CABINET 5 (47)

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 13th January, 1947, at 2.30 p.m.

Present:

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

The Right Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs.


The Right Hon. A. V. Alexander, M.P., Minister of Defence.

The Right Hon. J. Chuter Ede, M.P., Secretary of State for the Home Department.

The Right Hon. Lord Pethick-Lawrence, Secretary of State for India and Secretary of State for Burma.


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. Sir Stafford Cripps, K.C., M.P., President of the Board of Trade (Items 1-3).

The Right Hon. Lord Jowitt, Lord Chancellor.

The Right Hon. Viscount Addison, Secretary of State for Dominion Affairs.

The Right Hon. A. Creech Jones, M.P., Secretary of State for the Colonies.

The Right Hon. E. Shinwell, M.P., Minister of Fuel and Power (Items 1-3).

The Right Hon. Aneurin Bevan, M.P., Minister of Health.

The following were also present:

The Right Hon. Alfred Barnes, M.P., Minister of Transport (Items 1 and 2).

Lord Pakenham, Parliamentary Under-Secretary of State for War (Items 1 and 2).

Secretariat.

Sir Norman Brook.

Mr. C. G. Eastwood.
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1. The Minister of Labour gave the Cabinet the latest information about the unofficial strike of road transport workers. This had begun on 6th January, when transport drivers employed by some of the large contractors in East London had gone on strike, without warning, as a protest against the proposals announced by the Road Haulage Wages Board on 31st December. Drivers working in Smithfield meat market joined the strike at once, and it quickly spread to other large contractors, including two handling mails. The Minister said that the merits of the men's claim were strong and there had certainly been undue delay in dealing with it; but they had put themselves in the wrong by striking, against the advice of Union officials, while the claim was still under consideration by the Wages Board. The best hope of restoring the position was to convince the men that their claim could not be met while they remained on strike but that, if they returned to work, they had a good prospect of obtaining an early and satisfactory settlement. The Board were meeting that day and it was possible that, before the end of the statutory period for receiving objections, they might be ready to make some announcement indicating their intention to modify their original proposals. Alternatively, it might be possible to secure the establishment of a Joint Industrial Council for the industry, which might negotiate conditions acceptable to the men and submit them thereafter for ratification by the Board. He was himself disposed to favour the second course.

The Minister sought the views of the Cabinet on the question whether some member of the Government should make a statement indicating that, if the men would return to work, there was a good prospect that a settlement satisfactory to them would be reached in the near future. It was the view of the Cabinet that no assurance of this kind should be given on behalf of the Government. The Trade Union officials would no doubt continue to take all practicable steps to bring this home to the men.

In further discussion, the following points were made:

(a) Following a meeting held on 10th January under the Chairmanship of the Minister of Defence, arrangements had been made for the employment of troops in maintaining food supplies in the London area. These arrangements had been brought into operation that morning and were working satisfactorily. The number of lorries operating under these arrangements would rise from 600 at the outset to 1,300 on 16th January.

(b) It was estimated that about 14,000 men were now on strike in London. Outside London, Liverpool and Manchester the numbers on strike were relatively small; and it was mainly the provincial branches of London firms that were affected. It was possible that the situation might become more serious in London, the strike had already spread to some of the flour mills and there was some risk that milk delivery might be affected.

(c) A committee of officials had been formed to secure inter-departmental collaboration in maintaining essential services. It was desirable that a Ministerial Committee should also meet, as necessary, to take on the Cabinet's behalf the urgent decisions which would be required if the strike continued for some time or became more widespread. The action so far authorised by Ministers applied only to the maintenance of essential food supplies.

(d) It might be represented to the B.B.C. that the position was not likely to be improved by frequent announcements of fresh areas to which the strike had spread. The Lord Privy Seal undertook, in the Lord President's absence, to raise this matter with the B.B.C.

(e) The procedure under the Road Haulage Wages Act, 1938, was undoubtedly cumbersome and the delays to which it had given
rise on this occasion could not be defended. There was something to be said for making permanent the emergency procedure which had been introduced during the war by the Trade Boards and Road Haulage Wages (Emergency Provisions) Act, 1940. The Minister of Labour said that he was looking into this whole question of delays in procedure: he was, in particular, considering whether he could make a regulation requiring the Road Haulage Wages Boards to deal with applications within a prescribed period.

The Prime Minister, summing up the discussion, expressed the Cabinet’s approval of the proposal of the Minister of Labour for promoting the satisfactory settlement of the men’s claim through the establishment of a Joint Industrial Council. Meanwhile, it was not desirable that any member of the Government should give any public assurance that the men had a good prospect of securing a satisfactory settlement if they returned to work; and, so long as the strike continued, it was the duty of the Government to take all necessary steps to maintain essential services. For this purpose a Committee of officials had already been appointed and met regularly; and he would arrange for a Ministerial Committee to meet, as necessary, to give such urgent decisions as might be required on the Cabinet’s behalf.

2. In the course of the discussion recorded in the preceding Minute reference was made to the disclosure in the press of information about the meeting of Ministers held on 10th January to discuss arrangements for maintaining essential services during the transport workers’ strike. Other recent disclosures were also mentioned, including a report of the Cabinet’s decision to reduce coal allocations for industry, and a forecast that the raising of the school-leaving age would be postponed.

The Cabinet expressed concern at these apparent leakages of confidential information. The Lord Chancellor undertook to make inquiries, in accordance with the procedure approved by the Cabinet on 4th April, 1946.

3. The Cabinet considered memoranda by the Minister of Food (C.P. (47) 4 and 10) about the project for the large-scale production of ground nuts in East Africa.

The Minister of Food recalled that on 31st October, 1946, the Cabinet had sanctioned a limited scheme, at a cost of not more than £3 million, on the understanding that the implications of the larger scheme which had then been outlined to them would be fully investigated by the Departments concerned. Satisfactory progress had been made with the limited scheme, and he now sought authority to proceed with the full scheme, involving Treasury advances of about £25 million. The financial details and the arguments in favour of proceeding with the large-scale development were set out in the two memoranda which he had circulated to Cabinet. There was undoubtedly some element of risk in undertaking this project; but he was satisfied that there would be even greater risk in refraining from developing some such alternative source of supply of edible fats. The maintenance of adequate supplies of margarine for this country by 1950 was likely to depend on the success or failure of this scheme. Much of the capital cost, particularly for machinery, would involve dollar expenditure; but, if the scheme were successful, a limited initial expenditure of dollars should ultimately relieve us of a heavy continuing dollar expenditure.
He had been asked whether it could be assumed that the ground-
nuts produced under this scheme would be available for our own use and not subject to international allocation. He thought it likely that the system of international allocation of fats would have been discontinued by the end of 1947, and any production under this scheme would then be a net gain for us. Even if it were continued, however, we should be able to take the whole of this production against our allocation and to reduce by that amount the quantity which we had to buy from dollar sources.

If his proposals were approved, he would make an annual report to the Cabinet on the progress of the scheme. In the first instance, the United Africa Company would administer it as a managing agency; but he proposed that legislation should be introduced in the autumn to establish a Government Corporation to which responsibility for the scheme would be transferred in August 1948.

The Chancellor of the Exchequer said that he had discussed the details of the scheme with the Minister of Food, and he was satisfied that the balance of the argument was in favour of undertaking this development. He was glad that the Minister had been able to give the Cabinet satisfactory assurances on two points to which he had attached importance, viz., that this country, rather than an international pool, should get the benefit of all this new production, and that annual reports should be made to the Cabinet on the progress of the scheme. A third point which he hoped the Cabinet would accept in principle was that the Colonial Governments, who would derive substantial benefit from the scheme, should be asked to consider making some contribution towards the capital cost.

The Secretary of State for the Colonies said that his Department had been associated with the Ministry of Food in the detailed examination of these schemes and he supported the proposals which the Minister of Food had placed before the Cabinet. Substantial difficulties would have to be overcome. In particular, there might be difficulties in obtaining adequate supplies of labour in this area; much machinery would have to be imported; large supplies of fertilisers would have to be obtained; and a good deal of irrigation work would be required. On these and other points, however, the Departments had taken great trouble to secure the best advice obtainable, and the balance of argument was, in his view, in favour of proceeding with the scheme. He would discuss with the Chancellor of the Exchequer the question of securing some contribution from the Colonial Governments towards the capital cost of the scheme.

Points in further discussion were:

(a) If any substantial part of the machinery required were to be supplied from this country, this would prejudice the production of agricultural machinery for use in the United Kingdom.

The Cabinet were informed that the bulk of the machinery required was to be obtained from Canada.

(b) It was said that the full scheme would involve the annual consumption of 400,000 tons of fertilisers. Might not this prejudice the supply of fertilisers for use in the United Kingdom?

The Cabinet were informed that extensive new deposits of phosphates had been discovered in Uganda, and it was hoped that these might be exploited for the purposes of this scheme.

(c) Large numbers of soil chemists and other technical experts would be required. Might not this also prejudice the interests of British agriculture?

The Cabinet were informed that the Colonial Service already included a number of competent soil chemists, who would form the nucleus of the technical staff required for this scheme. Though others would be required, it was unlikely that recruitment for this staff would seriously prejudice British agriculture.
(d) Was it not possible that, by the time the scheme produced full results, ample supplies of butter would be available to relieve the present shortage of fats?

The Minister of Food said that the prospective world shortage of fats was so great that there was no risk of our being unable to make effective use of this additional production.

(e) The view was expressed that the success of this scheme would depend largely on management; and it was suggested that for this reason progress reports should be submitted to Ministers more frequently than once a year.

The Minister of Food undertook that, in the early stages, he would submit more frequent progress reports to the Cabinet.

The necessary legislation would not be introduced in the present Session. It would assist the arrangement of the Legislative Programme if it could be prepared in time for introduction at the beginning of the 1947-48 Session. The legislation might with advantage be framed in terms sufficiently wide to cover other similar schemes for Colonial development.

The Cabinet—

(1) Approved the proposals outlined in C.P. (47) 4 and 10 for the development of the large-scale production of ground nuts in East Africa.

(2) Authorised the Minister of Food to make an early announcement of this scheme in the form of a White Paper.

(3) Invited the Minister of Food to arrange for the necessary legislation to be prepared in time for its introduction at the outset of the 1947-48 Session of Parliament.

Japanese Reparations

The Cabinet considered memoranda by the Foreign Secretary (C.P. (47) 9), the Secretary of State for Dominion Affairs and the Secretary of State for India (C.P. (48) 457 and C.P. (47) 23 and 27) regarding a deadlock which had been reached over Japanese reparations.

The Soviet Government, having removed large quantities of plant from Manchuria which they regarded as war booty, were unwilling to agree that Japanese external assets should be included in the reparations pool. The other members of the Far Eastern Commission considered it essential that external assets should be included in order to secure an equitable division of all Japanese assets. Having failed to reach agreement by negotiation, the United States Government were now anxious to issue "interim directives" to the Supreme Commander, Allied Powers. This they were entitled to do when urgent matters arose which were not covered by policies already formulated by the Commission. It was their intention to obtain the concurrence of the members of the Commission, other than Russia, in such interim directives; and they had sought our view on this course of action.

The Governments of India and of the interested Dominions had been consulted. The Government of India were ready to agree to the United States proposal. The Governments of Canada, Australia and New Zealand were anxious that the appropriate international machinery should continue to be used for as long as possible. The Canadian Government proposed reference to the Council of Foreign Ministers, while the Australian Government suggested that the first step should be to establish clearly the Soviet attitude by pressing the issue to a vote on the Far Eastern Commission, the Commission being also asked to determine the levels of industry before detailed decisions on the allocation of reparations were made. In the last resort the Commonwealth Government would be ready to agree to the United States proposal.
The Foreign Secretary pointed out that the disadvantages of the course proposed by the United States Government were that it would impair the authority of the Commission and might have repercussions on our general relations with Russia. On the other hand, it appeared to be the only means of permitting the desires of the majority to prevail against the obstruction of the Soviet Government. The balance of advantage seemed to be in favour of acquiescing in the proposal of the United States Government.

In discussion Ministers recalled the advantages of working in close accord with Dominion Governments in matters of foreign policy. As against the Australian proposal, however, it was pointed out that, if the matter were pressed to a vote on the Far Eastern Commission, the Soviet Government might exercise their veto and this would prejudice the work of the Far Eastern Commission even more seriously.

The Secretary of State for Dominion Affairs suggested that this point should be put to the Australian Government as a reason for acquiescing in the United States proposal.

The Cabinet—

(1) Agreed that the reply to be returned to the United States Government should explain the political objections to the course proposed by the United States Government, but should promise our support if, after considering these objections, they decided to proceed with their proposal. The reply should be on the lines of the draft in Annex B to C.P. (47) 9 amended to take account of later developments and of the Cabinet's discussion.

(2) Agreed that, before a reply on these lines was sent to the United States Government, the Secretary of State for Dominion Affairs should send a further telegram to Dominion Governments explaining why we proposed to give our support to the United States proposal in the last resort including, in particular, our apprehension that the authority of the Far Eastern Commission would be further undermined if the Soviet Government felt obliged to invoke the veto over this reparations issue.

(3) Invited the Secretary of State for India to send a similar telegram to the Government of India.

5. The Cabinet had before them a memorandum (C.P. (47) 24) submitted by the Lord Privy Seal, as Chairman of the Colonial Affairs Committee, covering the draft of a White Paper setting out proposals for a new constitution for Malta. A promise had been given in 1943 that after the war responsible government would be restored in Malta within the same sphere as between 1921 and 1933. Sir Harold MacMichael had therefore visited the Colony as Constitutional Commissioner to discuss the form of the new constitution with representatives of local opinion. His report, which was also attached to C.P. (47) 24, and was to be published simultaneously with the White Paper, contained detailed proposals which were substantially acceptable to Maltese opinion. The Secretary of State for the Colonies submitted that Sir Harold MacMichael’s proposals should be accepted, save on certain points, not of major importance, on which he suggested some modification, as set out in the draft White Paper.

The Lord Privy Seal informed the Cabinet that the draft White Paper had been considered by the Colonial Affairs Committee. They had devoted particular attention to the powers which could be exercised by the United Kingdom Government in emergency. They were now satisfied on this point; and the draft White Paper had been amended to make it clear that full power could be taken by the British Government in emergency.
The Secretary of State for the Colonies said that he was anxious that the White Paper should be issued forthwith so that it might be available when the debate on the Malta (Reconstruction) Bill took place in the House of Commons on 24th January.

The Cabinet—

Authorised the Secretary of State for the Colonies to present to Parliament a White Paper, in the terms of the draft attached to C.P. (47) 24, announcing a new constitution for Malta.

Cabinet Offices, S.W. 1,