Power to consider in the light of the discussion whether the dividing line between the South-West and the Merseyside and North-West areas should not be so redrawn as to include the whole of Cardiganshire in the South-West area.
- (2) Agreed that the Bill should be amended to meet the points referred to at (a), (d), (e) and (f) above.
- (3) Took note that the Minister of Fuel and Power would present the Bill in dummy before Parliament was adjourned for the Christmas Recess, and would submit a revised draft to the Legislation Committee with a view to its being published early in January.

Shipping.

(Previous Reference: C.M. (46) 88th Conclusions, Minute 1.)

6. The Cabinet had before them a memorandum (C.P. (46) 453) submitted by the Minister of Transport in pursuance of the Cabinet's request of 15th October for further information on (i) the possibility of reducing the level of freight rates; (ii) the steps which could be taken to recover our carrying trade, and (iii) the age and quality of our merchant fleet.

The Cabinet—

Invited the Lord President to arrange for the issues raised in C.P. (46) 453 to be considered in the first instance by the Lord President's Committee.

Palestine.

Illegal Immigration. (Previous Reference: C.M. (46) 104th Conclusions, Minute 5.)

7. At their meeting on 10th December the Cabinet had invited the Lord Chancellor to consider the legal implications of the proposal, which had been put to the Cabinet in C.P. (46) 434, that commanding officers of His Majesty's ships should be given authority to arrest on the high seas certain specified categories of vessels suspected of carrying illegal immigrants to Palestine. The Cabinet now had before them a note by the Lord Chancellor (C.P. (46) 463) reporting that, after consulting the Legal Adviser of the Foreign Office and representatives of the Admiralty, he was satisfied that this proposal could not be justified in international law.

The First Lord of the Admiralty said that, in view of the legal opinion which had now been given by the Lord Chancellor, he did not wish to proceed with the proposal which he had put forward in his memorandum C.P. (46) 434.

The Secretary of State for the Colonies said that it would have been of great assistance to the authorities in Palestine if it had been possible for the Royal Navy to intercept and divert on the high seas ships carrying illegal immigrants to Palestine. He could not, however, press that this action should be taken, in view of the Lord Chancellor's opinion; and he accepted the position that other means must be sought of checking illegal immigration. There were some grounds for hoping that the shipment of large numbers of illegal immigrants might be suspended for a time, if Jewish representatives agreed to attend the resumed proceedings of the Palestine Conference.

The Cabinet—

Took note that the First Lord of the Admiralty would not proceed with the proposals submitted in C.P. (46) 434 for arresting on the high seas certain specified categories of vessels suspected of carrying illegal immigrants to Palestine.

*Cabinet Office, S.W. 1,
19th December, 1946.*

