CONCLUSIONS of a Meeting of the War Cabinet held at 10 Downing Street, S.W. 1, on Friday, September 6, 1940, at 11.30 A.M.

Present:

The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister (in the Chair).
The Right Hon. A. GREENWOOD, M.P., Minister without Portfolio.
The Right Hon. LORD BEAVERBROOK, Minister of Aircraft Production.

The following were also present:
The Right Hon. Sir KINGSLEY WOOD, M.P., Chancellor of the Exchequer.
The Right Hon. ANTHONY EDEN, M.P., Secretary of State for War (Items 5 and 6).
The Right Hon. HERBERT MORRISON, M.P., Minister of Supply (Items 5 and 6).
General Sir JOHN DILL, Chief of the Imperial General Staff (Items 5 and 6).

Secretariat.

Sir EDWARD BRIDGES.
Mr. W. D. WILKINSON.
## WAR CABINET 244 (40).

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   (1) Memorandum by the Minister of Aircraft Production in which the War Cabinet was invited to choose between two schemes to produce 3,000 and 1,250 aircraft a month respectively (W.P. (40) 354).

   (2) Memorandum by the Chancellor of the Exchequer, explaining the financial implications of the Minister of Aircraft Production's proposals (W.P. (40) 355).

   A record of the discussion is contained in the Secretary's Standard File of War Cabinet Conclusions.

The War Cabinet—

(a) Authorised the Minister of Aircraft Production to do his best to obtain capacity in the United States producing 3,000 aircraft per month.

(b) Agreed that the scheme should be reviewed when the first heavy dollar payments became due.

(c) Invited the Minister of Aircraft Production and the Chancellor of the Exchequer to keep the finance of the scheme under constant observation, and in particular to take all practicable steps to persuade the United States Reconstruction Finance Corporation to put up the capital expenditure.

(d) Took note that every endeavour would be made to persuade the United States authorities to adopt our types, but that this might not be consistent with the United States Reconstruction Finance Corporation bearing the capital expenditure involved.

2. The War Cabinet—

   Invited the Prime Minister to consider recommending His Majesty to grant honours and decorations in connection with civilian war work, including the work of the managements and staffs of munitions and aircraft factories and the services of A.R.P. workers of all kinds.

3. The War Cabinet—

   Agreed that consideration should be given to the question whether His Majesty should now be advised to extend the Royal Messages of Condolence to cover the relatives of all persons killed by enemy action.

4. The War Cabinet—

   Took note that the Prime Minister and the Secretary of State for War were in consultation as to the desirability of giving a more regular status to the Home Guard.
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3. The War Cabinet—

   Agreed that consideration should be given to the question whether His Majesty should now be advised to extend the Royal Messages of Condolence to cover the relatives of all persons killed by enemy action.

The Home Guard.

4. The War Cabinet—

   Took note that the Prime Minister and the Secretary of State for War were in consultation as to the desirability of giving a more regular status to the Home Guard.
5. The War Cabinet had before them a Memorandum of the Ministry of Aircraft Production (W.P. (40) 353) asking for a special priority, higher than “Works and Buildings Priority A,” for the construction of 50 new airfields for the accommodation of Aircraft Storage Units.

The Minister of Aircraft Production explained that he proposed to construct airfields of a comparatively inexpensive type. They would have no hangars or concrete runways: the aircraft would probably be stored in small garages each taking two aircraft. Many of the new airfields would be in remote parts of this country and in Scotland and in Northern Ireland. He proposed as soon as possible to hand back to the Air Ministry a number of the aerodromes now in use by his Department.

The Minister of Supply pointed out that the grant of the special priority desired by the Minister of Aircraft Production would necessarily operate to some extent to defer the completion of other essential works, for example, filling factories.

The Minister of Aircraft Production said that he would gladly accept the ruling of the Minister without Portfolio on the priority of any item as to which there was a difference of opinion between Departments.

The War Cabinet—
Gave general approval to the proposals in W.P. (40) 353, subject to the Minister without Portfolio determining any difference of opinion between Departments as to the priority to be given to any Works and Buildings Services affected by this decision.

6. The War Cabinet had before them a Memorandum by the Minister without Portfolio (W.P. (G.) (40) 222), setting out a revised plan recommended by the Production Council (the Minister of Aircraft Production dissenting) for giving effect to priority policy.

The Production Council proposed to withdraw the general priority direction given to firms, and to issue decisions as to priorities in future to the Priority Committees, the Departments, the Area Boards and the Raw Material Controls for guidance in dealing with allocations and in framing programmes. Firms would receive any necessary guidance from the Departments, who would base their instructions on the general priority decisions, and would act within their allocations of materials and manufacturing capacity. Difficulties arising in factories working for more than one Department would be resolved by Area Boards as far as possible, or by the Priority Committees.

The Minister without Portfolio said that the Departments concerned had preferred a scheme on the lines proposed to an alternative suggestion made by the Select Committee on National Expenditure in their Tenth Report. He outlined the working of the scheme proposed.

The Minister of Supply said that the stages that should be followed to give effect to priority were as follows:

1. The broad strategic policy should be settled and the priority of arms to give effect thereto.
2. In the light of this priority, Departments should state their requirements of munitions.
3. These munitions should be broken down into the materials required.
(4) The materials required should be compared with the available supply, increased as far as practicable.

(5) On this comparison, an allocation should be made to Departments concerned.

Under the present system, Departments scrambled for available materials and overstated their demands. This was shown by the very large demands which had been made for drop forgings and stampings. These demands had, however, now declined, and it seemed that the difficulties in regard to drop forgings and stampings might be diminished without great difficulty.

Under the present system, all demands for aircraft tended to have priority over all other needs, including, for example, the special types of ammunition required by fighter aircraft. This showed the need for a balanced programme.

The Prime Minister pointed out that in several respects the army programme was not making satisfactory progress. The Minister of Supply clearly thought that satisfactory progress could not be made under the present arrangements. He (the Prime Minister) assumed, however, that the present system was only responsible for difficulties in so far as there were clashes between the needs of Departments. The new procedure proposed would not fundamentally alter the position of factories working wholly for the Ministry of Supply or the Admiralty.

The Prime Minister also referred to the very large demands made for production of army vehicles.

The Secretary of State for War said that only 5 Divisions had their first line transport complete. The army realised that they would have to do with make-shift vehicles for the second line transport, but if make-shift vehicles were used for first line transport, the Divisions so equipped could not operate across country.

The Minister of Aircraft Production asked that the present procedure for giving effect to the priority policy should continue in force for a further fortnight, subject to further consideration thereafter. The aircraft industry was going through a very difficult time and he was anxious that they should not be disturbed in any way by a change of procedure at this critical juncture.

In reply to a suggestion that it would take a fortnight to give effect to the new procedure now proposed, the Minister said that, if the Cabinet decided in principle to change the present system, this decision would become known and the firms in the aircraft industry would be disturbed. The Minister added that, under the system proposed, powers exercised in regard to priority would be taken away from his Ministry and vested in a Committee. This would destroy the effective control exercised by his Department.

The President of the Board of Trade agreed that priority questions arose only at the particular points where the programmes overlapped. The new procedure proposed would, however, show more clearly where these overlaps occurred, and would limit their disturbing effects. At the present time there was considerable confusion, and the export trade suffered more than would be necessary if matters were conducted in a more orderly way. The present general priority direction had only been intended to cover a period of three months, and was not suitable for a long-term programme.

The Parliamentary Secretary to the Ministry of Labour said that the essence of any satisfactory scheme was to secure co-operation between Departments. The only system of priority which would work satisfactorily was a system based on allocation. At the present time the Minister of Labour was at a loss to know what instructions to give to employment exchanges. He ought to be in
a position to know whether firms were entitled to the priority which they claimed. This could not be done under the present system. There was the further point that changes in the priority direction could be more easily made if the priority direction had not been broadcast to a large number of firms.

The First Lord of the Admiralty said that the Admiralty favoured the adoption of a scheme on the lines proposed in the Memorandum by the Minister without Portfolio. At the present time, the Admiralty thought that some of the capacity for forgings, &c., which had been laid down on their initiative, and which they had now given up to other Departments, was not being used to meet the immediate needs of those Departments.

The Prime Minister said that he assumed that the Minister of Aircraft Production could not claim that the existing priority afforded to aircraft was meant to be an unlimited and indefinite priority. He thought it was important to define the programmes to which priorities should extend.

The Minister of Aircraft Production agreed. The aircraft programme was, in fact, limited by the possibilities of aero-engine production. He had submitted a programme showing the aircraft to be produced month by month. He hoped that his Department would be able to achieve the figures there set out, but saw no possibility of exceeding them.

The Minister without Portfolio said that he could not accept the Minister of Aircraft Production's view that the scheme now proposed would vest the exercise of priority powers in a Committee. He thought it was very important that Departments should know what would be left for them when the essential needs of aircraft had been met.

The Minister of Aircraft Production said that, provided the existing system could remain unchanged, he would submit particulars of his Department's requirements of steel of all types for the ensuing three months.

The Prime Minister thought that, while the discussion had been helpful towards elucidating the problem, a final decision could not be reached that morning. He would like rather longer to consider the matter. He therefore proposed that the Minister of Aircraft Production's suggestion that he should submit the particulars of his requirements of steel under various heads within the next three months should be accepted, and that discussion as to the procedure of priority should be adjourned for a fortnight.

The War Cabinet approved this suggestion.

Richmond Terrace, S.W. 1.
September 6, 1940.