CONCLUSIONS of a Meeting of the War Cabinet held at 10 Downing Street, S.W. 1, on Monday, 6th November, 1944, at 5:30 p.m.

Present:
The Right Hon. WINSTON 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. ERNEST BEVIN, M.P., Minister of Labour and National Service.
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. Sir ARCHIBALD SINCLAIR, Bt., M.P., Secretary of State for Air.
The Right Hon. BRENDAN BRACKEN, M.P., Minister of Information.
The Hon. Sir ALEXANDER CADOGAN, Permanent Under-Secretary of State for Foreign Affairs.
Marshal of the Royal Air Force
Sir CHARLES F. A. PORTAL, Chief of the Air Staff.
The Right Hon. LORD BEAVERBROOK, Lord Privy Seal.
Colonel the Right Hon. OLIVER STANLEY, M.P., Secretary of State for the Colonies (Item 1).
The Right Hon. Sir JAMES GRIGG, M.P., Secretary of State for War.
The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Minister of Aircraft Production.
The Right Hon. LORD CHERWELL, Paymaster-General.
Admiral of the Fleet Sir ANDREW CUNNINGHAM, First Sea Lord and Chief of Naval Staff.
Field-Marshal Sir ALAN BROOKE, Chief of the Imperial General Staff.

Secretariat:
Sir EDWARD BRIDGES.
General Sir HASTINGS L. ISMAY.
Sir GILBERT LAITHWAITE.
Mr. L. F. BURGIS.

W.M. (44)
146th Conclusions.
## WAR CABINET 146 (44).

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1. The Prime Minister said that he deeply regretted to inform the War Cabinet that an attack had been made at 1:15 p.m. that day upon Lord Moyne as he was alighting from his car at his house at Zama-lek in Cairo. Lord Moyne had been seriously wounded and his condition was reported to be grave. The attack had been carried out by two assailants who had since been captured. The description of these assailants would be consistent with their being members of Irgun Zvai Leumi.

The Secretary of State for the Colonies said that Irgun Zvai Leumi was a secret Jewish organisation. It had no affiliation with the Jewish Agency. In his opinion, however, if the Jewish Agency was determined to put down terrorist acts of this kind it could do so, but only at the risk of serious conflict between the Jewish organisations in Palestine. He thought that the attack on Lord Moyne might be connected with the action approved by the War Cabinet in deporting certain detainees to locations outside Palestine.

Although the attack on Lord Moyne had taken place in Cairo, the Secretary of State for the Colonies suggested that he should ask Lord Gort whether there were, in his view, any further measures which could be taken in Palestine to suppress the activities of the terrorist gang.

The Prime Minister suggested that the Secretary of State for the Colonies should see Dr. Weizmann and impress upon him that it was incumbent on the Jewish Agency to do all in their power to suppress these terrorist activities.

The War Cabinet—
Agreed that the Secretary of State for the Colonies should communicate with Lord Gort as suggested at "X" above, and that he should also speak to Dr. Weizmann on the lines proposed by the Prime Minister.

2. The Prime Minister drew attention to a statement in the Financial Press to the effect that the Viceroy’s Reconstruction Committee in their Second Report on Post-War Planning expected that some £775 million would be available for schemes during the first five post-war years, half from Central Revenue Surpluses and half from loans. He hoped that this statement did not in any way prejudice the ultimate settlement in regard to India’s sterling balances, the continued growth of which caused him increasing anxiety.

The Chancellor of the Exchequer said that this issue was not involved; and that the statement in the Press referred to the budgetary problem with which the Government of India would be faced if its Reconstruction Committee’s proposals were accepted. He thought, however, that there ought to be a reduction in India’s current expenditure, and that he hoped that the issues concerned might be considered by the War Cabinet at an early date.

The War Cabinet—
Took note of these statements.

3. The Chiefs of Staff reported the principal events of the previous week.

Bomber Command and United States Heavy Bombers had dropped a record total of nearly 32,000 tons of bombs during the previous week; the total of Bomber Command being just over 21,000 tons, and that of United States Heavy Bombers just over 10,000 tons. Bomber Command had flown 5,650 sorties with a loss of 67 aircraft and United States Bombers 5,283 sorties for the loss of 69 aircraft. British targets included five oil plants, the Dortmund-Ems Canal, Cologne, and Düsseldorf. United States Bombers had attacked oil plants and railway centres.
During the month of October Bomber Command had dropped 61,000 tons of bombs and United States Bombers 38,000 tons, of which 88,600 tons had been on Germany.

During the previous week Bomber Command had laid its forty-thousandth mine since the beginning of the war. These mines had resulted in 476 enemy ships being sunk and 394 being damaged.

The Allied Expeditionary Air Force had flown 13,500 sorties, attacking bridges and communications on the northern part of the front. Some 380 enemy vehicles were claimed to have been destroyed. Allied losses amounted to 6 bombers and 58 fighters and fighter-bombers as against 286 enemy aircraft destroyed.

Shipping losses from enemy action during the month of October amounted to 11,688 tons, the lowest total for any month of the war. There had been no confirmed losses from enemy action during November.

A number of small-craft actions had taken place off the Dutch Coast which had resulted in enemy vessels being either sunk or damaged.

The Warspite and two monitors had bombarded enemy batteries on Walcheren Island.

The Prime Minister said that, although our forces had suffered heavy casualties in the recent attack on Walcheren Island, this had been a glorious episode.

When speaking at the Mansion House on the following Thursday he proposed to give some account of this fight and would be glad if the Chiefs of Staff would jointly supply him with the necessary information.

The First Sea Lord, continuing, said that two out of the five petrol and oil pipelines across the Channel to the Continent were now delivering some 100,000 gallons a day.

The Prime Minister said that Mr. Geoffrey Lloyd deserved the fullest credit for the success of this scheme which owed much to his tenacity.

A considerable advance had been made on a 100-mile front and our line was now on the Maas. Walcheren was not yet entirely clear. The remnant of the German forces at Knocke had been eliminated. The Scheidt had now been opened up and our salient leading up to Arnhem greatly widened and strengthened.

There had not been much progress owing to exceptionally bad weather.

During the last month a substantial advance had been made towards Bhamo from which the Japanese showed signs of retiring.

Russian attempts to work into the Latvian salient had so far not had much success. In East Prussia the Russians had been held, and the Germans had counter-attacked heavily at Goldap. North of Warsaw the Germans claimed to have held Russian attacks. In the South substantial Russian progress had been made in Hungary, south of Budapest, though there was no confirmation as yet that they were in that city.

The War Cabinet—

Took note of these statements.
A substantial number of flying bombs had crossed the coast over a southern area from which gun defence had now been removed. The Home Secretary and Minister of Home Security asked that the replacement of these defences should be considered. The Chief of the Air Staff said that this matter was already under investigation.

The total casualties for the week had been:

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<td>Long-range Rocket</td>
<td>128</td>
<td>279</td>
<td>575</td>
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<td>Flying Bomb</td>
<td>21</td>
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<td>149</td>
<td>308</td>
<td>607</td>
<td>37</td>
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The War Cabinet—

Took note of these statements.

Foreign Affairs.

5. The Secretary of State for Foreign Affairs informed the War Cabinet that the working of the European Advisory Commission had been discussed at Moscow when certain memoranda containing suggestions designed to improve Russian co-operation with the Commission had been given to the Soviet Government. The Russian Ambassador had that afternoon informed him that the Soviet Government accepted in full all the suggestions we had put to them, including one for a large increase in the Russian staff. The Soviet Government now favoured the addition of France as a permanent member of the European Advisory Commission, and he proposed to take this matter up accordingly with the United States Government.

The War Cabinet—

Took note with approval of the statement by the Secretary of State for Foreign Affairs.

Poland.

(Previous Reference:
W.M. (44) 143rd Standard File of War Cabinet Conclusions.)

France:

Proposed Visit of the Prime Minister and the Secretary of State for Foreign Affairs.

Proposed Delegation from the Labour Party to the Social Democratic Party.

(Previous References:
W.M. (44) 117th Conclusions, Minute 11, and W.M. (44) 115th Conclusions, Minute 3.)

The Prime Minister said that it was proposed that a delegation from the National Executive Committee of the Labour Party should go to Paris to carry their greetings to the Social Democratic Party in France. The question had also been raised whether the Parliamentary Secretary to the Ministry of War Transport should go as a member of this delegation.

After a short discussion, the War Cabinet—

Agreed that there was no reason why a delegation from the Labour Party should not go to Paris, but that on balance it was not desirable that a Minister should go as a member of the delegation.
The Chancellor of the Exchequer informed the War Cabinet of the latest developments in connection with the arrangements to be made for financial aid to Greece. The Greek currency situation was critical. It had been under investigation by Sir David Waley and the Financial Advisers of the Greek Government. A new currency was to be introduced on the 10th November and any action for its support must be taken at once. The difficulties were as much psychological as economic. If confidence could be restored and the speculators frightened, all might be well. Supplies were coming in and the Greek Government was doing its best to hold the position. The Greek Government proposed a new drachma at the rate of exchange of 400 drachmae to the pound. The question was how the Greek Government should be assisted to find the requisite backing for the proposed currency. Without such backing Sir David Waley and the Financial Advisers felt that such chances as there might be of saving the situation might be lost, and if the economic situation collapsed, it was likely that the political situation would do the same. The most effective help we could give would be the cancellation of the Greek War Debt of £46 million to this country. We had no hope of securing repayment of it, and it was arguable that it would never have arisen if, at the time when it was contracted, the principle of reciprocal aid had been established. There was the precedent of the cancellation of the French and the Polish Debts, and we had also treated the Italians with great liberality.

In the ensuing discussion the following points were taken:

(a) The effect on the lend-lease negotiations with the United States of any unjustified liberality on our part to the Greeks or other debtor countries might be serious. Even though there might be little prospect of the Greeks in fact repaying their debt, were we wise at this stage to wipe it out altogether? Should it not be held as a book debt, to be dealt with perhaps as part of a wider settlement, after the war?

(b) Given our financial embarrassments, ought we not to ask the United States Government to provide the requisite backing for the Greek currency? The answer to this was that it was contrary to general policy to ask the United States Government to take a share in the burdens in Greece, which was regarded as in our sphere. On the other hand, it was suggested that the cancellation of the debt was unlikely to be misunderstood by the United States Government as they had been kept in close touch with all proposals.

(c) It was not clear whether cancellation of the debt had been asked for by the Greeks themselves.

(d) The total Greek pre-war currency had been £17 million. Was there any reason why the Greek Government, who had £43 million to their credit (including £20 million in gold) should not themselves operate on that credit for the purpose of backing their currency, without bringing in His Majesty's Government?

(e) In reply to this, it was stated that the Greek funds in question were not under our control, or hypothecated against the Greek debt to this country. But a question of confidence was involved; and if it was felt that the funds in question might have to be withdrawn in order to meet the Greek debt to His Majesty's Government, public confidence in these funds, as a backing to the new Greek currency, would be lacking.

(f) Was there not a risk that if the new drachma was to be convertible into B.M.A. notes, the latter would be hoarded? It was agreed that this risk existed, but that it was not one which could be avoided.

(g) It was also explained that, to the extent that B.M.A. notes were issued, sterling would be put into a suspense account and charged, in order to cover our responsibilities, for the ultimate redemption of the B.M.A. notes.

The view of the War Cabinet was that, while it was inadvisable to cancel the Greek debt of £46 million to His Majesty's Government at this juncture, we should agree that the £40 million of funds
and gold held by the Greeks should be regarded as free of any claim in respect of that debt, in order that it might be used as backing for the new Greek currency.

The War Cabinet accordingly authorised the Chancellor of the Exchequer to arrange for the despatch of a telegram on the following basis:

(1) The proposal that the new drachma should be convertible into sterling for all purposes could not be accepted.

(2) Sir David Waley's recommendation should be accepted that the new drachma should be convertible into B.M.A. notes, provided that the necessary equivalent sterling was definitely set aside by the Greeks in a suspense account under our control against any B.M.A. notes handed over to the Greeks under this arrangement.

(3) Given our own position vis-a-vis the Americans and the unlikelihood that the cancellation of the 1940 Greek Debt to His Majesty's Government would make any practical difference (since it was probably the common assumption that, in any case, we should never be repaid), we should inform the Greeks at the right moment that His Majesty's Government would be prepared to regard their present sterling and gold in London, amounting to £45 million, as entirely free of any claim by them in respect of the Debt of £46 million owing to His Majesty's Government by the Greek Government, thus enabling the Greek Government to emphasise publicly the very substantial backing behind the proposed new currency.

Offices of the War Cabinet, S.W. 1,
6th November, 1944.