CONCLUSIONS of a Meeting of the War Cabinet held in the Prime Minister's Room, House of Commons, S.W.1, on Thursday, February 12, 1942, at 12 Noon.

Present:

The Right Hon. W. S. CHURCHILL, M.P., Prime Minister (in the Chair).


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

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

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

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

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

The following were also present:

The Right Hon. VISCOUNT SIMON, Lord Chancellor.

The Right Hon. HERBERT MORRISON, M.P., Secretary of State for the Home Department and Minister of Home Security.

The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty (Item 1).

The Right Hon. THOMAS JOHNSTON, M.P., Secretary of State for Scotland (Item 5).

The Right Hon. LORD WOOLTON, Minister of Food (Item 5).

The Right Hon. L. S. AMERY, M.P., Secretary of State for India and Secretary of State for Burma.

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

The Right Hon. R. S. HUDSON, M.P., Minister of Agriculture and Fisheries (Item 5).

Air Chief Marshal Sir CHARLES F. A. PORTAL, Chief of the Air Staff (Item 1).

Sir EDWARD BRIDGES, Secretary.
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1. The Prime Minister read to the War Cabinet a telegram from General Wavell, of the 11th February (0820Z), reporting the position in Singapore.

In the course of the Meeting the War Cabinet was informed by the First Lord of the Admiralty, and later by the Chief of the Air Staff, that the Scharnhorst and Gneisenau had left Brest and were steaming up-Channel, surrounded by a number of vessels believed to be E-Boats and destroyers.

The War Cabinet were informed in outline of the plans made for air attacks on the enemy ships.

The War Cabinet took note of these statements.

2. The Prime Minister said that the question had been raised whether China should have a representative on the Pacific War Council, which had now been established in London and had held its first meeting on Tuesday, the 10th February. He had now heard that the United States Government saw no objection to this course. He proposed to send a telegram to General Chiang Kai-shek saying that we hoped that the Generalissimo would appoint a representative of China to sit on the Council.

The War Cabinet took note, with approval, of this course.

3. The Prime Minister informed the War Cabinet that he had received a personal telegram from the President of the United States informing him of instructions sent to the United States representative at Vichy to make the strongest representations to Marshal Pétain in regard to the fact that food supplies and trucks had been shipped from France in French vessels to Tunis for the use of Axis forces in North Africa.

The Secretary of State for Foreign Affairs said that he hoped that it might be possible for the War Cabinet on Monday to consider what action the Admiralty should take, now that French ships were
being used to provide transport and supplies to Tunis for delivery to the enemy forces in Libya. In the meantime, he suggested that the Minister of Information should be asked to give guidance to the Press in the sense that it was undesirable to give great prominence to this matter at the present time. To do so might involve us in difficulties unless we were, in fact, able to take effective action to put a stop to this traffic.

The War Cabinet agreed with this suggestion.

4. The Prime Minister read to the War Cabinet a Personal Despatch which he had received from the President of the United States in regard to Article 7 of the Interim Lease-Lend Agreement. The President's despatch showed a full appreciation of the objections which we had felt to signing the proposed Agreement. In his view, Article 7 contained no commitment in advance to abolish Empire Preference, which should be excluded from our discussions. An exchange of notes would, however, seem very cautious. He hoped we would see our way to sign the Agreement without an exchange of Notes on the assurances now given.

The War Cabinet agreed with this suggestion.

5. The War Cabinet had before them a Minute to the Prime Minister from the Lord President of the Council, to which was appended a Schedule of Price Increases showing the proposed allocation of the sum of £20 millions, which the War Cabinet had decided was the amount necessary to fulfil the Government's pledge (W.P. (42) 75).

The Lord President of the Council explained that, in his view, the schedule represented the best distribution which could be made, if regard was paid both to the interests of agricultural policy and to the priorities of food production to which the Minister of Food attached importance. He gave explanations, on the lines set out in his Minute, about the prices on which there had been some difference of opinion, with the reasons which had influenced him in reaching his conclusions.

The Minister of Food said that, while he accepted the Price Schedule, he wished it to be on record that he thought he would have to ask for some further inducement, in order to ensure that a sufficient number of eggs were sent to packing stations. Failing this, he feared that he would not be able to ensure a satisfactory distribution of the available eggs.

The Minister of Agriculture and Fisheries said that, subject to the points on which there had been differences of opinion, and which were set out in the Lord President's Minute, he accepted the distribution as the best which could be effected within the limit
fixed by the War Cabinet. He was ready to put the schedule to the farmers' representatives with all the emphasis at his command, as representing the War Cabinet's decision as to what constituted a fair schedule of price increases in present circumstances. He would do all in his power to obtain acceptance of these increases. He assumed, however, that, if the farmers' representatives produced an overwhelmingly strong case on any particular item, he could report their representations to the War Cabinet.

The Prime Minister said that the Government must, of course, retain discretion to consider any new facts brought to their notice. It must, however, be clearly understood that nothing should be said which implied that there was any likelihood that the Government would be willing to consider a schedule of price increases which involved a larger total sum than the aggregate price increases recommended by the Lord President of the Council, namely, £20,314 millions.*

The Chancellor of the Exchequer said that, from the point of view of the Exchequer, this was most important. The sum now in question was considerably larger than he thought ought to be accepted, on the merits of the case.

The Secretary of State for Scotland said that he accepted the price schedule. He hoped that it would be possible to obtain an agreed settlement on this basis. The one point on which he felt uneasy was that no price increase was proposed for eggs. So far as mixed farmers were concerned, it could be argued that they were obtaining increases on other commodities. But it would be difficult to persuade the egg specialists that the pledge had been fulfilled in their case if there was no increase in the price of eggs.

The War Cabinet—

(1) Approved the Schedule of Price Increases appended to the Lord President's Minute, and authorised the Ministers in charge of the Agricultural Departments to make the necessary communications to the farmers' representatives on this basis. (It was understood that, in regard to milk, no immediate announcement would be made, owing to a possible change in the method of payment.)

(2) In putting the Schedule of Price Increases to the farmers' representatives, regard should be had to the various points summarised in paragraph 8 of the Lord President's Memorandum (W.P. (42) 41).

6. The War Cabinet gave preliminary consideration to a draft telegram from the Secretary of State for India to the Viceroy about the alternative draft statement which the Secretary of State for India had been asked to prepare at the Meeting held on the 5th February. The object of this telegram was to ascertain the views of the Viceroy on the general line of a proposed statement by the Prime Minister.

The War Cabinet—

Agreed that, while the text would require further consideration, a draft telegram on the lines proposed should be despatched without further reference to them.

Great George Street, S.W. 1,
February 13, 1942.

* This figure should read £20,323 millions, the price increase of 5s. per cwt. of fat cattle amounting to £2,775 millions instead of £2,766 millions.
My dear Mr. Churchill,

I have the honour to transmit to you the following despatch received from the President this date:

No. 105. "For the Former Naval Person and Winant from the President in regard to the proposed exchange of notes relating to article seven of the Interim Lend-Lease Agreement, referred to in your message No. 25, I want to make it perfectly clear to you that it is the furthest thing from my mind that we are attempting in any way to ask you to trade the principle of Imperial preference as a consideration for Lend-Lease. Furthermore, I understand something of the nice relationships your Constitution requires of your Home Government in dealing with the Dominions. Obviously the Dominions must not only be consulted but I assume you must have their approval on any affirmative changes in existing arrangements which might be developed in the broad discussions which you and I both contemplate. It seems to me the proposed note leaves a clear implication that Empire Preference and, say, Agreements between ourselves and the Philippines are excluded before we sit down at the table. All I am urging is an understanding with you that we are going to have a bold, forthright, and comprehensive discussion looking forward to the construction of what you so aptly call 'a free, fertile economic policy for the post-war world'. It seems perfectly clear to me that nothing should now be excluded from those discussions. None of us know how those discussions will turn out, although, as I told you when you were here last, I have great confidence that we can organise a different kind of world where men shall really be free economically as well as politically. The idea of attaching notes to this interim agreement would seem to me to give an impression to our enemies that we were overly cautious. I believe the peoples not only of our two countries but the peoples of all the world will be heartened to know that we are going to try together and with them for the organisation of a democratic post-war world and gladly accept your intimation that we might get going at once with our economic discussion. What seems to be bothering the Cabinet is the thought that we want a commitment in advance that Empire Preference will be abolished. We are asking for no such commitment, and I can say that article seven does not contain any such commitment. I realise that that would be a commitment which your Government could not give now if it wanted to. And I am very sure that I could not, on my part, make any commitment relative to a vital revision of our tariff policy. I am equally sure that both of us are going to face in this realistic world adjustments looking forward to your 'free and fertile economic policy for the post-war world', and that things which neither of us now dream of will be subjects of the most serious consideration in the not too distant future. So nothing should be excluded from the discussions. Can we not, therefore, avoid the exchange of notes which, as I have said, seems to dilute our statement of purpose with cautious reservations, and sign the agreement on the assurances which I here give in reference to the matter that seems to be the stumbling block. I feel very strongly that this would demonstrate
to the world the unity of the American and British people. In regard to coming to a meeting of minds with you at an early date, I only need to say to you that there are very important considerations here which make an early understanding desirable. In saying this, I want again to tell you that I am not unmindful of your problem. We have tried to approach the whole matter of Lend-Lease in a manner that will not lead us into the terrible pitfalls of the last war."

Very respectfully yours,

(Sgd.) H. FREEMAN MATTHEWS.
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