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C.M. (46)

69th Conclusions.

CABINET 69 (46).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 18th July, 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.	The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.	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., First Lord of the Admiralty.
The Right Hon. LORD JOWITT, Lord Chancellor.	The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.	The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War (<i>Items 1-4</i>).	The Right Hon. J. WESTWOOD, M.P., Secretary of State for Scotland.
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. ALFRED BARNES, M.P., Minister of Transport (<i>Items 6-7</i>).	The Right Hon. JOHN STRACHEY, M.P., Minister of Food (<i>Item 2</i>).
The Right Hon. WILLIAM WHITELEY, M.P., Parliamentary Secretary, Treasury (<i>Items 1-4</i>).	

Secretariat :

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

CABINET 69 (46).

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Parliament.
Business in
the House
of Commons.

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.

The Report stage of the *National Health Service Bill* would be taken on the 22nd and 23rd July; and the Third Reading on the 26th July.

On the 24th and 25th July there would be debates in Committee of Supply. One of these days would be devoted to a debate on the *Coal Situation*; and the other to debates on *Malaya* and *South Tyrol*.

On the 25th July the Report Stage and Third Reading of the *Diplomatic Privileges (Extension) Bill* would be taken. Further progress would be made during the week with other Bills and Orders.

The Foreign Secretary recalled that the Government had promised to give facilities for a debate on *Palestine* before the Summer Recess. Satisfactory progress was being made in the consultations between British and United States officials, and it was possible that the United Kingdom and United States Governments might be able to reach agreement before the Recess on a policy for Palestine. The next step, however, would then be to hold consultations with representatives of the Jews and Arabs; and it would be most inexpedient to disclose, before those consultations began, the proposals which would be put to the two sides. He wondered whether, in these circumstances, it would be possible to get agreement among the Parties that the promised debate should be postponed until after the Recess.

In discussion it was pointed out that it would be difficult to refuse facilities for a debate if the Opposition or Government supporters pressed for it. The Cabinet were informed that Viscount Samuel was also pressing for a debate to be held in the House of Lords. Another material factor was that a White Paper was shortly to be presented dealing with the recent action taken against the Jews in Palestine; and it would be specially difficult to refuse facilities to debate the situation described in that White Paper. A possible compromise might be to hold a one-day debate on the understanding that discussion would be confined to the immediate situation in Palestine and would not extend to the long-term constitutional problem.

It was agreed that the Chief Whip should arrange for informal consultations to be held with the Leaders of the Opposition and representatives of the other Parties with a view to securing agreement that Parliamentary debate on the long-term problem of Palestine should be postponed until after the Summer Recess.

**Bread
Rationing.**
(Previous
Reference:
C.M. (46) 68th
Conclusions,
Minute 4.)

2. *The Minister of Food* said that in view of the public controversy over bread rationing it was his duty to report to the Cabinet a substantial improvement in the prospects for the Canadian wheat harvest. He had that morning received from the Canadian Minister of Agriculture confirmation that the harvest was now expected to yield about 450 million bushels, which was about 100 million bushels higher than any previous estimate. On these figures there was no doubt that Canada would be able to send us considerably more than the 160 million bushels which we had been expecting from this source. The Minister of Food said that he had felt bound to bring this specially to the notice of the Cabinet, since it could be argued that the prospective supply situation was now such that it would be safe to postpone the introduction of bread rationing for another month.

In discussion, it was pointed out that the bread rationing scheme had been designed primarily as a measure of insurance

against a failure of supplies in the months immediately preceding the new harvest. When the decision had been taken to introduce the rationing scheme, it had seemed that, if consumption remained uncontrolled, the risk of a temporary breakdown in flour distribution in August and September would be greater than could legitimately be taken. Since then, however, shipments from the United States had been coming forward well and there now seemed every prospect that the United States would fulfil the undertakings which they had given to us. It could be argued that, in view of this and of the improved prospects for the Canadian harvest, it would be justifiable to postpone the introduction of a rationing scheme which was likely to be very unpopular both with the bakers and with housewives.

On the other hand, it was contended that the yield of the Canadian harvest had not been a factor in the decision to introduce bread rationing, and that the increased supplies now promised from Canada would not affect our supply position over the next two or three months, when our stocks would reach their lowest level. It was still too soon to be certain how the weather would affect the yield from the United Kingdom harvest during this period. Nor could the possibility be ruled out of labour troubles delaying shipments both from the United States and from Canada. We were bringing great pressure to bear on the United States Government to provide enough to meet the minimum needs of the British Zone in Germany during August, on the basis that we could supply no more for the Zone ourselves: but, if we delayed the introduction of rationing in the United Kingdom, we should be conveying the impression that our own needs were no longer so urgent as had been represented. If any relaxation were possible, the first step should be to lower the extraction rate, and thus increase the quantity of animal feeding-stuffs so as to assist in providing a more varied diet.

The view of the Cabinet was that in the forthcoming debate in the House of Commons the Minister of Food should reaffirm the Government's decision to introduce bread rationing on the 21st July. He could, however, indicate in the debate that there had been some improvement in the prospective supply situation in the autumn, and that, if these prospects were fulfilled, it might not be necessary to maintain rationing for more than a short period.

The Cabinet—

Confirmed their previous decision that bread rationing should be introduced on the 21st July.

India.

(Previous
Reference:
C.M. (46) 65th
Conclusions,
Minute 1.)

3. *The Prime Minister* informed the Cabinet that the Viceroy was about to reopen negotiations with the Leaders of Congress and the Moslem League regarding the formation of an Interim Coalition Government in India. He proposed to negotiate on the basis of a Government of fourteen members, six of whom (including one scheduled caste representative) would be nominated by Congress, five by the Moslem League, and three, to represent minorities, by the Viceroy. It was proposed to send a telegram to the Viceroy approving the general line which he intended to take and making it clear that, in the view of His Majesty's Government, Mr. Jinnah's claim that only the Moslem League could nominate Moslems could not be allowed to prevent the formation of an Interim Government.

The Cabinet—

Approved the course proposed by the Prime Minister.

Amendment
of British
North
America
Acts,
1867-1943.

4. The Cabinet had before them a memorandum by the Secretary of State for Dominion Affairs (C.P. (46) 275) regarding a request from the Canadian Government that legislation should be enacted in the United Kingdom to amend the British North America Acts, 1867-1943, so as to provide for a readjustment of Canadian representation in the Canadian House of Commons. The Canadian Government were anxious that this legislation should be passed before Parliament adjourned for the Summer Recess.

The Secretary of State for Dominion Affairs said that this proposal, which had been approved by both Houses of the Canadian Parliament by substantial majorities, would have the effect of increasing the numbers in the Canadian House of Commons by ten, of whom eight would come from the Province of Quebec. It was greatly to be regretted that this request had been made at such short notice, more particularly since it appeared that the haste was due to a desire on the part of the Canadian Government to forestall opposition from certain quarters in Canada. Nevertheless, he felt that it would be right to meet the wishes of the Canadian Government, despite the inconvenience, if it was at all possible to do so. He therefore asked the Cabinet to agree that the necessary legislation should be introduced and passed before Parliament rose.

In discussion the Cabinet were reminded that similar legislation in 1943 had not proved entirely uncontroversial, and that there might be criticism in Parliament of the changes proposed by the Canadian House of Commons. On the other hand, it was argued that it was not the function of the Parliament at Westminster to enter into the merits of the proposal: it was their duty to give effect to the wishes expressed by the Canadian Parliament.

The Cabinet—

- (1) Agreed that a Bill in the terms proposed should be introduced forthwith in the House of Lords.
- (2) Invited the Secretary of State for Dominion Affairs to inform the Canadian Government that His Majesty's Government in the United Kingdom would endeavour to pass the Bill through both Houses before the Summer Recess, though, if difficulties arose, it might be necessary to hold it over until the autumn.

Paper
for Fascist
Publications.
(Previous
Reference:
C.M.(46)31st
Conclusions,
Minute 3.)

5. The Cabinet had before them a memorandum by the Lord President (C.P. (46) 262) about an application for a quota of paper for book publishing received by the Board of Trade from a firm of publishers which had before the war published books on behalf of the British Union of Fascists. This application has been considered by the Lord President's Committee (L.P. (46) 24th Meeting, Minute 5), who had come to the conclusion that the only course open to the Board of Trade was to grant the application, though it was reasonably clear that Abbey Supplies, Limited, who were acting with Sir Oswald Mosley, would use the paper for the publication of Fascist books.

In discussion several Ministers urged that the application should be refused. The present shortage of paper, which compelled the Government to limit the supplies made available for such purposes as the production of textbooks or the expansion of the circulation of journals for which there was a wide and increasing demand, was a direct consequence of a war brought about by Fascism, and it seemed unreasonable that a firm of publishers who obviously intended to use any paper which they received for the propagation of Fascist doctrines should be granted a quota merely because they happened to have used paper in the twelve months before the institution of control. Moreover, was it not illogical that we should spend on the purchase of paper to be used to spread

Fascist doctrines any part of our financial resources, which had been so greatly depleted during the war? Finally, the granting of a quota of paper to a Fascist publisher would inevitably increase the suspicions of the foreign Governments, who were already inclined to criticise us for failing to take adequate steps to root out Fascism; and if, when the books had been produced, we found ourselves powerless to prevent their export to the Continent we should be even more vulnerable to this criticism.

On the other hand, it was pointed out that, however deplorable the publication of Fascist books in the United Kingdom might be, it would be indefensible to impose a political censorship by the use of economic controls which had been granted by Parliament for entirely different purposes. If it was wrong that Fascist books should be published, the proper course was to take specific power to prohibit them. It was also suggested that any action which might be taken against Abbey Supplies, Limited, was likely to result in advertising their publications, which on their merits were not likely to have a wide appeal.

The Cabinet—

- (1) Agreed that the Board of Trade should allow Abbey Supplies, Limited, to have the quota of paper to which they were entitled under the existing rationing scheme.
- (2) Invited the Foreign Secretary, in consultation with the Home Secretary, to consider whether there was a case for prohibiting the publication of Fascist books and, if so, what steps would have to be taken to empower the Government to impose such a prohibition.

Organisa- tion of Electricity Supply.

(Previous
Reference:
C.M.(45)52nd
Conclusions,
Minute 1.)

6. The Cabinet had before them a memorandum by the Minister of Fuel and Power (C.P. (46) 270) seeking authority to proceed with the preparation of legislation to nationalise the electricity supply industry.

The Minister of Fuel and Power recalled that on the 19th November, 1945, the Lord President had stated in the House of Commons that it was intended to introduce legislation to nationalise the electricity supply industry during the present Parliament. The form of the scheme of nationalisation had been considered by the Ministerial Committee on the Socialisation of Industries and, with the agreement of that Committee, he had had discussions with all sections of the industry. As a result he had now drawn up the scheme outlined in C.P. (46) 270, the main feature of which was the establishment of a National Electricity Board, to which all the assets of the industry would be transferred and which would be responsible for the planning and development of electricity supply, including research, subject to general directions given by himself. Generation and main transmission would be directly managed by the Board, which would become the sole producer and bulk distributor of electricity. The Board would also be responsible for distribution policy but would delegate detailed administration to regional distribution boards, to whom the distribution assets would be allocated. Distribution had always been much less centralised than generation and, though he agreed that the National Electricity Board should be ultimately responsible for distribution policy, he attached considerable importance to giving the regional boards a reasonably free hand in order that local people might have some responsibility for management and development. If this were done, it would be easier to meet the opposition to the scheme which was likely to come from local authorities, who were inclined to argue that the nationalisation of electricity distribution could be achieved by transferring to them all the existing private undertakings. The National Electricity Board would consist of a full-time chairman, two full-time vice-chairmen, three part-time

members, and a number of chairmen of regional distribution boards selected by him in rotation. The Fuel and Power Committee of the Trades Union Congress had, however, made strong representations in favour of a board consisting entirely of full-time members, and there might be a case for appointing one of the three additional members on a full-time basis. Each of the regional distribution boards would have a full-time chairman and vice-chairman, with part-time members selected from different areas of the region after consultation with the local authorities and possibly with organisations representing local industries, trade unions and professional associations. As regards the number of regional boards, the Lloyd George Committee under the Coalition Government had advocated 14, but the Electricity Commissioners were inclined to think that with smaller regions administration would be easier and it had been suggested that as many as 30 boards might be appointed. He was disposed to think that the right number lay somewhere between 14 and 20, but had not yet formed a final view on this matter. He would resist any pressure for a separate Scottish national authority and it must be clear that the assets of the North of Scotland Hydro-Electric Board would be transferred to the National Electricity Board, though he was prepared to discuss with the Secretary of State for Scotland what special arrangements should be made for the North of Scotland Hydro-Electric Board. The provisions relating to compensation, which would form an important part of the Bill, had not yet been fully worked out, but as soon as he had detailed proposals to put forward he would submit them to the Committee on the Socialisation of Industries and, if necessary, to the Cabinet.

The Lord President said that he would have preferred to see the regional distribution organisation directly controlled by the National Electricity Board and to find an outlet for local authority interest through the creation of advisory councils which might have been given quasi-executive duties. He recognised, however, that the Minister had gone a long way to meet his point of view and he was prepared to accept the proposal for semi-autonomous regional distribution boards. Though he would not oppose an increase in the number of regional boards from the fourteen proposed by the Lloyd George Committee to, say, seventeen, he felt that the Committee's proposals, which had been reached after exhaustive consideration, should not be lightly overturned and he would certainly not favour raising the number of regions to anything like thirty. He hoped that the Minister would resist any suggestion that all the members of the National Electricity Board should be appointed on a full-time basis, for he was convinced that the Board would derive great advantages from having part-time members with contacts outside the electricity industry. With regard to compensation, there might be a good deal of opposition from local authorities whose electricity undertakings were free from debt and who had been applying the revenue of their undertakings towards the reduction of rates. This opposition could probably be mitigated by providing for tapering annual contributions for five or ten years so as to avoid a sudden rise in rates. The Bill must be introduced not later than February if it was to be passed during the 1946-47 Session, and it was, therefore, urgently necessary to settle the outstanding points of policy in order that instructions might be given to Parliamentary Counsel, who would have a heavy task in getting the Bill ready, particularly in view of the prior call on his time for the preparation of the legislation for the nationalisation of transport.

The Secretary of State for Scotland said that, while he accepted the view that there should not be a separate national authority for Scotland, he must reserve the position of the North of Scotland Hydro-Electric Board, who were responsible for the generation of electricity as well as its distribution, until he had discussed with the Minister what special arrangements could be made for the Board.

The Cabinet—

- (1) Approved in principle the scheme for the nationalisation of the electricity supply industry outlined in C.P. (46) 270 and authorised the Minister of Fuel and Power to arrange for the drafting of a Bill to give effect to the scheme.
- (2) Invited the Minister of Fuel and Power to submit any outstanding questions of policy connected with the scheme to the Ministerial Committee on the Socialisation of Industries as soon as possible.

Burma.
Release of
Ba Maw.

7. *The Prime Minister* said that it was urgently necessary to reach a decision about the disposal of Ba Maw, who had been appointed Head of State when Burma was given independence by the Japanese and had retained this position until the defeat of Japan. Earlier in the year it had been agreed by the India and Burma Committee (I.B. (46) 2nd Meeting, Minute 1) that the United States Army authorities in Japan, who held Ba Maw in custody, should be asked to retain him during the period while the Cabinet Mission was in India. The United States Army authorities now wished to be relieved of responsibility for him, and the Secretary of State for Burma had reached the conclusion that he should be set free and allowed to return to Burma. His record was no worse than that of Aung San or U Saw, who had already been released, and there was a good deal of pressure in political quarters in Burma for his release. No attempt would be made to impose conditions on him or to get any assurances of loyal behaviour, but it would be brought home to him that the offences he had committed had merited the extreme penalty and that the decision of His Majesty's Government to exercise clemency was influenced by the fact that he might to some extent have acted under duress and by their desire that Burman leaders should now co-operate for the orderly progress of their country to full self-government in the shortest possible time.

The Cabinet—

Approved the proposal of the Secretary of State for Burma that Ba Maw should be released and allowed to return to Burma.

Cabinet Office, S.W. 1,
18th July, 1946.



