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W.M. (41)
81st Conclusions.

TO BE KEPT UNDER LOCK AND KEY.

It is requested that special care may be taken to ensure the secrecy of this document.

WAR CABINET 81 (41).

CONCLUSIONS of a Meeting of the War Cabinet held at 10, *Downing Street, S.W.* 1, *on Tuesday, August* 12, 1941, *at* 10 A.M.

Present:

The Right Hon. C. R. ATTLEE, M.P., Lord Privy Seal (*in the Chair*).

The Right Hon. Sir JOHN ANDERSON, M.P., Lord President of the Council.

The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. A. GREENWOOD, M.P., Minister without Portfolio.

The Right Hon. Sir KINGSLEY WOOD, M.P., Chancellor of the Exchequer.

The Right Hon. ERNEST BEVIN, M.P., Minister of Labour and National Service.

The following were also present:

The Right Hon. P. FRASER, M.P., Prime Minister of New Zealand.

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

The Right Hon. LORD MOYNE, Secretary of State for the Colonies.

The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty

The Right Hon. H. D. MARGESSON, M.P., Secretary of State for War.

The Right Hon. Sir ARCHIBALD SINCLAIR, Bt., M.P., Secretary of State for Air.

The Right Hon. Sir ANDREW DUNCAN, M.P., President of the Board of Trade.

The Right Hon. BRENDAN BRACKEN, M.P., Minister of Information.

Sir ORME SARGENT, Deputy Under-Secretary of State, Foreign Office.

Secretariat.

Sir EDWARD BRIDGES.
Mr. W. D. WILKINSON.

WAR CABINET 81 (41).

CONTENTS.

Discussions between the Prime Minister and President Roosevelt.

Proposed Draft Declaration.

(Previous Reference: W.M. (41) 80th Conclusions.)

1. The War Cabinet resumed discussion of the terms of the proposed Joint Declaration, and had before them a further telegram from the Prime Minister (Tudor No. 20).† This telegram, which had crossed telegram Abbey No. 31, said that the President had accepted the amendments proposed by the Prime Minister in his telegram Tudor No. 15.

Discussion turned mainly on the terms of paragraph 4 of the draft Declaration. The War Cabinet had before them three texts of this paragraph :—

(*a*) The text in Tudor No. 16, as amended in Tudor No. 15.

(*b*) The text in Abbey No. 31 drafted by the War Cabinet earlier that morning at a Meeting at which the Chancellor of the Exchequer and the President of the Board of Trade had not been present.

(*c*) The following text put forward by the Chancellor of the Exchequer :—

> "Fourth.—They will endeavour, with due respect to their existing obligations (or engagements), to further, within the limits of their governing economic conditions, the progressive attainment of a well-balanced international economy, which would render unnecessary policies of discrimination and other impediments to the freedom of trade."

The Chancellor of the Exchequer referred to the words "without discrimination" in the President's draft. When Mr. Keynes had been in the United States he had had two or three interviews with President Roosevelt, when they had discussed statements on "consideration" in respect of supplies to us under the Lease-Lend Act. It appeared that the United States authorities had not proposed to ask for any payment for articles passing to us under the Lease-Lend Act. This, however, had been coupled with a provision "against discrimination in the United States of America or the United Kingdom against the importation of any produce originating in the other country."

The Chancellor referred to conversations which Mr. Acheson had had with Mr. Keynes. The former had expressed a personal view that a continuance of Imperial Preference would be incompatible with an undertaking of this kind. Mr. Acheson had said that it was not clear whether the undertaking would rule out import and exchange control. He had thought that these technical matters were probably not present to President Roosevelt's mind.

Since Mr. Keynes's return to this country he (the Chancellor of the Exchequer) had had discussions with a number of the Ministers concerned. He read to the War Cabinet an extract from a letter from the Secretary of State for India, which stressed the importance of not permitting any doubt as to our right and determination to pursue a policy of inter-Imperial preference.

The Secretary of State for Foreign Affairs thought that the greatest danger of all was the American desire to stop this country maintaining exchange control after the end of the war.

The War Cabinet reached the following Conclusion :—

> A reply should be sent to the Prime Minister stating that the War Cabinet preferred the alternative draft of paragraph 4 set out in Abbey No. 31, and giving their reasons. If, however, the Prime Minister would find great difficulty in obtaining acceptance of this revised draft, the War Cabinet were prepared to accept the President's draft, subject to the Prime Minister's amendments.

† This telegram is reproduced in G.P. (41) 203.

Great importance was attached to the new paragraph, dealing with social security, for insertion between paragraphs 4 and 5.

These views are embodied in telegram Abbey No. 35.†

Portugal.

(Previous Reference: W.M. (41) 77th Conclusions, Minute 4.)

The War Cabinet had before them telegram Tudor No. 18.†

The Foreign Secretary said that, while he was not altogether happy about this proposal, he thought no action was called for by the War Cabinet in regard to it.

The War Cabinet took note of this statement.

The Far East.

(Previous Reference: W.M. (41) 79th Conclusions, Minute 2.)

The War Cabinet had before them telegram Tudor No. 19,† together with a telegram from Mr. Menzies (No. 553), repeated to the Prime Minister as Abbey No. 34.†

The War Cabinet expressed cordial approval of the advance marked by this telegram. They agreed—

(*a*) That the substance of the first four paragraphs should be sent to the Dominion Prime Ministers.

(*b*) That no action should be taken at present to inform the Dutch or Soviet Governments.

(*c*) That the Prime Minister should be informed in the above sense.

Holidays.

Civil Service Leave.

(Previous Reference: W.M. (41) 78th Conclusions, Minute 5.)

2. *The Chancellor of the Exchequer* referred to the difficulty which had been mentioned at the meeting referred to in the margin, that, if a second week's leave was granted to Civil Servants employed in munition factories, including, for example, certain inspectorial staffs, this might give rise to difficulties in respect of the work-people and staffs employed in such factories. He had been in consultation with the Supply Ministers. The Minister of Supply had seen objection to granting a second week's leave to these Civil Service staffs; none of the other Supply Ministers anticipated difficulty in dealing with this matter.

The Chancellor said that the Treasury proposed to deal with the point in a circular which had been prepared for issue to Departments in the following way :—

"X" "The position of non-industrial Civil Servants employed in munition, &c., factories will require special consideration by the Departments concerned. Generally speaking, non-industrial staff employed in industry should not be given leave in excess of that given to the non-industrial staff in private employment in the same establishment. In the case of Government establishments which are primarily industrial, the further week will be given within the discretion of the Department."

The War Cabinet agreed that this difficulty should be dealt with as proposed at "X."

† These telegrams are reproduced in W.P. (41) 203.

The Prime Minister of New Zealand.

The Prime Minister of Canada.

(Previous Reference: W.M. (41) 58th Conclusions, Minute 5.)

3. *The Lord Privy Seal* said that Mr. Fraser would be leaving this country on Thursday, the 14th August. He was going home by way of Canada, where he hoped to meet Mr. Mackenzie King. Mr. Mackenzie King himself was leaving Canada on Saturday, the 16th August, arriving in this country the following day, Sunday, the 17th August. He (the Lord Privy Seal) would meet Mr. Mackenzie King on his arrival in London and welcome him on behalf of the Cabinet.

Mr. Mackenzie King would attend meetings of the War Cabinet while he was in this country. It was expected that he would be present at the meeting on Monday, the 18th August.

The War Cabinet—

(i) Took note of the above arrangements.

(ii) Invited the Secretary of State for Dominion Affairs to make arrangements for a War Cabinet Lunch to Mr. Mackenzie King on Monday, the 18th August.

Great George Street, S.W. 1,
August 12, 1941.