

SECRETC.P.(45) 24524TH OCTOBER, 1945COPY NO. 66CABINETCIVIL AVIATION COMMITTEECIVIL AVIATION POLICYReport by the Chairman

1. At their meeting on the 18th October, 1945^{*} the Cabinet had under consideration the question of the participation of private interests in the proposed European and South American Air Transport Corporations. The Minister of Civil Aviation was invited to ascertain the views of the Civil Aviation Group of the Parliamentary Labour Party and to formulate revised proposals for consideration by the Civil Aviation Committee prior to their submission to the Cabinet.

2. The Civil Aviation Committee has met, and had before it the attached memorandum setting out the views of the Civil Aviation Group (Annex I) as well as a letter from the Secretary of the Parliamentary Labour Party to the Minister of Civil Aviation (Annex II).

3. The Minister of Civil Aviation reported to us that he had discussed with the Group the points which they had raised. These may be summarised as follows:-

(i) In the view of the Group, Civil Air Transport should be operated in accordance with a scheme which can in due course be fitted into a larger air plan for the British Commonwealth and ultimately an International service; it is desirable that the Government should prepare at the earliest moment a master plan covering both home and overseas requirements from this point of view.

(ii) In the preparation of these plans it is regarded as of cardinal importance that they should provide for fully socialised ownership, operation and control. The Group, however, suggest that scope might be given to private enterprise in the operation of charter services and feeder air lines.

4. As regards the first point, the Minister of Civil Aviation explained that the desirability of a single Commonwealth Corporation has been fully discussed in the past with Commonwealth Countries, that these conversations have shown that it is not at present possible to establish such a single Corporation and that the arrangements which have been made in these circumstances with Commonwealth countries for the operation of services on Commonwealth routes on a close partnership basis are such as to facilitate the emergence of a single Commonwealth Corporation as and when Commonwealth Governments agree.

* C.M.(45) 43rd Conclusions, Minute 2

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PM

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5. On the international side, the events of the last year have shown that the realisation of international operating units on any substantial scale is even more remote. Nevertheless, the steps taken by the Minister of Civil Aviation, and in particular his policy of negotiating bilateral agreements with foreign countries in a standard form, will dovetail in with a policy for international operating units when the time is ripe. We suggest that it would be desirable in dealing with this point in Parliament to emphasise the statement which has already been made in the House of Lords, that the present policy is in fact designed to assist the ultimate realisation of the objectives stressed by the Group.

6. As regards the second point, which calls for a fully socialised state control of air transport, we have noted with some surprise the Group's suggestion that charter services and feeder air lines might be left to private enterprise. This in fact leaves a greater opening for private enterprise to exploit profitable fields than the plan advocated by this Committee in C.P.(45)221 under which all feeder air lines would be reserved to the Home and European Corporation which would be fully controlled by the State. Our plan also provides for the State Corporation to undertake charter services, though not to the exclusion of private chartering.

7. On the general question of the participation of private interests we recognise that there is strong feeling in the Parliamentary Labour Party for a completely public service and that it will be necessary for a powerful case to be made out for the maintenance of some measure of private interest. We have given careful consideration to these political considerations, (and we have a good deal of sympathy with them); but we feel that there are cogent practical arguments on the other side. In the first place, government control of the proposed Corporations will be complete. The Minister will retain in his hands the right to appoint and dismiss the Boards of Directors: the distribution of profits is limited and the interest of the consumer is fully protected by the establishment of an independent tribunal to deal with such matters as fares, complaints, etc. Further, there will be enabling legislation which will permit the holdings of private interests in the Corporations to be taken over at par value if and when the Government so decides. We understand that it is not the intention of the Government to nationalise British shipping, partly because of the international difficulties to which this might give rise. Air transport outside the borders of this country (by far the largest element so far as this country is concerned) is an international undertaking to which similar considerations apply. We are satisfied that surface transport interests, including the short sea shipping lines, can provide valuable services to the State in the development of air transport which could not be obtained in equal measure, and in time to be effective, by other means, including the employment of surface transport experts. We would stress the importance of timing in this connection. The mere employment of experts from the surface transport interests would not produce the machinery of ticket agencies and all the other ancillary organisation catering for the traveller which we must have ready for use if we are not to be seriously handicapped in comparison with our competitors.

8. Accepting that for practical reasons private participation is necessary for the time being, we have given further consideration to the amount of this participation. We are impressed by the view of the Minister of Civil Aviation that it will not be possible to secure the whole-hearted co-operation of the surface interests, and the full and unstinted use of all the services which they are in a position to offer, unless he has authority to negotiate with them up to the limits of 40% in the case of the European Corporation and 33 $\frac{1}{3}$ % in the case of the South American Corporation. We express the hope, however, which the Minister of Civil Aviation fully shares, that it may be possible for him to reach agreement with these interests at figures lower than these maxima.

Prestwick

9. We have given further consideration to the future use of Prestwick, in the light of the discussion at the Cabinet and we have taken into account the view expressed by the Under Secretary of State for Scotland that the intention of the Cabinet was that the undertaking given by the Caretaker Government* should be substantially maintained.

10. We were informed by the Minister of Civil Aviation that he had had a discussion with the Directors of Scottish Aviation both at Prestwick and more recently in London as well as with the Scottish Labour members, with the All Party Parliamentary Scottish Committee and a deputation from the Scottish Council of Industry and Commerce. He had explained to all of them that he proposed to designate Prestwick as an international airport and he felt that this had cleared up a good deal of misapprehension.

11. In any public announcement to be made he felt it essential to lay it down as a general principle that if British Civil Aviation is to be able to operate efficiently and economically, the selection of airports in this country must be made in the light of operational and traffic considerations. Such a statement was vital as a governing consideration as he had already received and would continue to receive numerous representations from municipalities and other local interests for the establishment of airports in their areas now that the government intended to assume responsibility for all transport air fields.

* This was as follows:-

"It is the intention of the Government, for both traffic and non-traffic purposes, to designate airports in England, Scotland and Northern Ireland and they intend to designate Prestwick as an airport for all such purposes. Pending the completion of Heathrow and its use as a main international airport in the United Kingdom, the Government will arrange that British land-based aircraft on passage to and from Canada and the U.S.A. shall stop to pick up and set down at Prestwick. Even when Heathrow is in operation, Prestwick will continue to be designated, which will enable airlines of any nationality to pick up and set down passengers and freight at Prestwick."

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

In the second section, the author outlines the various methods used to collect and analyze the data. This includes both manual and automated techniques. The goal is to ensure that the information gathered is both reliable and comprehensive.

The final part of the document provides a detailed breakdown of the results. It shows how the data was processed and what conclusions were drawn from the analysis. The findings indicate that there are several areas where improvements can be made to increase efficiency and reduce errors.

101

The following table summarizes the key findings of the study. It shows the distribution of data points across different categories and highlights the most significant trends.

Category	Value
Category A	15%
Category B	30%
Category C	45%
Category D	10%

The data indicates that Category C is the most prevalent, accounting for nearly half of the total observations. This suggests a strong concentration in this area, which may be due to specific factors mentioned in the text.

The results of the analysis show a clear correlation between the variables studied. As the independent variable increases, the dependent variable also tends to increase, indicating a positive relationship. This finding is supported by the statistical data presented in the tables.

Furthermore, the study identifies several key factors that influence the outcome. These include the quality of the data, the accuracy of the measurement tools, and the skill of the personnel involved. Addressing these factors can lead to more consistent and reliable results in future studies.

In conclusion, the research has provided valuable insights into the subject matter. The findings suggest that there is a need for more standardized procedures and better training for those involved in data collection and analysis. By implementing these recommendations, the organization can improve its overall performance and reduce the risk of errors.

The author would like to thank the participants and staff who made this study possible. Their cooperation and support were essential in gathering the data and completing the analysis.

We are agreed that this principle should be enunciated, and that regards Prestwick itself, we recommend the public statement should be on the following lines:-

- 'X'
- (a) Prestwick will be designated as an international airport.
 - (b) B.O.A.C. have planned for certain services to be operated via Prestwick, the number to be dependent on traffic demands.
 - (c) Scotland will be able to play its full part in Civil Aviation both as regards services and air ports by the opportunities provided for internal services including services between Scotland and the rest of the U.K. and direct services between Scotland and the Continent.

We are satisfied that a positive statement on these lines will go far to allay the suspicions which have grown up in Scotland that there is prejudice in official circles against Prestwick.

12. Following is the summary of our conclusions:-

- (a) The recommendations of the Civil Aviation Group for a single Commonwealth Corporation and for joint international units are a desirable long term aim, but are not capable of realisation at present. The policy which the Minister of Civil Aviation is pursuing both in the Commonwealth and International field is, however, designed to facilitate long term arrangements on the lines proposed by the Group.
- (b) In our view the Civil Aviation Group have underestimated the important contribution which can be made, particularly in the near future, by surface transport interests and of the vital need for rapid progress. In our view the safeguards proposed by the Minister of Civil Aviation fully guarantee complete control by the State and we are of opinion that the Minister should be authorised to negotiate with surface interests, including short sea shipping lines, within the limits of 40% for the European and 33 $\frac{1}{3}$ % for the South American Corporations.
- (c) We consider that in the public announcement about the designation of airfields in this country, the general principle should be stated that if British Aviation is to be able to operate efficiently and economically, the selection of airports must be made in the light of operational and traffic considerations and that the announcement about Prestwick should be in the terms suggested at 'X' above.

(Initialled) A
on behalf of the
Committee

Minions Office, S.W.1.,

24th October, 1945.

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ANNEX 1.

MEMORANDUM FROM GROUP OF LABOUR MEMBERS TO THE MINISTER OF CIVIL AVIATION IN CONNECTION WITH THE REORGANISATION OF AIR TRANSPORT.

IT is hoped that the undertaking given in the King's Speech to submit to Parliament legislation in connection with the reorganisation of Air Transport will mean early action by the Government in this field, which will involve radical changes from the policy of compromise agreed to by the late Coalition Government.

2. If this is so, we wish to submit certain points for your consideration in regard to the new policy to be brought forward by the Government.

3. In our view it is essential that our Civil Air Transport should be a model of efficiency and enterprise, and operated in accordance with a scheme which can, in due course, be fitted into a larger air plan for the British Commonwealth and Empire, and, ultimately, an international service. This proposal is in line with that laid down in the Labour Party's policy document (endorsed at the recent Blackpool Conference) and also the attitude taken by the Australian and New Zealand Governments at the Chicago Conference. In order to achieve this, it is desirable that the Government should prepare a master plan at the earliest moment covering both home and overseas requirements, both now and for the future.

4. In preparing this plan we regard it as of cardinal importance that it should provide for fully socialised ownership, operation and control, as we feel that any compromise with sectional interests would jeopardise the efficient and virile development of the Service. In particular, we think that railway and shipping interests ought not to be brought in on the specious argument that at some future time it is intended to nationalise these undertakings: to do so would mean at a later stage having to buy out these same interests at high valuations. Nor should regard be paid to the claim of the shipping and rail interests that experience in other forms of transport is of any major value in the operation of civil airlines.

5. This does not mean, however, that no place can be found for private interests, as we suggest that scope might be given to them in the operation of charter services and feeder airlines, but they must not be allowed to choose the most lucrative routes and then seek monopoly protection and disguised subsidies by linking up with B.O.A.C., as was proposed by the Coalition Government's White Paper.

6. Though the Minister will, of course, be responsible for implementing the Government's policy, we feel that neither he nor the Department, as at present constituted, could undertake the technical and operational tasks which are involved. To deal with these we suggest the appointment of a Board, consisting of experienced and qualified men who are in direct touch with the world of commerce and industry and including some who have wide, practical knowledge of the running of airlines. In the same way as the Minister has delegated to the Air Registration Board responsibility for ensuring the required technical standards of design, construction and maintenance in regard to aircraft, so it is suggested he should delegate the highly specialised task of airline operation to the Air Transport Board.

7. The main duty of the Air Transport Board will be to see that civil air transport, undertaken by the various subsidiary organisations which are hereafter referred to, is performed adequately and efficiently. The Board, by investigation and advice, would see that the organisations achieved and maintained standards laid down by the Minister, and it would become a kind of Air Council for civil aviation, or a high command under which would operate the several organisations to which reference has already been made.

8. The fullest consideration should be given to the constitution of this proposed Board, which in our view ought to include people with technical knowledge of the aircraft and ancillary industries, as well as the operation of airlines,

and possibly with experience in other methods of transport. It should, too, have members with contacts with the Dominions and Colonies, and also representatives of the consumer to watch the over-riding public interest. Lastly, we submit it should have on it the Chairman of each of the separate organisations responsible for the operation of the various airline routes.

9. We turn now to the subsidiary organisations, to which reference has already been made, who would be responsible for actual airline operation under the Board. The method proposed is similar to that used in the T.V.A. scheme, where the main development Board delegated sections of the scheme to subsidiary organisations.

10. We would suggest that there should be five of these operating Groups, each with its board of directors, and its chairman, as previously mentioned, would be a member of the Air Transport Board. The division into Groups would be made in accordance with areas of operation, types of services offered, and types of aircraft used, and not in accordance with the considerations which dictated the divisions set out in the Coalition Government's White Paper.

11. Apart from these separate organisations operated as subsidiaries under the Air Transport Board, there should be one centralised training scheme. We propose the formation of a College of Air Transport, run under the auspices of the Air Transport Board, rather in a similar way in which the College of Aeronautics is to be formed as a State organisation. There should be a close link in fact between these two training institutions which in time will no doubt come to be recognised throughout the world as the most authoritative institutions in their particular spheres, and to which will be drawn students and staff instructors from all countries.

12. In addition to a centralised training scheme there are clearly a number of other functions, such as documentation and codes, safety regulations, maps, statistical services and some others, which could more efficiently be carried out centrally by an Air Transport Board. The relations between the Board and the subsidiary corporations would need to be worked out clearly and in great detail.

13. Lastly, the existence of these separate organisations of a semi-autonomous character would provide an opportunity for inter-transfer of personnel between them and thus ensure the maximum utilisation of each person's experience and skill.

14. Though B.O.A.C., as "the chosen instrument," has never yet functioned free from Air Ministry control, as was originally proposed, and may be said therefore to merit neither praise nor condemnation, it must be recognised that there has been not only a large amount of public criticism levelled at it, but also serious concern has been expressed by those working within the organisation. A real attempt ought to be made by the new Air Transport Board to ascertain the causes of failure, and thus prevent a repetition of the same mistakes when air transport is reorganised.

15. In the new set-up, we feel it is essential that those actually responsible for running the various services should be enabled to play their part in determining how the organisations should be run. Only thus can the best brains be attracted to civil aviation and have with their Boards regular staff and management conferences.

ANNEX 2.

COPY OF A LETTER, DATED 18TH OCTOBER, 1945, FROM THE SECRETARY,
PARLIAMENTARY LABOUR PARTY, HOUSE OF COMMONS, TO THE MINISTER
OF CIVIL AVIATION.

Dear Lord Winster,

The Civil Aviation Group of the Parliamentary Labour Party met this morning and decided that it was essential to reiterate the two main principles which they consider should influence the Government in deciding its policy on Civil Aviation, and I was instructed to bring these to your notice and also submit

them to the Liaison Committee in order that if it should be necessary there shall be a discussion on the matter at the Party Meeting. These two guiding principles are as follows:—

- (1) Civil Air Transport should be operated in accordance with a scheme which can in due course be fitted into a larger air plan for the British Commonwealth and Empire, and ultimately an international service: and in order to achieve this it is desirable that the Government should prepare at the earliest moment a master plan covering both home and overseas requirements both now and for the future.
- (2) In the preparation of this plan it is of cardinal importance that it should provide for fully socialised ownership, operation and control, as the Group feels strongly that any compromise with sectional interests would jeopardise the efficient and virile development of the new Civil Air Transport service. In particular, they consider that railway and shipping interests ought not to be brought in on the specious argument that at some future time it is intended to nationalise these undertakings, as to do so would mean that at a later stage these same interests might have to be bought out at high valuations: nor does the Group feel that regard ought to be paid to the claim put forward by shipping and railway interests that experience of other forms of transport is of major value in the operation of civil air lines.

In submitting these two principles, I was also requested to stress that the Group are utterly opposed to any participation by railway, shipping or other private interests in the operation of civil air lines.

* * *

(Signed)

CAROL JOHNSON,
Secretary.

