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*Printed for the War Cabinet. December 1941.***SECRET.****Copy No. 43****W.M. (41)****123rd Conclusions.****TO BE KEPT UNDER LOCK AND KEY.**

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WAR CABINET 123 (41).

CONCLUSIONS of a Meeting of the War Cabinet held in the Prime Minister's Room, House of Commons, S.W.1, on Wednesday, December 3, 1941, at 12.30 P.M.

Present :

The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister (<i>in the Chair</i>).	
The Right Hon. C. R. ATTLEE, M.P., Lord Privy Seal.	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. LORD BEAVERBROOK, Minister of Supply.
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. HERBERT MORRISON, M.P., Secretary of State for the Home Department and Minister of Home Security.	The Right Hon. VISCOUNT CRANBORNE, Secretary of State for Dominion Affairs.
The Right Hon. L. S. AMERY, M.P., Secretary of State for India and Secretary of State for Burma.	The Right Hon. LORD MOYNE, Secretary of State for the Colonies (<i>for part of Item 2</i>).
The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty.	Captain 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.	The Right Hon. JAMES STUART, M.P., Joint Parliamentary Secretary of the Treasury.

Sir EDWARD BRIDGES, *Secretary.*

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**Finland,
Hungary and
Roumania.**

(Previous
Reference:
W.M. (41) 122nd
Conclusions,
Minute 6.)

1. A further discussion took place, and is recorded in the Secretary's Standard File of War Cabinet Conclusions.

Man-power.

(Previous
Reference:
W.M. (41) 122nd
Conclusions,
Minute 10.)

2. The War Cabinet were informed that a section of the Labour Party was putting forward the view that the Government's Man-Power proposals should be matched by further measures for public control over industry and property. Two amendments to the Prime Minister's Motion had been put down on these lines. Many responsible and level-headed members of the Labour Party held that full support for the war effort would not be obtained unless wider measures of control were exercised, and favoured measures to secure public ownership in regard to transport, mines and, perhaps, finance. In support of this view, they cited the criticisms made in the House that many industrial undertakings were being run by the managements with an eye on the position after the war.

**Control of
Industry.**

In discussion reference was made to the very high rate of taxation. *The President of the Board of Trade* gave particulars of the control exercised in regard to steel and coal in the present, as compared with the last, war. The present control over *coal* was far more effective than in the last war. A close survey was now being undertaken in order to determine whether and in what circumstances the policy should be economic development or maximum output in the immediate future. The *steel* industry was controlled from top to bottom in a way far exceeding anything which had happened in the last war. The control extended to production, distribution, price and the conduct of particular undertakings. An instance was given of a very large undertaking which, although producing steel on a large scale, might have to pass its dividend.

As regards *transport*, the view was advanced that less criticism was now being heard in regard to the operation of the railways than some time previously.

The Minister of Labour and National Service suggested, however, that some further measures of control over and above measures which could be enforced through the present system of licensing, might be necessary in regard to the omnibus undertakings.

Other instances were cited of the drastic measures in regard to industry and property which the Government had taken where necessary in the public interest, *e.g.*, the scheme for the concentration of industries. Again, the Production Departments did not hesitate to take over the management of firms where they were not satisfied with their efficiency.

The view was advanced by *The Home Secretary and Minister of Home Security* that the Government's position should be that the acid test was whether a particular measure was necessary for the efficient prosecution of the war; and that the Government were prepared to consider on its merits any measure which might be necessary to this end, not excluding measures of public ownership or control.

This view met with general support. It was considered, however, that the balance of advantage lay in treating this matter in such a way as was least likely to arouse further controversy; and that it would suffice if the Lord-President of the Council, in the course of his speech that afternoon, made a short statement to the effect that the Government would take any measure of control over property necessary to help win the war.

The War Cabinet—

Invited the Lord President of the Council to make a statement on these lines, the terms of which should be agreed with the Lord Privy Seal and the Chancellor of the Exchequer, and shown to the Prime Minister.

NOTE.—The statement made was as follows :—

“ Winning the war is the sole object. How to do it is the sole test. The Government will not be timid or half-hearted in taking control of any property or undertaking to whatever extent may be found necessary if by that means a fuller development of the war effort is realised.”

*Great George Street, S.W. 1,
December 3, 1941.*



