

CAB 195/13

C A B I N E T

M I N U T E S

C.C.(54)79th Meeting – C.M.(55)19th

Meeting

1. Cyprus. [Enter de L., P.B-H.

A.E. Informⁿ. tht. Gk. Govt. have armed a caique to start insurrection in Cyprus – to-night.
Govr. alerted – will try to catch them.

2. Parliament.

P.M. Raised with C.R.A. ques of an understanding re defence. Indicated my wish to speak on 6/12 and offered to let him know in advance substance of my speech.
He welcomed this: and recognised need for some things to be left unsaid.
Mght also be opportunity to consult Eis. in advance.

A.E. N.A.T.O. mtg. cd. be made excuse for not saying more.

P.M. In this event I wd. open & H.M. wd. reply to debate.
I wd. hope then to keep bi-partisan approach to defence.

H.C. If that wd. extend debate/Address, we might (having offered it) be forced to do it before 6/12.

J.S. Will CRA do it, on reflection? He might split his Party. H.M. may advise him in that sense.

De L. I wd. have to tell A.A.F. before announcement.

H.M. Sh^d. these announcements be made in yr. speech, or in advance of it?

P.M. I don't want to make them.

A.E. Don't do it far in advance.

P.M. Then it can be announced on 6/12.

H.C. What of their amendment. Must be debated on last day.

P.M. Talk to Opposⁿ. and see what they think.

B.H. They won't talk before they have seen the Speech.

H.C. And if we have to concede another day to D/Address we jeopardise the Pensions Bill.

Sw. Detailed announcements on A.A. & A.A.F. shd not precede the general statement. Sh^d. follow, even on same day.

Sal. We are negotiating our agreemt. on exchange of a. informⁿ. U.S. mil. auth^{ies}. are sticky. Full exposⁿ. of our attitude twds A. war wd. be a little delicate.

P.M. But. v. inconven. not to be able to place specific measures v. b'ground of a general design.

H.C. My diff^y. (re Pensions Bill) wd. not arise if defence cd. be discussed on the Thursday.

P.M. Diff. for me to be ready by then. Might wish to consult Eisenhower. But I wd. be ready to try to do it by then.

H.M. Friday?

H.C. Not a good day. Also Phillips Rpt. will come then.

H.C. May I talk – bearing in mind that P.M. wd. prefer to make a statement on Defence on Mon., but wd. be ready if need be to make it on Thursday.

P.M. Then I wd. announce the specific measures in course of my statement.

[Exit B.H.]

3. Foreign Affairs.

a) Saar.

A.E. Fear Mendes-France may have made concessions to G. wh. he won't be able to get Fr. Parlt. to endorse. May get into trouble again over this.

b) S.E.A.

Can't form Govts. in Viet Nam, Laos & Cambodia. Their only inheritance from the French! Leaves all open for Communists. U.S. wdn't admit P.M. to their talks on this with M. France. Proposing tri-partite disc^{ns}. in W'ton.

c) Quemoy.

We awaited U.S. draft Treaty. Wanted it clear tht. F. wdn't be sanctuary : & tht. Ch. Nat. wdn't attack inshore islands. But despite U.S. assurances, documents are silent on these points. Statement, for publicⁿ. 30/xi, meets neither point. Haven't any hope there will be definite assurances on these ques in exchange of notes. This will increase, vice lessen, tension. Shall ask Dulles for amend^{mt}. to bring out these points.

Tel. read : in draft.

P.M. Support A.E. in his endeavours.

Sw. Shd. you include ref^{cc}. to Nehru.

A.E. Don't think Dulles will be upset by this. Nehru's reaction was quite sensible.

4. Sale of Arms to M/East.

A.E. Have met earlier this p.m.

All turns on Fr. delivery of Mystere aircraft to Israel. We must know if they are sending 24 (12 now : 12 later). This wd. put Israel in clear superiority & wd. prompt Arab demands for Sabres etc.

Propose therefore to raise it in W'ton Ctt^{cc}. : & say, if these are going, we must give Egypt Vampire aircraft they ordered. At same time, private approach to French. Meteors cd. then be spread over '55. Best we can do.

But, if Fr. do this, U.S. are sure to give Arabs some Sabres.

Telegram agreed with M/Defence.

5. Atomic Energy.

Sal. New a. trials in Austr. Permanent site desired by us. Austr. has agreed tht. experts shd. prospect for suitable site. Due to leave soon. But identity is known in Austr. & arrival shd. therefore be announced. Will come out Thursd. pm. here. Read terms.

S.Ll. Austr. Govt. have agreed.

A.E. More trouble if we don't make such an announcemt.

Approved.

1. Parliament. Debate on Address. [Enter P.B.H.

P.M. 3 hr. discⁿ. with C.R.A. – agreeable but guarded.
We haven't had confl. talks with Opposⁿ. They offered them to us.
I sugg^d. possibility – informally. He liked the idea. Sugg^d. Gaitskell,
H.M., E.Sh. and himself. That wd. be v. convenient. Not certain, of
course, tht. Labour Party will accept the idea. A.E. might offer it, in
course of debate. Then H.M. cd. make short statement on actual
changes.

A.E. Right to try for this. But doubt if I shd. say it if CRA has not
responded.
Mght embarrass him with his supporters.

P.M. Will write suggesting we make this offer publicly, unless he objects.

[Exit P.B.H.

2. British Somaliland.

A.E. Want to sign to-night. Ethiopian For Secy. has returned for this
purpose.
He is friendly to us.
With this, there is hope that tribes will be quiet. W'out it, E. will say
“get out” & there will be trouble with tribes.

A.L.B. This secures our essential interests. Best we can get. If we were
cleared out altogether, it wd. involve us in a mil. commit^{mt}. to keep
order among tribes.

Sw. Glad no publicity before Jan. Accept need for it. W'draw earlier
doubts.

H.M. Troops in reserve : from now?

A.L.B. Now, in case it leaks.

3. Investment Policy. [Enter Birch, I. McL.

R.A.B. Economy is stretched. Claims other than housing must have a turn.
We must try to limit subsidised housing. Control over Govt. claims
wd. help to m'tain confidence. Don't want signs of returning inflation
next spring.

D.S. Agree – mustn't overload bldg. industry. No immed^{te}. danger. But
end of bldg. licensing involves diff^{ty}. – only control now available is
over subsidised housing our only means of ensuring tht. industry isn't

overloaded). But, with care, I can reduce rate of alloc^{ns}. twds target of 140,000. Shall have to be imprecise about future policy – giving sops where necessary to allay local grievances w’out giving figure for U.K. But slum clearance will appear inconsistent with this. Avoid public statements about overloading industry & means of reducg. pressure.

P.M. Hospitals. Nos. built in Austr. since war, contrasted with St. Thomas’ Rep^{ns}. from Queen.
After pensions, hospitals shd. be in our minds.

4. Education Policy.

D.E. 5 m. to 6.7 m. in decade from ’47 to ’57. This increase in nos. of children has prevented us fr. improv. cond^{ns}. in bad schools. Can we get on with that now, especially in rural areas? Max. cost wd. be £5 M. p.a.
No proposal yet for slum schools in towns.

D.A. W^d. help agric. – m’tain labour force if a move on this was in sight.

P.M. Regret tht. leaving age can’t be reduced. Cdn’t agree to raising of age of entry.
Cdn’t attendance be voluntary after 14?

D.E. No. Teachers say tht. clever children, not dolts, wd. leave – for they know they can earn. W^d. go back on Butler Act principle.

R.A.B. W^d. save no money unless you sacked teachers. W^d. only reduce nos. in classes. Politically, v. controversial.
Support D.E.’s plan re bldg. This will enable us to start re-organⁿ. of rural schools first recommended by Hadow in ’27.
Economies. £224 has risen to £303 M. Huge Vote. Due mainly to increased nos. W^d. have wshed to see compensating economies, e.g. on school meals. If we can’t increase charge, can’t we save money by other means e.g. adminⁿ.

D.E. Will review its adminⁿ. Will discuss with Ty. means of economy w’out altering charge.

H.C. Don’t spend too much on playing-fields in village schools. In the country they don’t need them.

[Exit I.McL., Birch.

5. Gibraltar : Trade Talks with Spain.

A.L.B. Sitⁿ. is getting serious. Don’t want to encourage Spaniards to do more, by admitting tht. we are hurt.

Trouble : Spain can hurt us more than we them – by economic measures.

y| We might reduce Br. tourist allowance to Spain. Wdn't be popular here because Spain is so cheap.
x| We shd. try to make Gib. less dependent on Spain – e.g. by more Service Exp^{re}. : more calls by naval & merchant ships (Br. & foreign) : bldg. of deep water wharf & improved bunkering facilities.
Can we go on with these? Sh^d. we take more direct action v. Spain i.e. on tourist allowances. I prefer x/. Don't rule out y/.

A.E. V. diff. ques. But mistake to threaten Spaniards with economic sanctions. Go on with trade talks on merits. But go on with x/. We then show we are reasonable, but we are going to stay in Gib. Keep the 2 things separate. Second will cost less than losing our trade.

A.L.B. Content to leave y/ until after trade talks.
Want Cab. approval for x/.

Sal. Tourist trade is small : £10 M : won't make much diff. to Spain except to anger them.

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A.E.

P.M. We cd. nag at them about it.

H.M. Will consider it.

R.A.B. Ready to consider means of improving local situation.

A.L.B. Parl^y. delegⁿ. might go to Gib.

[Enter S.Ll.

6. East-West Trade.

H.M. Our aim is to stop export of i) scarce ii) goods involvg. know-how iii) direct mil. value.

Copper. Are to we to accept U.S. desire for embargo: or suggest quantitative limit.

Purchase of wire for copper stock-pile (v. expensive method) suggests they are v. short of it.

x| Since memo. some new developmts. in Paris Group. A global quota is thght. likely to meet general views – around 10,000 tons.

This is not a good moment to disagree with U.S.

Not much in this from defence angle. Turns on transshipment control on imports to R. from Chile – which is U.S. controlled.

On balance, I advocate compromise at x/.

- P.T. y| V. diff. ques. Diff. to defend embargo on copper on strategic grounds.
Can't defend it in H/C. on other grounds. Part of a v. recent bargain with U.S.
Amounts. Fr. Europe only 20,000 t. U.S. uses 700,000 t. of wire :
U.K. 150,000 t.
Recognise U.S. feelings.
- i) Try first to stop raw copper – of wh. 150, 000 t. is going to R. now.
Transactⁿ. control wd. help that : & wd. really please U.S.
 - ii) Shipping, rolling mills & copper are all at issue. Ctt^{ec}. of Ministers shd. be re-convened to look at possibility of a package settlement.
 - iii) Mtg. in Paris on Friday. Suggest we say then : can't go back to quota : but wd. be ready to fix a ceiling (global) – amount to be settled & Ministers concerned.

A.E. We alone oppose shipping agreemt. We alone refuse to suspend export licences for copper-wire pro tem.
C^d. we not agree to seek global total of 20,000 t. – and come down to 15,000.

P.T. Repeat y/.

H.M. We shd. try to link this with t'shipment & transaction controls.

S.Ll. Unless total is 20,000, U.K. will have no chance to get any of the business.

Agreed : B/T. to confer with Junior Ministers of Dpts. concerned.

[Exit S.Ll.

7. Formosa.

A.E. Advise against procdg. with Oracle., in circs. described in memo.
Believe N.Z. will agree.
Reserve freedom to try Oracle later, if circs. become more favourable.

Sw. Welcome this recommendation.

Memo. approved.

C.81(54)

2nd December, 1954

1. Foreign Affairs. [Enter B.H and B-C.

a) China.

P.M. High-handed attitude of Chinese over 13 U.S. airmen. Hope we shall
x| support view tht, in internat^l. law U.S. are on sound ground.

A.E. Propose to publish a/c of Ch. treatment of our p.o.w. Print & circulate
to Cabinet before publⁿ.

A.E. Dulles has announced Formosa Treaty. Reasonable receptⁿ. by U.K.
Press. If world opinion is gteady, Oracle mght go fwd. in a week or so.
W^d. give a chance to reduce tension.

Opposⁿ. amendmt : seems to refer mainly to disarmament. Whole
initiative in fact was taken by us. Suggest S.Ll. shd. reply, on basis of
his knowledge, to N. Baker. I will reply to debate, on wider basis
seeking support for U.S. in F/East etc.,

b) Austria.

A.E. Diff^{tes}. with M-France over Austria. He is going to make his proposal
to R. (longer-term occupⁿ). It is dangerous. Want agreed line betwn.
us and U.S. – we are going to say we have both bn. informed of his
intentⁿ.

2. Parliament.

H.C. Business – remainder of D/Address. Govt. spokesmen on 2 conclgd.
days.

Two days for 2nd. Rdg. of Pensions Bill: to meet Opposⁿ. wishes.
Suggested spokesmen, in addⁿ. to M/P. Fin. Secy.^{1st. day} and
Marples,^{2nd. day} with I.McL. winding up on 2nd. Day.

3. Roads : Rural Roads in Wales.

D.A. Cabt. app^d. inclⁿ. in Leg^{ve}. P'mme of Bill on rural roads in Wales. Not
mentioned in Speech. Shall be asked to-day in debate on agric.
Shall I say – yes : w'out commitment re extending Bill to England.

Ll.G. I wd. volunteer it, w'out waitg. to be pressed.

Sal. Yes – but don't get committed to extending it to England.

4. Road Traffic : Parking Meters. [Exit B.H.]
- J.B-C. Essential part of plans to ease traffic congestion.
- Sal. Not happy. Hardly touches fringe of problem. Selective only. In other places congestion will be as bad, or worse. Where it is in force, payment will be exacted for any parking, however short. All-day parkers are the problem : 60% of all in Ldn. : they might pay.
- B-C. After 4 hrs. it wd. be obstruction & criminal offence.
- Sal. In U.S. this is money-making proposⁿ. : not a remedy for congestion. Isn't this the aim here, too – to raise money for garages? Underground garages in Ldn. squares, with removal of trees, is not welcomed by me. The cloven hoof! Suspicious of this. Let us know whole plan first.
- y| Why not allow free parking for 2 hrs – and thereafter prosecute for obstruction.
Why not use R. Parks for parking.
- A.L.B. Don't accept this a/c of experience in U.S. & Canada. It has bn. useful.
Money wd. be useful for constⁿ. of garages – not necessarily underground.
This will tend to keep cars moving.
y/ is impracticable because of police man-power. He has to watch throughout the 2 hrs.
- B.C. This plan wd. reduce load on police: & bring l.a.'s in.
It is only experimental. Can't try it out w'out these powers.
Garages. Underground sites needn't be used. There are spaces which cd. be used if it were made to pay – as this wd. enable.
- Ll.G. Vital tht. experiment shd. be tried in Ldn.
- D.E. At M/W. resisted claims to increased parking in R. Parks. Hyde Park or Mall shd. be preserved.
Large scale experiment must be tried – or problem will merely be moved round.
- H.C. Considered & recommended by Ctt^{ee}. of Ministers.
- A.L.B. I said it wd. be included (power) in Bill. We are committed.
- B.C. Want powers. Ready to seek Cab. Auth^y. for any particular use of it.
- R.A.B. Put it in & see how it goes in Parlt. C^d. w'd draw it.
- Sal. Don't present it as main solution.

- D.A. Wrong to miss chance of getting power to try experiment.
- A.E. Don't nail the meters to the mast in 2nd. Rdg.
Experiment – welcome views.
Submit plans before action taken.
This portion of speech to be submitted to P.M.
5. Commonwealth Membership. [Exit B-C.
- P.M. Raises v. large issues.
- Sw. Considered by Committee. Want to be able to discuss privately with old Dom. P.M.'s in January.
- A.L.B. Support this. Want to talk to Austr. & N.Z. P.M.'s.
- A.E. Must know where we stand before Jan^y.

Adjourned – to special mtg. next week. eg. Wed^y.
6. Sudan : Compensation for Officials.
- A.E. Only 2 points now out-standing.
- i) Amount. Govr. Genl. has committed himself. Thinks his personal honour is involved. He may resign. V. awkward. But see need to avoid precedents. Sudan is special case, qua Condominium. C^d. we not make add^l. sum available to G. Genl. for use in cases of hardship.
- ii) Guarantee. Only ques now is interim period. Don't think there will be diff^y. C^d. we say tht. if it does arise, we will [see them thro' &] go to Parlt. in order to get powers to see them thro'.
- R.A.B. Conduct of Howe is reprehensible. Tel. of March : he told expatriates “he stood on this offer”. Before then he had Govt. views : since then he has considered smaller figure.
Repercussions in Colonial Empire.
But I see A.E.'s diff^y. if Howe resigns.
It is not money : it is precedent. Proper way to avoid repercussions is to have legⁿ. marking it out as a special case.
- A.L.B. Support that – or course of saying at once it is to honour pledge.
Guarantee – v. awkward. G. Coast & Nigeria are in interim period.

R.A.B. Art. 88 of Statute gives G. Genl. power to intervene. I believe we cd. rely on that for second point.

A.E. Wanted to give assurance tht. in case of need powers wd. be sought.

R.A.B. That wd. give local Govt. the hint tht. we wd. act if they defaulted.

A.E. Don't want to say it publicly. Suggest only tht. G. Genl. shd. say it to Expatriates rep^{ves}.
"Unprecedented". But so is an Anglo-Egyptian Condominium.

A.L.B. People in G. Coast & Nigeria will ask for same assurances – and they aren't far from Sudan.
Content if we can do the same to Colonial servants.
How will the supplementary sum be represented?

R.A.B. Can't we use Art. 88 for second point. And Howe can add that he has verified with HMG. that his use of those powers wd. be approved.
Will consider wtr suppl. sums cd. also be brrgt under Art. 88.

Agreed: R.A.B. to work out formula on this basis
& discuss with A.E. & ALB. conclⁿ. to
be reported to Cabinet.

7. N.A.T.O. Authority to SACEUR.

A.E. Had hoped N.A. Council cd. authorise plans for use of nuclear weapons & alternative plans not involvg. their use. U.S. & Can. both say that is impracticable.
Therefore the Gaitskell argument is released. – & the nerves of the smaller N.A.T.O. countries will be ravaged.

P.M. Use of nuclear weapons is only available protⁿ. to those smaller powers.
We ought not to declare our preference for fighting only [Exit O.P. with the weapons which will ensure our defeat.

A.E. Agree tht. threat of immediate use of n. weapons is best deterrent.
But is European opinion ready, w'in 2 wks., to face fact tht. there will never be a war in Europe w'out nuclear weapons.

H.M. In practice there is no problem. On R. aggression U.S. cd. release Strat. Air attack w'out consultⁿ. with us : T.A.F. under Saceur wd. go ahead etc.,
Problem is the political one. If we admit tht. Forces have bn. or are being so transformed tht. they can operate only with a. weapons – then the political decⁿ. wtr to use these weapons has bn. pre-judged.
Public opinion has h'to isolated the H. bomb. We now see that this isn't practicable. Public haven't yet bn. accustomed to it.

Must therefore put (in NATO) main emphasis on political control. Then we cd. get across idea tht. minor infractions e.g. in Berlin need not precipitate major (inclgd. atomic) operations.

- A.E. H.M.'s final words are disingenuous because Govts. won't have discretion in event re use of atomic weapons.
- Sal. Assume prior R. attack. Duty of NATO commander to retaliate at once. C^d. therefore concede to U.S. "Except in case of prior nuclear attack, political decⁿ. will be required"
- H.M. Perhaps best to raise Alerts, as well as planning, & seek our safeguards under first rather than second.

1. Industrial Disputes : Railways. [Enter B-C., B.H.]

W.M. Talks broken off to-day. May therefore be attempt to stage a Xmas strike.

Memo. being subm^d. for Cab. discussion on Wed^y.

B.T.C. will seek interview with M/T.

[Exit BC.]

2. House of Commons Disqualification : Peter Baker, M.P.

H.C. By Sat^y. time for appeal will have expired. Must be able to indicate our view or decⁿ. by Mon. Some doubt wtr removal from H/C. is automatic.

Propose tht. L^d. Ch., & 2 L.O.'s give us formal opinion.

Advice given 1903 by Finlay, when Att.G., tht. Forfeiture Act implied autom. disqualⁿ. But some doubt wtr his opinion was soundly based.

3. Horror Comics.

L.I.G. Public opinion is growing in favour of Govt. action. Legⁿ. will be v. diff.

May I have auth^y. to prepare one, for considⁿ. Fear tht. I may be forestalled by Private Members' Bill. May I say tht. "legⁿ. is being considered."

J.S., Support this proposal.

[Exit Att.G.]

4. Redistribution of Seats.

L.I.G. Some recomm^{ns}. put fwd. explicitly because Commⁿ. felt bound by principle of numerical equality. When neither Party desires change, let us not make it.

P.M. And on intervals betwn. reviews – say 15 vice 12 years as maximum.

H.C. Parl^y. tactics. Proposed 2 days next week. Aim at general [Agreed debate first, and then proceed to specific orders. Do it on a motion taking note of the Reports. But if it's mainly to our advantage & we are to say we don't want such frequent reviews in future, will not Opposⁿ. say "why do this one, now : why not have the amending legⁿ. instead?" Recognise, however, that some general statement is inevitable.

P.M. Damp down : on general statement because legⁿ. wd. be for next Parlt.

5. Sugar.

- H.A. Loss arises from large stocks bought to float de-rationing. In fact consumption dropped after de-rationing – doubtless because of stores held by consumers.
Ty. view : as stocks were increased to cushion consumer (from a shock which he didn't feel) consumer shd. contribute twds. our loss.
One price increase will operate on refiners, but they will pass it on.
Means a 6% increase at time when world prices are dropping.
- ALB. Make it clear tht. this isn't due to Comm. Sugar Agreemt. It is due to purchase of Cuban sugar.
- Sw. In liquidating M/Mat. stocks, we avoided charging more than market price to dealers. We followed the market down. This is opposite policy. Diff. to defend.
- P.M. And tea prices may rise still further.
- D.H.A. For next 3 months or so: then they may drop.
Meat prices also are likely to be up in Jan/April.
- P.M. Better now than later.
- R.A.B. Economies needed for Budget. We can't do bread. Sugar was deferred (retail price). This (commercial price) we shd. certainly do : only involves .08 in c/living.
- D.E. Tate & Lyle's profits, recently declared, are v. large. Can't they be induced not to pass on the whole of this to consumer.
They have shown increased profits & dividends.
- LI.G. Worth trying – they might respond. They are concerned about their future.
- P.M. x| Can't the loss be covered, or reduced, by the figure at which you enter in the accounts the value of the portion assigned to stock-pile.
- R.A.B Workers can well afford the extra ½d.
- O.P. Can't we wait until o.a.p. increases are in operation. And take the £3M. or so of loss involved by delay.
- R.A.B. Swinton economics are wasting away – teachers' superannuation, bread etc.,
y| Can we not see what part Tate & Lyle can carry?
- H.M. x| Can't you take the loss on this year's Budget – to reduce surplus.

Agreed : R.A.B. to consider x and y.

Report back to Cabinet.

[Exit B-H.

6. Retired Pay of Public Servants.

R.A.B. Grave diff^{tes}. if we start on this slippery slope.
Hope Cab. will support me in resisting this.

W.M. }
O.P. }

Support this view.

H.M. Agree we must w'stand this pressure. Ty. shd. supply Ministers &
Central Office with stock reply? (Agreed.)

7. Colonial Immigrants.

K. You can't have Ratcliffe. He has bn. working on Income Tax for 2
yrs. and its time he did some judicial work.

A.L.B. No suggⁿ. of racial discrimination shd. be implied by t. of refs.

P.M. Suggested amended t. of ref.

D.S. Will Ctt^{ee}. help? Will there not be minority report?

Sal. I am doubtful. Also on composⁿ. – shd. we have Party rep^{ves}.?

A.L.B. C^d. the Party groups be encouraged to give evidence, rather than have
M.P.'s as members.

Ll.G. Ready to follow that line.

A.L.B. W^d. favour legⁿ. if we cd. have it soon. If we can't, Ctt^{ee}. wd. help to
hold posⁿ. m'while. We ought to take some action, if only a Ctt^{ee}.
w'out delay.

O.P. Favour early legⁿ.

Ll.G. What chance of legⁿ. this Session?

H.M. Left-wing might accept our decision, tho' they wd. be reluctant to give
ev^{ce}. to a Ctt^{ee}.

P.T. Draft a Bill and see what it looks like.

Cabinet Ctt^{ee}. to prepare a scheme & Bill.

8. Old Age Pensions.

- P.M. Welcome Ty. statement (Sat^y.) re recommⁿ. to raise retiring age.
- O.P. W^d. wish, on 2nd. Rdg, to say definitely tht. we don't accept this particular recommⁿ. of Phillips Ctt^{ee}. It wdn't work, in form recommended.
Will seek R.A.B.'s agreement on wording.
- H.C. Somewhat precipitate. Surely, we shd. have chance to consider Rpt.
- R.A.B. Cd. Cab. consider on Wed^y.
Agree tht. their particular plan is impracticable. But don't exclude all possibility of raising retiring age.
Ty. statement was no more than : this report has not yet bn. considered by Govt.
- P.M. C^d. say in 2nd. Rdg that this is not part of Govt. scheme.

9. European Community : Coal and Steel.

- D.S. Since Cab^t. discⁿ., Council of Ministers have made diff^{ies}. over text of agreemt. I am negotiating changes in text – thro' Cab. Ctt^{ee}. & in consultⁿ. with A.E. May I go on, w'in principles agreed by Cabinet. Substance of change is only greater emphasis on mtgs with Council of Ministers & less on Authority.
- P.M. Let Cab^t. know.
- Sw. D.S. can be trusted to safeguard Br. interests.

1. Commonwealth Relations.

- Sw. Represents a years' study.
 Conclⁿ. : no change in what has bn. assumed to be normal course of development.
 Started with bias in favour of a 2-tier system, but found this impracticable.
 Full membership is matter for decision by all.
 Independence is for U.K. – Colony can then choose to go out.
 We believe tht. Gold Coast wd. elect to go out if refused full membership.
 Even if 2 tier were instituted, risk of f. influence on 2nd. tier.
 There cd. still be discrimination in practice – as there is already, not solely on black/white basis. Other Doms. practice this too. Canada admitted that to me recently. More regional or ad hoc mtgs will be needed.
 Para 2 (ii). Right of access to Crown – not intended to apply to republics.
- P.M. C^d. be allowed if a republic desired it.
- Sw. Only so far as their constitution allowed.
 If G. Coast admitted to full membership, C Africa Fedⁿ. will have to be admitted too. That wd. merely regularise existing posⁿ. : it wd. not involve alteration in constitⁿ. of Fedⁿ. Huggins wants to discuss this in Jan^y.
 No ques. of Decision to-day on Gold Coast – only a general trend of policy.
- P.M. Merely a negative decⁿ. against 2-tier system.
- Sw. Want private talks on policy with some P.M.'s in Jan^y. No public announcement. Have talked already to S^t. Laurent. He agreed with this general line of policy. We shd. now broach it with P.M.'s of Austr. & N.Z.
 Final points i) no transfer to C.R.O. save an attainment of full membership.
 ii) training Gold Coast officials in foreign affairs.
- W.M. Agree in general.
 Para 16. assumed Malan as P.M. Suppose tht., by time Gold Coast decⁿ. has to be taken, we shall know what S.A.'s genl. attitude twds Commonwealth will be.
- A.E. Difficult because will alter character of Empire.
 Not absolutely sure decision on India was right.

Two-tier system is unworkable – formally : tho' in practice we may develop somethg. like it.
But, on balance, accept this general course.

- Sal. I also am concerned. Hope first part of para. 4 is true.
Close relations in war with Doms. Contrast with situation as I found it later, when Asiatics were in.
Policy of self-govt. for Colonies has gone too fast. See no course now other than try formal equality with inequality in practice.
Day may come when we have to choose betwn. S. Africa & Gold Coast. If so, am not sure I wd. choose Gold Coast.
Crown, in my view, is the only link. India was disastrous decision.
- A.L.B. Accept arguments against 2 tier system. Go for equal status w'out equal functions.
Dates. G. Coast will qualify by end of '56 or soon after. We have to go to U.N. on Togoland before then, & that may raise issue with S. Africa.
C. Afr. Fedⁿ. agree with proposal. "W'in its constitⁿ." But it will contain still 2 Colonies : & access to Crown in respect of them can't be granted to P.M. of Fedⁿ.
Only other early candidates.
Nigeria. O.L. said last year tht. any Region desiring it cd. have full self-govt. in '56. This will be a diff^y. while centre is still dependent.
Malaya. Not immediate.
W. Indian Fedⁿ.
All these are v. loyal to Crown – and are not likely to go out of the "circle of the Crown".
- D.S. What is nature of decⁿ. on membership. W^d. S. Afr. have a veto?
- Sw. If 7 out of 8 welcomed e.g. Gold Coast, the 8th. wd. have to decide wtr to accept that or go out.
- P.M. Melancholy prospect. Must face facts. But don't try to define undefinable. Not all members of Club, tho' equal in status, have equal influence – or equal popularity. Don't rush ahead – tho' we must think ahead. Needn't be committed at this stage. There will be an election here before this issue arises in concrete form over Gold Coast. Can't know how any of us will feel about this when it arises – must depend on circs.
W'in equality of all, there is the military test : what contribⁿ. are you ready to make? Defence disc^{ns}. can always be limited to those who have undertaken commitments. That is happening, and can be developed as a matter of practice.
- Sal. Can't talk with other P.M.'s without some view.
- H.M. Is it not likely tht. crisis over S. Afr. will precede that over G. Coast?

- Sw. Not sure. Havenga believed tht. only 1/3 rd. wd. vote for republic on plebiscite. Doubt if S. will do it, save after election in which it was specific issue.
- P.M. Events make history. They form our opinions.
- K. Accept arguments (§10-11) v. formal 2-tier system.
Can we defer dec^{ns}. points in para. 11 of Sw. covering memo. Don't we accept 11(i)? If so, can we avoid 11(iii)? Must we not say tht. this is our general view.
Welcome last sub-para. of para. 13. Re-assuring.
Training of G. Coast for its new position. Hurry slowly : but we must be prepared & see that they are prepared to accept their new responsibilities.
Appeal to Judicial Ctt^{ec}. – shd. be m'tained wherever it hasn't bn. lost. We ought to consider this point. Have always favoured a peripatetic Ctt^{ec}. C^d. we not pursue this, as a practical bond.
- H.C. See no alternative but to open up conversations with P.M.'s of older Doms.
- D.S. Merger of C.O. and C.R.O. wd. blur the differences v. satisfactorily.
- A.L.B. Contemplated in report on "smaller territories" – wh. I will circulate for informⁿ.
- Sal. What of consult^{ns}. with Opposition on this? Don't want changes of policy acc. to Party in office. As over Ireland in 19th. century.
- P.M. Wait for the Election.
Accept para. 11 of covering memo. in principle.
Make haste slowly.
No formal consult^{ns}. Informal talks with P.M.'s of A. & N.Z.
Wait & see how Strydom develops.
(Sw. Anyhow, he won't come in January.)
- P.M. Prepare version of this memo. for old P.M. Doms.
2. S.E.A.C.D.O.
- A.E. U.S. are pressing for early mtg. of Ministers. Dulles offers to defer for a month to ensure my personal attendance. May clash with Comm. P.M.'s
- P.M. Must have A.E. at Comm. Mtg.

1. Formosa. [Enter Att.G

A.E. Teeling M.P. going to SEA. & proposing to stay with Chiang on Formosa. He is unwilling to cancel, tho' prep^d. to curtail, his visit. Turton has failed to prevail on him.

P.M. I will ask Ch. Whip to see him &, if necessary, will write to him myself.

2. Soviet Union : Defectors.

A.E. Deserter (Kuptsoff) killed sergt. who tried to stop him. R. have asked for his return. Awkward because R. are behaving well about return of B. soldiers. etc., who have gone over or bn. pinched for misconduct.

P.M. Refugee shd. not be a murderer. This is further than we shd. go.

A.E. Will consult Ld. Chancellor & Att.G. But ours is not a good case. Disposed to send him back.

Att.G. Ct. of Appeal will shortly give judgemt. on 7 Poles wh. may have a bearing on violence in course of seeking refuge.

A.L.B. Have R. ever returned a man who said he wanted to throw in his lot with R.

P.M. Concerned to hear that 7 men fr. Manchr. Regt. shd. have deserted to R. Zone of Germany. M/D. shd. enquire : to show our concern.

3. Duke of Windsor Papers.

P.M. Read letter from D/W. He says : initial mistake was failure of F.O. to make some statement at outset. As to next vol., a bore that W'ton shd. insist on publⁿ. : but will be ready with a dementi for issue as soon as the story breaks.
Thus, it is clear that he is calm.

W.M. He agrees tht. it's better not to interfere with normal course of publⁿ.

Sal. But important that someone shd. at once put the right slant on it.

P.M. Matter is to be watched at each stage.
Cab. Secretariat to be responsible for warning Ministers.
N.B. to warn Stationery Office.

[Enter B.H.

4. Parliament.

H.C. Business for next week.
Propose to announce Recess. 22/12 to 25/1 – provided tht. Govt. business is completed on Pensions Bill & Boundary Commⁿ. Orders.

5. Parliamentary Constituencies.

H.C. Plan to w'draw some Orders. Not sure it wd. be wise. Think we must take the lot, on a package basis. Our Party wd. prefer this. If any are w'drawn, we can't prevent Members from airing grievances on the others. Then controversy will break out all round.

B.H. Agree. But we shall know more to-night about Opposⁿ. views.

J.S. Have consulted L.I.G. Members do expect us to take the lot. Unless we have insuperable diff^{ies}, it is better to rest on recomm^{ns}. as a whole.

O.P. In 1948 we objected to any Govt. departures fr. the Rpt.

J.S. Suggest L.P.S. shd. discuss with Ministers concerned. (L.I.G., J.S. & B.H.)

A.E. Strongly favour taking whole report w'out amendment.

L.P.S. Will discuss & report to Cabinet again.

6. H/Commons Disqualification : Mr. Peter Baker.

K. L.O.'s & I have come, reluctantly, to conclⁿ. tht. conviction does not automatically vacate the seat. Finlay was wrong in 1903. H/C. must therefore pass a resolution.

H.C. This means that Govt. must bring fwd. a motion. Can he appear?

K. He cd. come to the Bar : shd. be given opportunity.

Att.G. Spker has ruled in earlier case tht. plea of guilty makes it unnecessary for Member to attend.

H.C. If he doesn't appeal, Att.G. B.H. & I will carry out necessary procedure in consultⁿ. with Speaker.

[Exit B.H.]

7. East/West Trade. [Enter B.C., S.Ll., J.T., Maudling.

- P.T. My proposals will be unpopular. But they are only way to avoid continuing friction with U.S. If we seek compromise, let us try to settle all together.
Shipping sugg^{ns}. are specially unpleasant. But real choice is at end of memo. And to stay as we are puts us in isolated dispute with U.S. – and imposes stiffer rest^{ns}. on our export of fast ships than are accepted by other countries.
- A.E. Support this. P.T.'s conclⁿ. is inescapable.
This w^d. restore our credit in Paris Group & thus strengthen our posⁿ. in argument with U.S.
- J.T. Much alarmed qua ship-bldg. Tho' busy now, future orders are falling off thro' cancellations.
Will cause political trouble – and affect Party in marginal seats at next Election.
This will precipitate storm in H/C.
- B.C. Affects shipping cos., who sell old ships to R. in order to build new.
Status quo is easier to defend.
Leave shipping out of the deal.
- J.S. Support this qua emplt. in Scotland.
- A.E. R. haven't placed one order for a new ship.
- P.T. New ships : no real business likely at present. Posⁿ. wd. be open to review in a years' time.
Second-hand ships. More diff. posⁿ., admittedly, but I think it cd. be held.
If we are to settle, we must make some concession.
Real issue is : not logic : but cont^d. quarrel with U.S.
- H.A. V. diff. to defend this to industry & public.
- A.L.B. Cdn't we exclude 2nd. hand ships?
- P.T. (20 yr. olds count for 50% only. I cd. try to extend this. But the more
x (I argue, the harder it will be to get settlement.
(R. have no inducement to order ships from U.K. – because Adm^y.
(restrict^{ns}.
Para 7 – 3rd. suggⁿ.
- W.M. x (wd. help qua employment.
- A.E. We are in a minority of one over all this.

H.M. We must make some concession on shipping in order to get relief on copper & rolling mills, where we are doing business.

P.T. Concession on copper wd. give us much more pol. trouble : & wd. not secure our objectives on shipping.
Can't defend this on detail – only as a package.

H.M. Support package deal, with relief on 2nd. hand ships on lines of x(.

A.E. Also provⁿ. for review in a year's time, before wh. ship-bldg. won't be in actual diff^y.

P.T. (Ready to discuss para 7 3rd. suggⁿ. with other Ministers & go hard
y ((for concession on that, as part of package.
(

J.T. (And I will consider again Admy^y. rest^{ns}. in excess of COCOM rules.

P.T. Let us put revised plan to U.S.

P.M. Sh^d. we accept equality with Europe in shipping orders : when we still have 38% of world ship-bldg.

P.T. Only for one year – and review then. That wd. be made clear.

H.M. It is academic for 12 months. Real need for us is on 2nd. hand ships.

P.T. If my package deal is rejected, I wd. try to get agreement on copper & rolling mills. And prs. Adm^y. & M/T. will consider what our policy shd. be on ships.

Sw. That will get us worst of all worlds. Sacrifice the trade we can do because of academic point on ship-bldg.

H.M. Make it clear tht. we cd. not accept principle of equality except for one year.

P.T. Will submit formula – on 3. and y. – tel. to W'ton.
M'while will say what is proposed in memo. on copper in Paris group on Friday.

[Enter G.Ll.

8. Industrial Disputes : Railways.

W.M. N.U.R. made agreemt. wh. operated fr. Oct./~~Nov.~~ (?) Later an award gave them differential higher than B.T.C. liked. Discussing consequentials. NUR. have now repudiated Oct. agreement. B.T.C. have promised expedition in talks. N.U.R. have asked to see Minister. To Press they claim part of war-time profits.

M/T. is to see NUR. Mon. Suggest he reminds them B.T.C. are ready to deal quickly with new claim. They will say it's waste of time because BTC have said they can't afford much. Suggest M/T. also says Govt. can't give subsidy. To do this, in order to buy off a strike, wd. have repercussions at once – on buses, mines etc., We can't desert principle tht. you can't get out of an industry in wages more than it can afford to pay.

If NUR. resume talks, we shall want to know generally what B.T.C. will do. Unusual. But otherwise we may get into threat of strike w'out knowledge & room to manoeuvre.

Hope he may be ready to offer talks with a view to enabling more to be earned. There is much redundancy. Public will want to see efficiency under consⁿ. as well as wages.

Serious economic (& political) consequences of a rly strike.

Asked T.U.C. on subsidy point. Deakin agrees with me : he is consultg. others & will tell me what they think.

If there is trouble, it will come soon. Must be able to consult. But constant Cab. mtgs. on this subject will stiffen strikers' demands.

B.C. N.U.R. will say on Mon. tht. B.T.C. have told them they can't afford the sort of award they want. They will therefore ask in effect for subsidy. If I hold out no hope of that, they may strike. Welcome therefore suggⁿ. of Cab. Ctt^{ee}. which can meet quickly.
B.T.C. are prepared to go a little way.

W.M. Helpful if M/T. cd. indicate this to N.U.R.

P.M. Effect of a rly strike on coal.

W.M. One thing cd. be done – B.T.C. being ready to go further into the red.

B.C. His scheme of modernisation is nearly complete. He will want financial help on that. If that were assured, he might be readier to accept running loss m'while.

M. M'while, hope Cab. will stand firm on subsidy because of repercussions throughout nat^d. industr^{ies}.

Sw. B.T.C. cd. expect guidance on size of deficit he shd. run.

P.T. Under threat of strike?

Sw. No harm in a private understanding.

H.M. Rlyways are not a sound business, financially. Wages are v. low. We shall have to face this.
On other hand, they use too much labour & are inefficient.
C^d. B.T.C. not make a bargain with N.U.R. for efficiency in return for sound wages. This is the moment, when full emplt. ensures that men can find another job.

Even if N.U.R. refused such an offer, it wd. be a better issue to strike on.

1. Industrial Disputes : Railways. [Enter H. Brooke.

B.C. Am seeing N.U.R. at 6 p.m. They will ask me to put B.T.C. in posⁿ. to pay higher wages. R. has told me tht. on his own he can do nothg. substantial.
Shall urge them to resume talks or go to arbⁿ. But they will say it's useless.

Courses i) Say we can do nothing. Resume.
ii) Will consider : want 2-3 days for reflectⁿ.
iii) Say we will help B.T.C. to pay more.

W.M. Over week-end 2 developments :

a) interview with R. – Minute read.
points in b) c) and d) are v. strong. Buses & mines. Short truce : d)
b) strike wd. not be called until after Xmas.
Therefore I prefer course ii), adding tht. Govt. wd. in no circs. give a subsidy.
Advise them to resume : they haven't exhausted negot^{ns}. nor arbitration : promise to consider what they say & communicate with them but no subsidy. Make the point that wages must have some relation to industry's earnings.
Sympathy now wd. be out of place : for i) wd. take it out of B.T.C. hands into Govt's ii) their wages don't compare too ill with others.
Early election wd. make unwise settlement more tolerable (!). Our sin wd. not pursue us so long.

B.C. R. wants early decision, for fear of local strikes wh. mght force Union's hand.

W.M. Subsidy – wd. be unpalatable to conservative opinion in T.U.C.

P.M. No real diff^{ce}. betwn. subsidy and larger deficit.

H.B. Support M/L. line. W^d. want firm statement : no subsidy. Ty. is not technically responsible for B.T.C. deficit. They shd. not be asked to guarantee it.

A.L.B. Concessions now will not bring peace. Public statement tht. B.T.C. "need not trouble themselves about size of deficit" wd. be equivalent of subsidising wage increase.
Weakness wd. undermine R.'s position & auth^y.

Sal. W'out some assurance of greater efficiency of labour, concession wd. be regarded as a "sell-out".

B.C. Since promise of last Oct., somethg. has bn. done by the men – but not enough.

- W.M. Redundancy of at least 10,000. Means £2½ M. p.a. or more.
- J.S. Don't believe we have power to direct B.T.C. to accept increased deficit.
- B.C. R. wd. act w'out discⁿ., if public statement were made of Govt.'s view.
- A.E. But that is indistinguishable from subsidy.
- Sw. Sh^d. we treat this as ordinary industry? Must it not be subsidised, as agricultural wages are?
W^d. it not be logical to pay – but on condⁿ. i) modernisation ii) efficiency.
We can't afford a strike.
- P.M. Cost of a strike wd. be much greater than any sum needed to finance this claim for higher wage. Effect on economy.
- H.M. i) What is M/T. to say? Surely W.M.'s line is enough for that.
Tho' put subsidy point as "no subsidy to wages."
ii) On bigger issue : to avert strike at this time of year (if you play for a show-down, seek it in summer). Avoid another wage cycle. Try to isolate rlyws. Deficit (a loan, not a gift) : not a fixed amount, a moving figure affected by capital receipts (sale of lorries etc.,)
Differentiation : damaged during war : we await modernⁿ. plans.
x| £3-4 m. saving possible by man-power efficiency.
Surely by reliance on x/ we cd. justify larger deficit m'while.
On modernisation plan, if men decline co-opⁿ., we mght have to force a show-down. Then we cd. choose the time.
- H.B. Conceivable that deficit mght be written off or funded, at time of making a fresh start on "modernisation".
- A.E. Support W.M.'s line. That is enough pro. tem.
Inceasg. deficit is not easy. Happened last year. But promised improvement has not materialised. Consequences of appearing to do this year what we did last year.
Public Govt. statement on lines of M/T. minute wd. be v. dangerous.
Sooner or later we shall have to w'stand one or other of the nat^d. ind^{ies}.
- J.S. "Direction". Not much better if we have to make it publicly clear tht. we support increased deficit.
Support A.E.'s doubts.
- P.T. Imp^d. by R.'s b-d.
W^d. help on stage 2 if we knew what R.'s modernⁿ. plans are. Cdn't we get an outline now.
- W. I doubt if they will strike. Manchr group is left-wing – but will they carry others with them?

- W.M. }
B.C. } The Union is weak. There is a risk of a strike.
But we ought to accept that risk.
- H.B. Say no subsidy – not no subsidy to wages. For we wdn't subsidise fares increased to finance increased wages.
- K. Can't give direction re increased deficit. Don't think it legal to relieve B.T.C. of duty to make rlyws pay.
What sort of statement wd. we make? The Govt. think B.T.C. wd. be justified in takg. long-term view of obligⁿ. to make rlyws pay – on grounds i) new charges scheme ii) modernisation plan (Govt. will consider with care) iii) greater & more urgent co-opⁿ. in proper deploymt. of labour force.
If we said that, cd. we isolate this as rlyw problem alone? We shd. look closely at that. Not, I think, impossible.
- Sw. Can't we work this out m'while?
- H.C. Another concession by Govt. will lose us much political credit. I believe we suffered politically from last years' concession.
Can't we avoid repayment of tax during strike? Sh^d. we not consider that, even tho' legⁿ. is involved.
- Sal. C^d. we differentiate, on this, betw. official and unofficial strike?
C^d. we get rid of idea tht. all wages shd. be the same?

[Exit S.Ll., B.C.]

2. Housing.

[Enter Maudling]

- D.S. I agreed, in Cab., to work twds target of 140,000 allocations. I then pointed out pol. dangers. Agreed tht. it shd. be admin^{ve}. – w'out publicity. But now 8 P.Q.'s and D. Herald.
Propose to answer P.Q.'s in terms of draft circulated.
May I also make statements in a)-d) of notes for supplementaries.
Cuts in alloc^{ns}. affect 1956, not 1955.
Finally, if asked directly "is it our policy to cut l.a. housebuilding?", what am I to say? Truth is "yes". But, if I say so, I will wreck our achievement to-date.
- J.S. "M'tain it at a level wh. economy will support."?
- M. Plans for other investment, & for Budget, depend on redⁿ. in subsidised housing.
- H.M. Socialists never built more than 150,000. We shall be bldg 190,000.
Avoid any clear promise or threat, for future.

- D.S. Even statement tht. we shall build more than Labour ever did will imply we are cutting back our p'mme.
- H.M. Eventually, cost shd. be reduced by cutting subsidy. But not until after election. That will reduce nos. desired by l.a.'s.
- A.L.B. Add to answer nos. to be built in '56. Then refuse to look further ahead.

1. Foreign Affairs.(a) Saar.

A.E. Dangerous sitⁿ. threatening 9 Power Agreemt.
 M-France has prep^d. paper for Fr. Chamber – wh. is inaccurate :
 includes references to U.K. & U.S. attitude. Dulles will repudiate what
 is said of U.S. Adenauer has said he cdn't support Agreemts on 15/12
 as planned, in his Parlt., if M-France posⁿ. remains unchanged.
 Can't allow this to drift.
 Had suggested A. mght come to Paris : but that wd. be too late for his
 debate. A. has asked for 4 Power mtg : M-France is reluctant : but I
 think we ought prs. to have it in Bonn before NATO mtg.
 Will submit recomm^{ns}. to P.M.

(b) Formosa.

A.E. Nutting's T.V. performance in U.S. Two bad points – i) parallel with
 Korea. There is no parallel : we don't recognise Govt. of Formosa
 ii) I have avoided any statement on F. : for, as we don't recognise
 Chiang's Govt., it is diff. to define what our oblig^{ns}. wd. be if it were
 attacked.
 Propose to say tomorrow tht. his purpose was to make it plain tht. our
 only obligⁿ. arises fr. fact tht. Chiang's Govt. is member of U.N. Also
 that posⁿ. has not altered.

P.M. These were loaded ques.

A.E. And he had no advance warning. Must have rule tht. Ministers shd.
 decline invit^{ns}. to T.V. interv. in U.S.

2. Defence Policy : Fall-out etc.,

H.M. N.A. Council : form of resolution proposed by us to U.S. & Canada.
 Confusion in Press betwn. basis of planning & right of commrs. to start
 a war. We mustn't abandon our posⁿ. that right to authorise operations
 is reserved to Govts.

A.E. Draft resolⁿ. put, so far, only to U.S. & Canada.
 Canada are suggesting amended version.
 U.S. agree i) Govts. must retain right to take final dec^{ns}. ii) SACEUR
 must plan on basis of using th. nucl. weapons iii) no need for resolⁿ.
 enough to let SACEUR continue to plan. Catch is under iii) : for w'out
 a resolution we can't say in Parlt. tht. posⁿ. is reserved because of what
 is in existg. authority on Alerts.

H.M. Agree – pass our resolⁿ. : get Alert system reviewed.

- A.E. Need for resolution is emphasised by Press comments.
- H.M. Ques of Devolution to one or two Govts (P.M.'s paper) cd. be worked out under review of Alerts. Proviso in existg. authority is too wide : doesn't take a/c of the thermo-nuclear point.
- D.S. Beware of frustration by veto of one NATO Power.
- H.M. That wdn't prevent action by U.S./U.K.
 What we must do, qua Press, is to make it plain i) tht. there is difference betwn. planning and starting operations ; and ii) tht. no mil. commr. has power to start any war, except in retaliation against atomic or nuclear attack.
 Saceur's plans will need to be re-cast, in light of fall-out, which mght. blot out W. Germany if wind was wrong.
- A.E. We must have right of final decision, save in event of prior atomic or thermo-nuclear attack.
- P.M. Advantage of declⁿ. as in para 2. – wd. give us support for bldg. up deterrent. W^d. help with our own public opinion.
- A.E. Will consider that.
 P.M.'s memo. is broadly consistent with our plan for N.A.T.O.
 Para. 10 needs study. We cd. submit memo. on how much R. know. (para. 10(c)). They know a lot. Chinese don't. Perhaps at PMM we mght invite Nehru to educate Chinese.
 Don't favour mtg. with R. on this alone. Mtg or not, we shd. study this ques.
- Sw. { A. and N.Z. – cd. we give them advance informn. of our attitude in
 * { N.A.T.O.?
 A.E. { Will consider.
- (b) Formosa(cont'd).
- A.E. Too dangerous to go on with Oracle now. We Memo. handed in on line to be taken in Paris mtg.
3. Hydrogen Bomb.
- a) B.B.C. Programme.
- Sal. B.B.C. planning p'mme on H. Bomb. for Jan^y.
 Jacob has promised Plowden i) to enquire ii) to put his people in touch with reputable atomic scientists iii) to vet p'mme himself to ensure it's not fellow-traveller inspired.
 Need we go further?

- P.M. I think they shd. be told not to do it w'out submⁿ. of text for Govt. scrutiny.
- D.S. Not for B.B.C. to start educatg. public on this. Govt. must preserve right to determine.
- P.M. cf. para 7 of my memo.
Referred also to Xmas b'cast.
- H.M. Can't have BBC going off in advance of Govt. decision on public handling of this ques.
- Sal. Better to tell them to keep off it altogether than to edit text.
- P.M. We ask to see text in order to decide wtr it is in public interest.
4. Railway Wage Dispute. [Enter B-C., H.B., S.LI., G.LI.]
- W.M. Result of B-C.'s mtg. with N.U.R.
Action now must be quick – this week – if its to be effective. Suggest B.C. and I shd. see R., in light of last night's mtg. R. told N.U.R. in Aug. tht. he didn't regard arrangemts wh. resulted in Oct. agreemt. x| were ideal or final. Want also to discuss wtr this is good moment for making a stand on wages generally.
- B.C. R. won't go further unless Govt. take responsibility, wtr by direction or public statement.
- W.M. That brings Govt. into a wages negotⁿ. in nat^d. industry – for first time.
- P.M. If R. says he can't afford to pay more, is that a final posⁿ.? Has the Govt. no say. Natⁿ. gives Govt. a responsibility.
- W.M. Lowest paid in this industry are not worse off than others in comparable positions. Want to know R.'s position on that – cf. x/ above.
- A.L.B. Last year public thght rlwaymen were under-paid. They had public sympathy. Also real hope of move to labour efficiency. Neither is true this year.
- H.A. Can't we shame Union into seeking arbitⁿ.
- W.M. Doubt it : they know they won't get anything out of it.
- B.C. They think arbitrator wd. take a/c of financial posⁿ. of rlways.

- W.M. Can't leave out of a/c what industry can afford to pay – in a nat^d. industry.
- W.M. and B.C. to discuss position further with R.
- A.E. Stress i) they are not under-paid relatively.
ii) they refuse arbitⁿ. Surely unwise for Govt. to offer help in nat^d. industry when that right isn't exhausted.
- B.C. Diff^y. about i) is what B.T.C. said to them in Aug. – x/ above.
- A.E. Don't encourage R. to say they aren't paid enough.
5. Parliamentary Constituencies. [Exit S.Ll., G.Ll.]
- [Not heard.]
6. Japan : Admission to G.A.T.T.
- A.E. Want 10(c) – study by officials.
- P.T. Agree. But can they analyse effects of J.'s admission.
{ consider alternative courses.
{ examine commercial treaty.
Reserve decision on Art 35 m'while.
- P.M. Report in Jan^y.
- P.T. No special hurry – shdn't have to decide on Art 35 for 3-6 months.
- A.E. Commercial treaty shd. not involve contraventⁿ. of G.A.T.T. – shdn't assume we invoke Art. 35.

Agreed – as above.

1. Parliament. [Enter BH., S.Ll., B-C., H. Brooke, G.Ll.]

P.M. Liberals are pressing us to agree to enquiry into voting system. Hope Cab. will be ready to consider after Xmas.
Am opposed to P.R. But hope we will keep open minds on enquiry.
I may have to receive deputⁿ.

2. Parliamentary Constituencies.

B.H. Opposⁿ. will vote v. "take note" to-day. To-morrow there will be no Opposⁿ. Whips on – individuals will be free.
When our people are displaced. shd. we continue to keep Whips on?
Don't want people voting against; those who dissent shd. abstain.

H.C. We must adhere to that plan – as consistent with commending plan as a whole.

Ll.G. Change of names of constituencies is also being raised. We must stand firm on that – otherwise Orders wd. need to be reprinted & we cdn't get them before Xmas.

H.C. Offer to look into it – as somethg. separate.

[Exit B.H.]

3. Industrial Disputes : Railways.

W.M. Reported result of discⁿ. with B. Robertson.
Outlined form of statement wh. might be made.
If this provoked strike notices, we cd still do something. I cd. summon the parties : if thght proper, I cd. point out tht. more cd. be considered (e.g. efficiency & future of rlways) & set up Ct. of Enquiry. They wd. be in a worse posⁿ. then if they didn't w'draw strike notices.
Disposed to take this firm line, despite risks (e.g. coal shortage).
B.R. thinks tht., if lower grades went up, tribunal wd. award more to footplate-men to m'tain differential.

B.C. In broad agreement. But believe they will retort by issuing strike notices.
This mght be evaded if we brought up concludg. sentence & insert it as offering consult^{ns}. if B.T.C. reached agreement they cdn't afford.

Adjourned.

[Enter Maudling., J.T.]

4. East/West Trade.

- P.T. Doubt if U.S. will accept package even as proposed by me. No chance if I extend it as M/T. proposes – tho' I agree with him on trade grounds.
- B.C. The ones we want to sell are 8-14 yrs. old, built during the war. This plan wdn't help much on that. Mine wd. meet substance of shipping's needs.
- P.M. C^d. we not begin with M/T. line : then go over to B/T.
- P.T. Advised that U.S. wdn't look at it. Wdn't regard it as compromise.
- A.E. My advice is : just a chance tht. P.T. plan might go thro'.
With M/T. plan inserted, package isn't worth putting. It wd. be better not to seek comprehensive deal at all.
- P.T. If package fails, we wd. put our full case on ships separately.
Sh^d. Maudling put it personally to Stassen, when he sees him in Paris.
Send telegram as drafted. Let Maudling explain. He can say Cab. wd. have liked much more ... on ships.
- Sw. Para. 3(ii). Can we omit "first instance"?
- P.T. Will re-consider wording. Intentⁿ. was to make it clear that we aren't committed.
- A.E. Special type of copper wire wh. I must consider privately with H.M.,
P.T.
[Enter de. L., A.H., C.O.S.]

5. Warships for Israel.

- J.T. As in memo.
- A.E. [Unheard.]
- P.M. Safest way for Israel & E. to spend their money. Our naval strength in Med. won't be affected.

6. Training of German Airmen by R.A.F.

- de L. As in memo.
- A.E. Defensible once G. are in N.A.T.O. Await ratification.

- Sw. Might be less unpopular here if Canada did some of it. They are training nearly all N.A.T.O. countries.
- de L. We shd. like to do most – because Can. disposⁿ. twds U.S. methods. 400 refreshers for ex Luftwaffe pilots & 500 new entrants.
- Sal. No enthusiasm for this. Won't be welcomed.
- H.M. Arms race is on. Everyone is trying to sell equipmt. to G. Don't want U.K. to be left with all training & no sales. Must get our foot in on equipment to offset our new cost of m'taining. B. forces in Europe. Private firms are already awake to this. G. naval mission is coming here. We are in touch with Speidel. We must take risk of early private talks – before ratification. Esp. as U.S. will offer them so much free. They have already sent a mission to Bonn for this purpose.
- H.C. Cd. we not train them in Germany.
- de L. To some extent : but wd. be much more costly.
- P.T. Shan't get any orders unless we take a risk on training.
- D.S. G. wd. prefer Br. tanks but not in preference to free U.S. types.
- H.M. Might get some off-shore element.
- A.E. Consider what can be done in Germany.
- de L. W^d. prob. cost more. Might have to consult Germans. Persuade them to pay for installation costs.
- H.M. Allow naval & army contacts to continue – no emotion in that. Air – approve in principle : explore doing bulk in Germany.
7. British Prisoners in Korea. [Exit C.O.S.
[Enter Att.G.
- P.M. Proposed b'cast on tortures in impt. by Chinese, R. & G. Why shd. this be put out now – to inspire hatred etc., Better forgotten.
- A.H. We only vetted it on security grounds.
- Sw. Surely B.B.C. shd., as policy, avoid stirring up malice etc.,
- A.H. I cd. discourage on security grounds.
- H.M. What of our proposed publication?

- P.M. Words are different from radio.
- P.T. B.B.C. will hardly think it logical tht. we shd. stop them & publish this ourselves.
- Att.G. An ordinary publisher wdn't risk publⁿ. of Ch. VI and VII.
What ev^{ce}. cd. I call if libel action were started?
- A.E. Winnington & Shapiro were refused Br. ppts. They prob. fear to return.
M^{rs}. Felton and G. might take action. But Ch. VI was publ^d. in substance in Yorkshire Post. I wd. risk prosecⁿ. Let them defend themselves in Ct., if they can.
- Att.G. Wdn't look well if we lost the action.
Labour Govt. considers prosecⁿ., but decided there wasn't a case.
- A.E. Can I satisfy Att.G., on the evidence?
- A.H. We have some.
- Att.G. C^d. we re-write to avoid implicⁿ. of treachery.
- K. X-examⁿ. wd. reduce chance of damage above 40/=.
- H.C. White Papers are usually objective – this isn't.
- A.E. x/ Propose publⁿ. by Stat. Office – don't seek protection.
- P.M. Proceed as at x/. But let Att.G. consider alterations to reduce risk of prosecutions.
- A.E. Can't do that. Must risk procdgs.
- Sal. Is Ch. VI a necessary Chapter? In VII, names cd. be omitted. Is it necessary to pillory the individuals.
- H.C. Mention names only in relⁿ. to activities in China.
- Att.G. Believe minor alterations cd. reduce risk of procdgs. Without damaging case v. Chinese.
- A.E. Don't want to let off English Communists. Alleg^{ns}. v. them are taken verbatim fr. Yorkshire Post.
- Att.G. That is Ch. VI, not VII.
- W.M. Ignore the risk to save substance of story.
Right of Att.G. to warn us of the risk. But I wd. take it.

K. So wd. I.

Agreed. Publish as S.O. publication & accept the risk.

[Exit AH., de L., J.T. Att.G.]

3. Industrial Disputes : Rlways (cont'd).

Draft announcement.

B.C. More likely than not to provoke issue of strike notices.

W. Even so, doesn't follow there will be a strike. Feeling is not generally strong. Only in some areas.

H.B. Is last para. necessary – or consistent with oblig^{ns}. Comm^{ms}. first duty wd. be to consider possibility of increased charges.

P.M. This para. is only hope of averting strike.
Anyway it wd. be B.R.'s statement, not ours. It makes it clear tht. he will not plead poverty before the tribunal.

B.C. I wd. like it related to negotⁿ. stage as well as arbitⁿ. stage.

W.M. B.R. wd. probably accept that.

B.C. Put formula.

A.E. That puts it v. wide.

P.T. Will be read as implying Govt. will pay.

A.E. Sh^d. rlway statement be main part of Govt. announcement? Don't we want to say more e.g. about modernⁿ. etc.,

H.B. Why not put B.T.C. statement out alone. Then RAB cd. consider draft of Govt. statement.

B.C. There will have to be an early Govt. statement.

A.E. Concerned at final para. of B.T.C. statement. Don't want that embodied in a Govt. statement. Implies our assent.

W.M. Suggest we draft a longer tail-piece.

Agreed : final para. to be confined to result on arbitⁿ.
Revised draft to-morrow.

1. Parliament. [Enter B-H., S.Ll.]
- H.C. Business for next week.
2. Industrial Disputes : Railways. [Enter B.C., G.Ll.]
- Sw. Last para. of B.R.'s statement. Does reference to "stat. duties" imply tht. they cdn't increase deficit w'out legⁿ.?
- W.M. Not so intended. Plural "duties" widens it.
- H.B. This is the best wording which can be devised, from Ty. angle. Improvement on yesterday's.
- W.M. In last para. H.M. suggests omission of []. I agree tht. this wd. be improvemt.
Timing & presentation. We advise a single document. Because it is only in B.R.'s last sentence tht. any hope is held out.
- P.T. Public will read this solely as reference to increasing deficit. "any problems arising in connⁿ. with mtg. the increased costs involved."
- B.C. Ty. prefer the existing draft.
- W.M. Timing. Don't want issue Sat., – for fear of mtgs. on Sunday. I wd. delay it, to arrive on Mon. morning. Agreed.
Handling with Press.
- P.T. Last line on p. 1. is "greatly" too much – on scheme we haven't seen.
- A.L.B. There are the other 2 factors.
- K. Don't tone this down. We must appear to have some ideas & hopes on this.
- W.M. Press. i) Criticism will be : no answer to ques. on assurance. Say, in guidance, B.T.C. haven't asked us for help. W^d. be premature to intervene.
ii) If they dislike award given at arbitⁿ., their agreemts. don't require them to accept it.
iii) B.T.C. say "with all speed". M/L. can get tribunal to sit equally quickly.
iv) Nothing offered or refused. No ques arises of [others] help. Support for this line can be expected from engineering employers and Rt. wing of T.U.'s.
But quite likely N.U.R. will reject this & issue strike notices. Then we must consider again what we mght have to do.

B.C. Agree that this is the right line, despite the risk.

W.M. When shd. Press publish it?

B.C. N.U.R. must receive it first.

Agreed : Deliver letter Monday p.m. Publish in Press Tuesday.
P.R.O.'s to consider wtr publⁿ. before Tues. can be prevented.

[Exit G.Ll., B.H.]

3. B.E.A. Renfrew Maintenance Base.

B.C. Decision needed urgently.
Move will take 3 months & must be done in winter, when they are less busy.

P.M. What about strategic dispersal? Isn't that worth £160,000 p.a. We are spending much more on it in other ways.

B.C. If done on defence grounds, Govt. shd. meet the cost.

P.T. I can't start compensating people I compel to move on D/I. grounds.

P.M. Don't compensate : increase the deficit.

H.B. BEA are in deficit now. They are being pressed to reduce it. If we now force them to this uneconomic course, we shall find that more diff.
Repercussions on dev. areas policy. Private industry wd. expect treatment not less favourable than that accorded to a nat^d. service.

W. Contrary commercial argument. Sh^d. B.E.A. not carry this as a war risk insurance.

A.L.B. Renfrew is a target area, just as Ldn is.

D.E. Fatal to efficiency for Govt. to discourage B.E.A. fr. making this economy. Other aircraft work will go to Renfrew.

S.Ll. Canadair contract. Can we see wtr this will be signed, if premises available.

W.M. That wd. influence me : I fear trouble then, add^l. to R. Royce redundancy.

H.B. Believe contract will go thro' at once if known tht. premises will be available.

S.Ll. Airwork have another job (Sabres) on which they wd. need 100 men.

- A.L.B. Find out definitely wtr Airwork can do this, if they get premises.
- D.S. We can't tell nat^d. industry to run inefficiently.
We have done quite a lot to develop aircraft industry in Scotland.
- Sw. There is nothing in the strategic argument.
- K. Thought pol. posⁿ. cd. be held if alternative work is provided. Surely we shd. hold B.E.A. there until Airwork is ready to go in.
- P.T. Can do business if we have auth^y. to say you can have premises if you get contract.
- K. But avoid a vacuum.

1. Parliamentary Constituencies. [Enter B-H., H.Brooke.
- K. Read Ir. from Att. G. Applying that injunction be discharged. Believe Roxburgh J. had no jurisdⁿ. Shall seek to establish that & also tht. no ev^{ce}. tht. B. Comm^m. acted wrongly. Unlikely to end before to-morrow.
May be applⁿ. to go to H/L. That might not be determined until Jan^y. Att. Genl. expects to win. If so, by 4 p.m. Tues., he advises us to go on with Orders before applⁿ. made for leave to appeal to H/L.
- P.M. Agree we shd. not proceed in Parlt. while Ct. of Appeal is considerg. this. Shd. we go on immediately afterwards?
- L.I.G. Real urgency was Ldn., & that is approved. We cd. therefore wait for the remainder until New Year. As soon as appeal is settled we cd. submit to Queen the Orders already approved.
- Sal. All the Orders have bn. passed by H/L. in administrative capacity. Awkward if H/L. has to review them in judicial capacity.
The Orders passed by both Houses are to come to Privy Council to-morrow.
- O.P. Proposal to substitute debate on Nat. Assistance Reg^{ns}. This was announced for Tuesday. Now to be put on to-day. Was intended to last only 6 hrs. Pity to give Oppⁿ. 1½ days in which to wail about this.
- H.C. Spoke to C.R.A. y'day, intimating tht. they wd. come on Monday. Oppⁿ. are ready to start it to-day, and to go on until 7 p.m.
- P.M. Not impressed by O.P.'s argument. Public won't be influenced by debate in H/C.
- H.C. Adjourning H/C.
- K. We shd. not submit any Orders to Privy Council before Ct. Appeal decision. Might involve Queen.
- Sal. I agree.
- P.M. On form of statement – must assert rights of Parlt.
- Sal. Not too soon. Let Ct. of Appeal say Judge was wrong. For we happen to be assisted politically by these orders.

2. Cyprus.

A.L.B. P.Q. (Turton) on U.N. vote. Private Notice Ques (to me) wh. I will answer on basis only of events w'in island – not Grk. aspects. There may be debate on adjournment : then I wd. have to answer on both aspects.
Sitⁿ. this a.m. is steady.

1. Parliamentary Constituencies. [Enter B.H., Att.G.]

H.C. Appeal was won. But P.M. decided last night it wd. be better to p'pone Parl^y. procdgs until after Xmas recess. To do otherwise mght have made it impossible to rise on 22/12.
But statement must be made. Draft submitted.
First para. is subject to revision by Att. Genl.

P.M. Stiffen 2nd. para?

Att.G. Yes : wd. be correct.

W.M. So long as we don't provoke Cts.

Formula approved.

Draft approved.

2. Parliament.

H.C. Business for first week after recess.

3. Atomic Energy : Civil Use.

[Exit Att.G., BH.]

[Enter S.Ll., G.Ll.]

L.P. Urgency : contract for uranium – bargaining will be easier if it's known we have a civil p'mme. Early consultⁿ. with B.E.A.
This p'mme doesn't conflict with mil. p'mme – save in war, when civil wd. go to wall.
Feasible – & chance of economic basis w'in 10 yrs. Nec. to meet increasg. demand for electricity – wh. coal cd. not meet.
May cost £300 M. over 10 years. But p'mme is flexible. Results, on cost, may be more favourable than now forecast.
Seek approval of proposals in para. 8.

R.A.B. Entirely agree. Ty. has bn. in from outset. We shd. not to-day commit ourselves beyond first £50 M. That I welcome. Future course can be left open for decⁿ. in light of developmts.
Will be of great importance to U.K. economy.

P.M. Studied in detail by A.E. Ctt^{ee}.

H.M. Mil. p'mme not fixed beyond 1960. Material up to then is secured.
After that date, we may want more material – conceivably might have to raid civil p'mme.

J.S. Hope separate Scottish electricity bds – will be brought in.
May I see statement before it is made.

- L.P. Will put it to Cabinet. Announcement prs. after Recess.
Proposals in para. 8 approved.
- [Exit G.Ll.
[Enter B-C.
4. Renfrew Maintenance Base.
- S.Ll. Airwork think they will get contract, but can't settle until Canadian Govt. rep^{ve}. sees premises. Can we leave it on basis tht. if contract is secured, B.E.A. shd. move.
- R.A.B. V. likely that they will get contract & take the premises.
- S.Ll. Emplt. for 300 for at least one year, with prospect of continuing work.
- P.M. I wd. give this a miss for a year – on pol. & strategic grounds.
- H.M. On balance, I wd. make the move if this contract is secured. If it isn't, review it again.
- A.L.B. Must hold posⁿ. tht. if they get contract, they can have the premises.
- P.M. No objⁿ. to that.
- J.S. Don't lose this contract. For B.E.A.'s case has support of majority.
- [Exit S.Ll.
[Enter Selkirk.
5. Parking Meters.
- B.C. You asked for this. Here it is.
- Ll.G. More work, not less, for Police – at outset.
- B.C. In reply to L.P., experiment – but must be on relatively large scale.
- Approved.
- [Exit B.C. Selkirk
[Enter Sal., P.T.
6. New Colonial Office Building.
- R.A.B. Environs of proposed open site wd. not be attractive. St. Geo. St. bldgs are not good : wd. cost a lot to improve them.
Where is C.O. to go, m'while?
- A.L.B. Present bldgs are most unsatisfactory. Must make a start on a new home. Was to have bn. opened in '51 & finished in '55.
- N.B. Disadvantages of delay i) we acquired site compulsorily for Govt. office. If we want to use for diff^t. purpose legⁿ. wd. be necessary.

ii) Chartered surveyors are about to re-build. C^{dn't}. make a real clean job w'out acquiring that too. W^d. raise total cost to £5 M.

D.E. Was not a good scheme, but no alternative now but to go on with it. Efficiency demands tht. H.Q. of Govt. offices shd. be in single bldg. No other site for C.O. save Carlton House Terrace – wh. wd. accommodate C.R.O. as well in combined Dpt.

N.B. Horseferry Rd. site is another possibility for C.O.

Adjourned – for sight of [new] model.

[Exit N.B.]

7. Price of Sugar.

R.A.B. As in memo.

½ lb. is a nuisance but only a small one - .08 on c/l. index.

H.A. Margin has increased by only 15%. Profits & dividends have not increased out of propⁿ. turnover. Can't press them to carry any part of this.

P.M. Awkward to do it now – in advance of o.a.p.

O.P. W^d. like it delayed until after 7/2 when Assist^{ce}. rates go up.

R.A.B. I need the money to pay the pensions etc.,

H.M. Everyone else has to lose money on stocks unwisely bought. World price is falling – U.K. price is put up.

Sw. Cdn't it be done later in spring – at cost of £3 M.

R.A.B. Ready to discuss a convenient date with M/L. and M/P. Ready to consider deferment until Feb^y.

Approved in principle.

R.A.B. to settle a date, in consultⁿ. with others & report to P.M.

[Enter Att.G., de La W.

1. Parliamentary Constituencies.

P.M. Have asked Att.G. to prepare White Paper.

Att.G. Few introductory paras : then reprint of argument put before court : reprint judgement of Ct. of Appeal : with Roxburgh's judgement as Appendix.

Wd. like to publish as soon as possible.

[Exit Att.G.

2. Foreign Service – Expenditure.

A.E. Small Ministerial Ctt^{ee}. in recess. C^d. Cab. Secretariat serve it?

Agreed.

3. Independent Television.

PMG. 4 Cos. required. One by left-wing film interests. One by Kemsley. One by Rothemere. Sh^d. the fourth company have w'in it a large element of Conservative Press. Renwick wants to bring in D. Express and News of World. I.T.A. think this might be last straw. Labour might finally condemn the whole scheme. I.T.A. have sought my guidance.

W. What interest will K. & R. have

Sw. R. will have 50% share.

PMG. K 33 $\frac{1}{3}$ % share, but will be Chairman.

P.M. Tories have preponderance of Press and are used to that. They won't mind if same is true of T.V.
News of World is sober, steady organ – cpd. with News Chronicle or D. Mirror.

PMG. Neither of last named want to come into Sir Robert Renwick's Company.

A.E. Some of us opposed this scheme from outset – I because feared that just this sort of thing wd. happen. I vehemently oppose idea tht. Press shd. control independent T.V. – don't care which newspapers : don't want them at all. A different thing if Br. industry wd. take a hand in it.

Sal. I strongly share that view. This was always a bad scheme. We defended it qua impartial, with safeguards.

Cd. not defend a system blatantly run by Tory interests.
Sorry so much of cos. has gone to Press already.

- P.M.G. Renwick cd. be told he cd. add Littler & some B'ham interests – but not newspapers.
- A.E. Can't have Press controlling both the newsp. and the T.V. alternative to B.B.C.
[Enter K.
- P.M.G. I.T.A. have sought advice of Govt. They don't want to allow D. Express and News of World to come in on this.
- K. x| We need not therefore advise I.T.A. We need only say we don't
| propose to give them a direction on this.
- R.A.B. Agree. Don't interfere with I.T.A. discretion. It is for their decision. Tho' I support his view.
- J.S. Chairman of I.T.A. wd. take x/ – on basis tht. I had consulted Govt.
- P.M. Will be said tht. Cabinet intervened. Will turn D. Express v. us.
- A.E. What are the safeguards worth? I would never have agreed that Press shd. have control over this.
- D.S. Our responsibility is to be impartial. But our impartiality issues, and finishes, in appt^{mt}. of I.T.A. Thereafter, we shd. not intervene unless we think I.T.A. is acting improperly – which we do not.
- PMG. I take note of what ITA have told me & I am not prepared to issue any direction in the matter.
- K. "This is a matter w'in discretion of ITA. & I do not propose to give any direction in the matter."
- Sal. Awkward for those who said "it" wd. be impartial.
- K. I.T.A. are, on what we know, trying hard to keep proper balance in Press interests. They are declining to admit further Tory newspapers. We decline to give a direction because I.T.A. are acting impartially. If they were not, we shd. be ready to direct.
- Sal. But we shd. be refusing moral support, which they ask for.
- PMG. Yes : we are sheltering behind the Act.
- K. But the Act made them responsible.

Discussion adjourned. [Enter G.Ll., B.C., S.Ll.

1. Strategic Intentions of U.K. [Enter 3 Serv. Min., C.O.S., S.Ll.]
- P.M. Para. 16. Swinton's opening sentences.
- H.M. Agreed.
- P.M. Para. 23. Omit altogether.
- Verbal amendments also approved.
- A.E. Para. 16. one-way attacks – “probable”? Is this true?
- Agreed : substitute “possible”.
- A.E. Para 19. Too much on bolt fr. blue. Delete “equally”. And in 25(d).
- H.M. Title : U.K. Defence Policy – agreed.
- R.A.B. In Appendix : insert Commonwealth : e.g. as U.K. & Commonwealth. described “Commonwealth”.
- [Exit Serv. Ministers. C.O.S.]
2. Television Development. [Enter Att.G., B.C., G.Ll., PMG.]
- P.M. Newsp. want to come in as T.V. to preserve advertising revenue, not to add to pol. influence.
- W. U.S. newsp. have not lost. U.K. newsp. fear they may.
- P.M. Must accept responsibility for Act we passed, tho' some of us dislike it, until another Admⁿ. decides to reverse it.
But we can leave this decision to the impartial authority we appointed.
- Sal. Can we dissociate ourselves so completely as that? C^d. we not say : “There must be no doubt that responsibility rests with you. But I can let you know that, if you act as you propose, you will have our support.”
- R.A.B. Need we? [“This is a matter w'in discretion of Authority, in whom Govt. have complete confidence.] The Govt. do not propose to give any dirⁿ. on the point.” K.'s formula. Wdn't that do?
- Sw. If we go further, shan't we be asked on future occasions wtr we agree with their decisions when we may not.
- A.E. Better to confine it to [].
- Sal. [] wd. reflect Cab.'s view. But I shd. like to think it over.

H.M. If we indicate support we shd. indicate that it is for their holding a fair balance between the various interests.

Sw. It isn't a fair balance – Labour will say.

Sal. Support his desire “to maintain public confidence in the scheme”.

D.S. Dangerous to pin it to that.

Sal. Let Cab. decide at []. Record my dissent. Let me see how it works.

A.E. If K. Clark doesn't do what he intends, we shall have to consider it afresh.

[Exit P.M.G. D.S.]

3. Railway Wages Dispute.

W.M. N.U.R. met for 4 hrs. y'day. Campbell voted with minority v. the strike. In his statement he referred to bitterness because of 10 months' delay. But there have bn 3 increases since. Neden is seeing N.U.R. rep^{ves}. (a few) now. Little room for conciliation. But at right stage I shall ask them to see me. At right moment I shall refer to hardships wh. this wd. involve: need that public shd. know & understand facts : proper Ct. of Enquiry : express hope tht. no strike while it is sitting. Executive of N.U.R. is being run by handful of extremists. T.U.C. advise a few day's pause, in wh. public & T.U. opinion can come to bear on N.U.R. T.U. agree tht. it wd. be imposs. to make an offer to men now.

B.C. B.T.C. will say publicly today tht. negot^{ns}. and arbitⁿ. are still open.

Sal. Propaganda on £145 M. profits in war. C^d. this be answered, at appropriate time.

Sw. Be ready with answer if it's raised again. No initiative by Govt. on this.

G.L.I. Must study measures to be taken to conserve stocks of coal.

R.A.B. And other emergency measures.

[Enter S.Ll., G.Ll., Att.G., B-C.]

1. Industrial Disputes : Railways.

- P.M. Steps necessary if there is a strike – N.B.’s brief.
- W.M. Interim report of Ct. rec^d. at m’night y’day.
Two principles : i) negotiating machinery shd. have bn. used.
ii) in a nat^d. industry fair wages shd. be paid.
Ct. condemns N.U.R. for not accepting i), and B.T.C. for delay in negot^{ns}.
Propose to publish this to-morrow : to send for parties to-morrow (noon) : urge NUR to raise strike & resume negot^{ns}.
Ct. recommend review of all wage rates, urgently & w’out limitⁿ. because of obligⁿ. to “pay their way”.
This may avert strike : it will restore confidence in collective bargaining. Helpful tht. they have separated fair wage & capacity to pay it. Resumptⁿ. at top level is helpful. Somethg. that “merits re-considⁿ”. Gives N.U.R. a chance of coming off their intransigent attitude.
- A.E. What will B.R. say?
- W.M. H’to he has bn. somewhat intransigent.
- B.C. Y’day he said – if Ct. recommended increases he wd. be ready to negotiate them if he got some public assurance re his statutory posⁿ.
- P.M. I favoured direction to B.T.C. on that. But B.R. indicated tht. he wd. not need formal direction : public assurance of Govt’s view wd. suffice. Now told tht. B.R. wd. not welcome resumptⁿ. of negot^{ns}. on that basis. He didn’t want to be relieved of his statutory obligⁿ., as argument in resisting wage claims.
- W.M. Read para. of Ct.’s report on this point.
Diff^y : there is no principle by wh. to determine what is a fair and reasonable wage.
- A.E. W.M. said at outset they weren’t underpaid relatively. Now Press, & Ct., is coming out the other way.
- W.M. It was my view. But public & responsible T.U.’s don’t take that view. Court says, however, it merits re-considⁿ., particularly in higher grades. This implies tht. they haven’t so much sympathy for lowest-paid. All the facts available to me were put before the Court.
- D.E. It’s earnings, not basic rates, tht. shd. be comp^d.

- B.C. Many railwaymen do earn over-time.
- W.M. 150/= to 182/= p.wk. is average earnings of lowest paid.
- H.M. N.U.R. developed a good case before the Court & that captured public ear. Showed incompetence of presentⁿ. by B.T.C.
- R.A.B. x/ Must preserve basis of wage negotⁿ. That is cardinal.
If we can resume negotⁿ., strike notices w'drawn, there is a case for giving increased wages. But claims are now under considⁿ. from 7m workers. Employers are much concerned about x/ : no negotⁿ. under threat.
Some general increase in wages is tolerable in view of boom cond^{ns}.
On finance of rlways : must resist subsidy. In view of modernisⁿ. plans, dividend fr. man-power re-organisation – I see no difficulty in acceptg. larger deficit. But wd. take no initiative myself. And B.T.C. shd. come to us on this after a wage negotiation. I rely for this on phrase “taking one year with another”.
- Sal. If we relax our view on stat. obligⁿ., it is a concession to force.
- R.A.B. Ty, have always bn. ready to accept larger deficit.
- Sal. But Ct. have decided this shd. not be governing factor. Public already take that view.
Care to avoid making precedent.
Final sentence of summary – will they w'draw notice w'out some promise or assurance of good outcome of negot^{ns}.
- P.T. Shall we not be asked Govt. view stat^y. obligⁿ. to pay their way?
- R.A.B. I wd. prefer tht. first statement shd. be from B.T.C.
- P.T. We shan't be ablt to avoid saying anything until then. We shall have to say somethg. surely, on this point.
- H.M. B.T.C. will want Govt. statement before he resumes neogt^{ns}.
- W.M. Campbell also will want to know before he cancels strike notice.
- H.M. Stress man-power efficiency – to balance £1.000M. capital investment.
- Sal. What assurance of that?
- H.M. W^d. prefer an enquiry.
- R.A.B. That's why I wd. prefer at present to say only what we understand by obligⁿ. under 3(4) of Act., viz., up to 5 years or so.
- K. Yes : and wait for B.T.C. initiation on the re-organisⁿ. plan etc.

- S.Ll. Fair & reasonable wages must be related to financial condⁿ. of rlways even tho' you take a long view of that.
- Sal. Enough for M/L. to say : Govt. accept the report & in our view it contains nothing inconsistent with existing law.

[Enter S.Ll., B-C., G.Ll.,Att.G.]

1. Industrial Disputes : Railways.

- W.M. Series of mtgs. with N.U.R.
Told them Govt. accept. recomm^{ns}. (for action) in rept. as basis for resurg. negot^{ns}. – not necessarily all its arguments.
Main points (5) enumerated : all accepted by B.T.C. (on stat^y. obligⁿ. they accept conclⁿ. for this negotⁿ. tho' not argument leading up to it). These cond^l. on last 2 viz., no promise of concession before negot^{ns}. begin : & w'drawal of strike notices.
Urged them therefore to call off strike & resume negot^{ns}. Warned them tht. Govt. wd. have to act to-morrow, to prepare to meet threat to life of nation.
Ended by inviting both sides to meet me this p.m.
Campbell said he wasn't askg. for figures but only assurance tht. somethg. worth while wd. emerge. I referred him to conclⁿ. 5. He hoped B.T.C. wd. be "less rigid".
Clear now that something will have to be paid. Not therefore worth a strike.
- R.A.B. No Govt. shd. condone negot^{ns}. under threat of [imminent] strike.
But, if notices w'drawn, there is hope of settlement.
N.U.R. shd. know tht. Govt. are determined to act.
- A.E. Consequences for future are v. grave. Times & M. Gardian. Don't want strike as well. NUR shd. know clearly tht., if they don't w'draw notices, we shall stand firm.
- W.M. Agree. Not enough to "suspend" notice. They shd. w'draw notices.
- A.E. M/L. shd. this p.m. say with Govt. auth^y. tht. no negotⁿ. w'out w'drawal of notices & that, if not w'drawn, declⁿ. of emergency will be made to-morrow.
- P.T. Will Govt. make any public statement of their view before emergency is proclaimed?
- W.M. My statement to N.U.R. this a.m. can be released later to-day.
- P.M. Sh^d. be carefully considered statement.
- W.M. Is there time for that? They make statement to Press as soon as they leave. I must be able to say what line I took in talks.
- A.E. Man-power – nothing on that in Rpt. Do we get that?
- P.M. [They shd. be told tht., if they strike, all bets are off.]

- W.M. Interim report. And both sides argued before Ct. there was not much in redundancy. But Ct. will cover it in final report, due by end of next week.
- A.E. Are we taking enough care of future? Dropping reins on horses' neck. Effects on other nat^d. industries of "principle" suggested in interim report.
- W.M. I have not said more than tht. we accept it's recomm^{ns}. for action as basis for dealing with this dispute at this stage.
- A.E. Para. 10 is new doctrine never approved by Parlt.
- H.M. If NUR are to be persuaded to call off strike, B.T.C. must indicate that in negotiation they will make a substantial offer.
- B.C. B.T.C. are now trying to draft somethg. with this in view.
- S.Ll. Unconditional – or tied up with some assurance on man-power efficiency.
- H.M. No conditions to-day. Later : e.g. in connⁿ. with modernisation plans.
- Sal. Or, earlier, on final report. Hope we reserve opportunity to introduce cond^{ns}. then.
- W.M. I am not negotiating. B.T.C. will negotiate thereafter & before they finish they will have the final report.
- W. Don't insist on w'draw vice suspend strike action. Remember Campbell's posⁿ. vis-à-vis his extremists.
- W.M. Think I can persuade them to w'draw. Want to carry out this part of Court's report.
- Att.G. In any Govt. statement we shd. make it clear tht. B.T.C. are not relieved of obligⁿ. under s. 3(4) of Act, tho' they don't interpret it narrowly.
- A.E. No need for Govt. statement if parties agree to resume negot^{ns}.

Preparation for Emergency.

- Ll.G. Proclamation of Emergency, Frid. Reg^{ns}. to be laid as soon as may be thereafter.
Arrangements for m'taining essential services are in hand.

[Enter A.H., Att.G., N.Brooke

1. Kenya.

A.L.B. Para 3 of Tel. 34 from Nairobi. This is moment for imaginative move. But must be balancing gesture twds loyalists threatened with procdgs. Full support of War Council – incldg. Att.G. and C-in-C. Hammer Opⁿ. began 48 hrs. ago. This is moment.

Sw. Won't extend to white officers in Police?

A.L.B. W^d. cover one v. whom procdgs. are in train : & others might not be charged who wd. otherwise have been. Diff. to discriminate betwn. Eur. & Africians.

P.M. Pity to confuse this surrender offer with w'drawal of procdgs. v. loyalists.

A.L.B. Cdn't defend first w'out second. W^d. lead to desertions fr. Home Guard & wd. affront settlers.

Att.G. By Bill of Rights suspension of procdgs is illegal. Even tho' Crown doesn't proceed, it must be left open to private prosecutors. Announcem. in advance, of pardon intention, is novel & dangerous.

Sw. Leave possibility of private prosecutⁿ. – and take a chance on it?

A.L.B. Govr. will make Em. Regⁿ. suspending all prosecutions.

P.M. Prefer to adjourn discussion of this to smaller mtg. Friday a.m.

PM. Why was I not consulted on relief of Erskine.

A.H. His appt^{mt}. was for 2 years, agreed with C.O. Consulted A.L.B., with whom I discussed his successor. ALB saw Lathbury at my request. We announced "May, or as soon as opⁿ. circs. allowed. Erskine pressed for early announcement. W.O. however disregarded standing order requiring notificⁿ. of P.M. I take full responsibility for that omission.

A.E. Appt^{mts}. for term of years doesn't seem congruous with conduct of active operations.

A.H. Has bn. much thought of making a change. Erskine & Baring have not always seen eye to eye. This was background. We were not sorry to see time coming for a change of C-in-C.

H.M. We shd. in future consult collectively an appoint^{mts}. involving international or political cons^{ns}.

P.M. They shd. not be made w'out reference to P.M. – who may wish to consult Cabinet.

Adjournment – to 5. p.m. [Exit A.H.]

2. Afro – Asian Conference.

A.E. P.M.'s of Colombo Powers have summoned this for end/Apl. Deprecate it, but can't stoop it. What therefore shd. we say to our friends?

x| Unwin to encourage people to go who don't want to. But, for those
| who are ready to go, we shd. give all informⁿ. & help we can.

Sw. Don't like this in relⁿ. to Nehru's disposⁿ. to interfere in Africa. Cdn't we somehow exclude Africans?

A.L.B. Agree : I wd. like to, if possible.
W^d. it be impossible to advise them to stay away?

A.E. And have it known tht. we made this attempt?

A.L.B. Gold Coast P.M. cd. prs. be dissuaded. He has promised to consult Govr.

Sw. C. African Fedⁿ. have sugg^d. no more than observer : he cd. be eased off doing that.

Agreed: Advise G. Coast & C. Afr. Fedⁿ. discreetly, not to go. F.O. as regards foreigners to proceed at x/.

[Enter de L., G.Ll.]

3. Muscat.

A.E. Saudis, baffled at Buraimi, are nibbling here. Valuable prospects. Some of our exp^{'re} may be recovered from I.P.Co.

H.B. No Ty. objⁿ. Hope to recover all of it.

A.E. Will involve Supplementary.

H.C. May therefore be a debate.

Sw. Para. 9. Do we contemplate bombing?

de L. 16 Vampires at Aden, in addⁿ. to transport & recce aircraft. Levies are fully occupied in looking after Yemenis.

- A.E. Will M/D. consider wht sufficient force is being made available.
- P.M. Yes : and satisfy A.E.
And consult with Ty. on means of avoiding Suppl., e.g. by use of Secret Vote.
- [Exit de. L.
[Enter H.W., B.C., B.H.]
4. Industrial Disputes : Railways.
- H.W. We await final report of Ct. Enquiry. Hope it will cover efficiency & gloss its statement on willing means. Expect it by end of next week.
[All strike notices have now bn. w'drawn.
This was most diff. corner we have rounded so far. We were lucky.
- P.M. Our aim must now be increased efficiency thro' eliminⁿ. of redundancy. 100,000 men leave each year. This gives easy chance to reduce nos.
- H.W. B.T.C. do intend to run down labour force by wastage.
- B.C. Redⁿ. of about 25,000 was achieved last year by this means. But there is shortage in some grades, with redundancy in others. Am proposing (to E.P.C.) enquiry into use of man-power on rlways.
- H.A. New capital must be linked with more efficient use of labour.
- P.M. Will this be debated?
- A.E. Might be averted if Govt. cd. make effective statement of policy.
- Sal. Modernisation plan (£100 M) shd. be considered in relⁿ. to capital investment in roads. Sh^d. we take snap decisions on rlway plan?
- B.C. Will be chance to look at that in E.P.C. Moreover, we need do no more than give approval of general line of B.T.C.'s investment policy.
- W. W^d. prefer to see rail and road considered together – by small Ctt^{ee}.
- H.M. Structure of management of rlways shd. also come under review. T.U. hacks on B.T.C. command no confidence among men.
- [Enter K.]
- P.M. Favour small Cab. Ctt^{ee}. for this.
- A.E. But statement will need to be made before H/C. has sat for long.
- H.W. M/L. wished me to say tht. changes of personnel in B.T.C. will be needed if further trouble is to be avoided.
- [Exit B-C., G.Ll.]

5. House of Commons : Redistribution.

- Att.G. Don't know wtr para. 5 shd. be included. W.M. has sugg^d. to me that it wd. be better out.
C^d. delete passages from my remarks e.g. pp 1-10. Procedure, old judgements etc.
- P.M. Leave it.
- L.I.G. On Introdⁿ. Is this necessary? Includes statement wh. might provoke debate. Surely M/Rolls has said enough.
W^d. it not suffice to put copies in Library, vice W.Paper?
- Att.G. Advantages in publishing argument as well as judgement.
- L.P.S. I made us promise to H/C.
W^d. be enough to put documents in Library, before H/C. meets.
Don't favour W. Paper – or Introdⁿ.
- K. Agree. Put in Library w'out comment.
- Att.G. M/Rolls has corrected his judgement

Agreed : Put copies of pp 3-67 in Library.

6. Colonial Immigrants.

- L.I.G. As in memo.
- L.P. Do we need to allow them in on ev^{ce}. they can m'tain themselves?
- A.L.B. Must have this to cover Dom. citizens, students etc.,
- L.I.G. Shall have to admit tht. it is directed v. immigration of col. people.
- L.P.S. No prospect of getting a majority in H/C. for such a Bill as this.
All Labour Party wd. oppose it, and quite a number of ours wd. too.
- A.L.B. In long run W. Indies will restrain this movement : for they have lost £1M. on fares, people fr. valuable emplt., and some of their more adventurous elements.
- H.B. Creates social problems for which there is no solution.
- H.W. T.U.C., privately, wd. like introdⁿ. of control.
- A.E. Don't think we can ignore this problem.
- P.M. Mght be worth bringing this legⁿ. in, even if we can't pass it.

H.A. Let our supporters know extent of legⁿ. in other Comm. countries.

Sw. White Paper. Will prepare it, with C.O. Agreed.

[Enter A.H., Att.G.]

Kenya.

- A.L.B. Tels. 35 and 41. tabled – giving texts of statements to be made by Govr.
- A.E. Satisfied with 35. Fear 41 may startle people in this country. Better to reverse order of 41.
- A.L.B. Accept that. Agreed.
- P.M. W^d. it not be enough to suspend procdgs etc., v. loyalists until we see wtr general surrender takes place & a new situation results.
- A.L.B. Can't let it appear tht. fate of loyalists depend on success of surrender appeal.
Ministers now support proposals of Govr. & Att.G. Erskine also agrees.
- A.H. With reluctance.
- L.P. It wd. be v. strong measure to stop, for pol. reasons, procdgs which have already bn. begun.
- K. Continuing the 9 cases already started needn't spoil general effect. Anyhow decision, or action, to stop them wd. rest with Att.G. in Kenya.
- Att.G. Some emergency regⁿ. will be needed for this.

[Enter B-H., H.H.]

1. Kenya.

H.H. Govr's mtg. with loyalists went well. No results yet. Indian & African members of leg^{ve}. Council have accepted terms. White Opposⁿ. have criticised them. May be oppⁿ. organised in Nairobi. U.K. Press is favourable.

P.M. Why weren't we told Att.G. was being moved off? It was relevant.

H.H. Don't know. He hasn't got on well with Blundell etc.

2. Coloured Immigrants.

P.M. Need for decision before long.

A.E. Before Commonwealth P.M. mtg.

H.H. Osborne M.P. is thinking of introducg. Bill under 10 min. rule.

Ll.G. Depⁿ. y'day from B'ham. No objⁿ. to them as workers. But qua housing. Figures are impressive.

Sw. Might consider Ctt^{ee}. on social aspects, alone.

A.E. Might be useful – to re-inforce action we decide to take.

P.M. Not in favour. Better to introduce Bill. May find we cd. get it thro'. At least we shd. have shown our view.

Sal. Urgent.

H.H. Movement is starting now in favour of immigⁿ. from Barbados.

[Exit H.H.]

3. Foreign Affairs.

A.E. a) Kutsov. We have decided we can't hand him back. No case in law for doing so. Agreed.

b) Thermo-nuclear weapons.

A.E. Chinese prob. don't know. Will be giving informⁿ. on effects to P.M.M. See how Nehru takes it : consider wtr we shd. ask him to tell Chinese.

Sw. So long as we don't mind his coupling it with his view tht. no more experiments be made.

A.E. Sh^d. want to tell Dulles first.

P.M. Yes : it's mainly a U.S. problem.
Review this again after P.M.M.

c). European Arms Pool.

A.E. French plan has many supra-nat^l. features & is impractical. None of others will accept it. They wd. however, accept our practical sugg^{ns}. for standardisation. Propose, at right moment, to put our plan fwd. – after Fr. proposals have had a run.

d). Formosa.

A.E. W'ton telegram 142-3.
Two ques i) shd Oracle now be launched?
ii) guarantee (U.S.) of Quemoy
Worried about ii). Q. is nearer to m'land than Tachen Islands : has never bn. claimed as part of Formosa – or not part of China.
Suggest we put these diff^{es}. to U.S. Ask wtr we shd. not see what we can get out of (i) before touching (ii)? Read draft of telegram to W'ton urging i) before ii) is attempted.

P.M. Agree with this view.

A.E. They have asked our views. We shd. tell them what we think.

P.M. Tho', if they went ahead on (ii), we might have to give them moral support.

[Enter H.B

4. Foreign Service : Report of Estimates Committee.

A.E. I said in H/C we wd. reply to House. For this reason, and because new Ctt^{ee}. has not bn. appt^d., I want reply to be given by White Paper.

H.B. Disadvantages of that : may be regarded as precedent : more likely to provoke a debate.

R.A.B. I prefer a White Paper. Agreed.

A.E. Hope for early report.

H.B. As quickly as possible.

A.E. Aim at 31/1.

- P.M. What of H/C. Ctt^{ees}. going overseas?
- H.B. Sh^d. my Ctt^{ee}. go into that? Ready to do so.
- P.M. Surely we shd. stand firm against it. Is there any doubt? M.P.'s are not peripatetic inspectors.
- H.B. Reasoned reply will be needed. Their suggⁿ. is not limited to that of Ctt^{ee}. going abroad.
- A.E. Separate this from Foreign Service issue.
- R.A.B. to consider answer to that, with AE & H.M. & L.P.S.
- O.P. C^d. ignore it in White Paper.
- [Exit H.B.
[Enter S.LI., H.W., G.LI., B.C.]
5. Railways.
- P.M. Advise caution. R.A.B. is surprisingly sympathetic. Rlways may not be on up-tide. Roads & air = transport of future. Coal transport may drop off in future years.
Can't evade 1st. priority of exp^{'re}. on roads.
- R.A.B. I have had this in mind for 2 years – not connected with recent dispute. No invest^{mt}. in rlways for years past. Investment in gas, coal, electricity, has bn. such tht. this is not out of scale.
This plan doesn't alarm me qua scale. We shd. certainly examine its merits & details.
There wd. be no diff^y. in raising this sum on market. No Budget money.
£400 M. wd. be needed anyway, for normal m'tenance. E.P.C. have discussed it. May be criticised because doesn't deal with labour efficiency.
Let B.T.C. publish it & allow public opinion to play on.
- P.M. Yes – let it also be available in Vote Office.
- L.P. We shall be asked if we approve it. Sh^d. we not wait until we know more about investment in roads. £60 M. on roads was said to be intolerable : this is £58 M for rlways. And what is relation betwⁿ. the 2.
- B.C. There is room for this rlway plan, however large the exp^{'re}. on roads.
- L.P. But won't it be affected by changes in road system.
- B.C. No. This is needed for tonnage carried by rail.

- L.P. Plan depends on co-opⁿ. of N.U.R. Do we approve it before we have that promise.
- B.C. As soon as publⁿ. is app^d., B.T.C. will at once discuss with Unions.
- A.E. Am impressed by case made in Plan.
Pity tht. public will be captured by £1200 M. figure. Sh^d. make it clear tht. £800 M. is total of new investment.
Atomic power : relieved to see para. 36. wh. indicates tht. this increases need for electrificⁿ. of rlways
Modernⁿ. of coal-mining has given us less large coal. That strengthens case for electrificⁿ. & diesel
Enquiry into man-power on rlways Sh^d. be appt^d. by B.T.C., not by Govt. It is their job. Give them first go at it.
This plan will make heavy demands on our export industries. Shan't we have to be careful over that?
- H.W. Ct of Inquiry. Final report will be circulated to Cab. as soon as rec^d. Bound to refer to need for greater efficiency. Will be helpful. Sh^d. also gloss para. 10 of Interim Rpt.
Normal to invite views of parties on report. Propose to do that.
- B.C. Inquiry into man-power. B.T.C. wd. be ready to appoint.
£600 M (not £400 M) wd. be needed for normal m'tenance.
On industrial load, there has bn. consultⁿ. with industry – who wd. welcome these orders as basis for export trade.
- S.Ll. It wd. be w'in our capacity to carry out this Plan. Propose standing Ctt^{ee}. – B.T.C. & engineering industry – to spread orders etc.,
- D.E. W^d. enquiry be helpful in getting men behind modernisⁿ. plan? Latter is more important.
- H.M. Distinguish betwn. complaints of redundancy & proper way of manning new rlway system.
This plan wd. help nation & Party.
We, as Govt., are under-writing this loan. When Plan is published, many ques will be asked. E.g. estimated savings, in exp^{'re}, in manpower, technical points. We shd. know tht. B.T.C. can answer these. Must therefore be disc^{ns}. with them on details.
Don't accept Plan as it stands. But don't pour cold water on it.
This is a big opportunity. Socialists made a mess of natⁿ. It wd. be nice if Tories cd. rescue it. Mght be a group of Ministers to ensure this is put to best advantage in Parlt. & in country.
- Sw. Unions must be carried fwd. on this.
But is management sound.
C^d. we have enquiry – one independent, 2 from B.T.C., 2 fr. Unions – to check up on details of Plan & means of implementing it. Otherwise shall we secure their good-will to give up restrictive practices.

P.T. Sh^d. Cab. not see Final Rpt. before it is referred to parties?

Agreed : Meet Monday 4.30.p.m. to consider Final Rpt.

B.H. Can drop Borrowing Powers Bill from Tuesday.
Early offer of debate.

[Exit B.H., G.Ll.
[Enter J.T.

6. East-West Trade.

P.T. As in memo.

A.E. Worried about effect on U.S., esp. on shipping. Because they give us no concession on rolling mills or copper, shd. we insist on bldg. fast ships? There isn't much we shall build.
W^d. prefer to meet U.S. on shipping & go on with rolling mills.

P.T. We cdn't defend in U.K. acceptance of shipping proposal in COCOM. The only ques is wtr we shd. unilaterally refuse to export fast ships, even tho' others sell them. No need for statement on that. But if, in future, others do it we shd. be free to do it ourselves.

J.T. Naval staff willing to free it up to 16 knots. Cdn't agree to go above that just because Denmark are allowed to do it.

A.E. Cdn't we propose freedom for all ships below 15½ knots.

P.T. U.S. wdn't have that. We can only continue with status quo – under which there is freedom up to 12 knots.
End of para 5. Seek agreemt. to closer control on matters other than speed.

H.M. Speed is more dangerous than volume. Wish we cd. persuade U.S. of this.

A.E. Give U.S. our decⁿ. on comm^{ns}. before we announce our posⁿ. on wire in COCOM. Agreed.

[S.Ll. Diff. to hold up orders

H.M. Do it at once.]

A.E. There will be trouble with U.S. over shipping.

[Exit S.Ll., J.T.

7. Equal Pay.

R.A.B. Have negotiated scheme, to spread over 7 years. Will cost £1¾ M. in 1st. year.
Will announce as soon as H/C meets.

D.E. What do I say to teachers?

R.A.B. Go to Burnham Ct^{ee}.

R.A.B. Will be restricted to non-industrials.

[Exit B.C.

8. Price of Sugar.

P.M. This will be v. unpopular.

A.E. But quite inevitable.

H.A. W^d. be announced at end/Jan. & wd. come into effect twds end/Feb.

R.A.B. Gives substantial Exchequer saving, with v. little effect on c/living index.

H.W. C/living index is higher than it has ever bn., & no sign of its coming down.

R.A.B. We held in steady for over a year. And it rose because of freeing meat.

W. If it must be, do it soon.

RAB. Sugar Bd. wd. do it later if we don't do it now.

Memo. approved.

9. Ireland.

Sw. After Omagh raid I made rep^{ns}. to Cosgrave, who was here.
Soon after Boland told me his Govt. was going to take drastic action v. I.R.A.
Nothing happened. Boland now says his Govt. have got cold feet & are not going to do it.
Result will be to encourage I.R.A. to greater aggression & more trouble on the border.

A.E. I saw Cosgrave at that time. He spoke of Ireland coming into W. European Union. I sugg^d. N.A.T.O. – he cdn't do that because of need to “respect frontiers”.
We have heard no more.

[Enter B.H.]

1. Coloured Immigrants.

- L.I.G. Osborne is seeking leave on Wed. under 10 min rule to introduce Bill to regulate immigration into U.K. of persons other than citizens of Br. Isles.
May be useful kite. But how shd. we vote?
- H.C. Abstain – at this stage. There may be no division. If leave is declined it wd. estop Govt. legⁿ. But that is lesser risk than voting for unknown.
- O.P. C^d. junior Ministers vote as they please? It may be beaten.
- P.M. They needn't be whipped to abstain.
- J.S. Tell them to vote for it or abstain : shdn't be in diff. lobbies.
- P.M. Ministers shd. abstain : no junior Ministers to vote against.

2. Formosa.

- A.E. U.S. have moved long way to meet us – over guarantee to Quemoy. Plan is now to go to Sec. Council on Wed. or Thurs. – U.K. warning Moscow & Peking in advance.
We shd. go along with them in this. Otherwise, outcome will be increased hostilities. W'drawal fr. Taachens & Quemoy might encourage Chinese to think Formosa can be had for the taking. Have seen U.S. & Can. Ambassadors. Also H. Morrison. Draft of tel. to W'ton read to Cabinet.
N.Z. will raise it in Sec. Council. U.K. will do utmost to persuade Ch. to come. If they don't, we are not committed to do more than consult U.S. on next step.
- Sal. It is for us to warn Moscow & Peking tht. there is real danger of a clash.
- Sw. Doms wd. support this initiative.
- H.M. C.O.S. have prepared note on strategic issues. These islands are not essential to defence of Formosa, tho' useful for shipping control.
Opposed evacuation of Quemoy wd. be difficult : 5 Divns.

3. Export Trade.

- A.E. C^d. we have general discⁿ. on prospects?

- R.A.B. Yes : I will submit memo, with P.T., on external finance & economic outlook.
- A.E. Useful if we cd. have it before P.M. mtg.
[Enter B-C., H.Watk.
4. Japan and G.A.T.T.
- W. Rep^{ns}. regarding effects on Lancs. of Indian competition : cotton cloth.
- H.A. This is not the sort of cloth U.K. ought to make, in long-term.
- K. What is objⁿ. to admⁿ. of Japan subject to our right to invoke Art. 35 at any time : D. in offl. report.
- R.A.B. Discussed in E.P.C. V. difficult.
Can't take v. negative line. Nor can we go for simple admission.
I favour middle course sugg^d. by Econ-Secy. to E.P.C. Make admission cond^l. on good behaviour by Japan, in trade practices & commercial treaty. Is this not easier to defend? W^d. put max. pressure on Japan. W^d. avoid action under Art. 19, wh. wd. invite reprisals v. our trade.
Believe this is least diff. posⁿ. to defend, politically.
- P.T. I rejected that, as worst of all worlds.
I wd. sooner accept F.O. view & admit J. subject to Art. 19.
Middle course involves admitting J. in 3 yrs' time w'out the safeguards. How cd. we fight Election on that?
Wiser, on whole, not to admit J. But if Cab. wish to do so, do it : & defend it as action taken.
Under middle course no safeguards wd. be obtainable under G.A.T.T. what cd. you then get by a commercial treaty.
- Sw. Also diff^{tes}. qua Doms. Once you say we will admit J., now or in 3 yrs., you must re-orientate tariff policy. This wd. mean declaring intention to repeal free-entry under Ottawa preferences. Act. We are doing much trade under preferences – 90% in A & N.Z. These are v. gt. political & econ. diff^{tes}.
R.A.B. said preserve right to act under Art. 35. That wd. be all right. But cd. you, under middle course.
- P.T. Doubt if you cd. get agreemt. on that in G.A.T.T. You cd. prob. retain Art 19 rights – if you were v. firm with U.S. & Japan. And you cdn't act under Art. 19 until sitⁿ. was v. serious. This course cd. only be justified on over-riding grds of f. policy.
- A.E. My feelings : a) J. is in uncertain condⁿ. Pol. consequences of our takg. lead in opposing her entry mght be v. serious. Chance of J. lining up, in 3-4 yrs., with China.

b) We have said we believe in multi-lateral trade & preaching it to U.S. & others. U.S. now beginning to move twds. What we asked them to do. Firm exclusion of J. wd. look odd, in light of that.
Therefore favour something on lines of E in officials' report.

- P.T. Impressed by A.E.'s a) and b). On long view can't keep J. out. But fear pol. dangers of F. Fixed date before we must admit J., & wdn't be able to negotiate Art 19 safeguard.
My 3rd. course is much easier to defend politically in U.K. than middle course.
- R.A.B. Middle course is better fr. pt. of view of general economy. – but not of Lancs. or impending election.
- P.T. Amendment to Art. 19 wd. enable you to impose discriminatory quotas v. Japan. True, some might use that v. us. But must pay some price for admittg. J. to multi-lateral trade world. B/T., on balance, think it safe.
- R.A.B. Under-developed countries wd. think we were going back on our policy. All this in interests of Lancs.
- P.T. Not Lancs. alone – also light engineering, toys etc.,
- H.W. Many of industries tht. wd. be affected are in developmt. areas. They wd. be damaged as much as Lancs.
- A.E. Action by us under Art 19. might provoke U.S. to use it v. us.
- P.T. Sw. problem re Ottawa will arise anyway. Course (C) w^d focus attentⁿ. on it. We wd. move gradually on it. case by case.
- Sw. Suppose we cd. negotiate this with Doms
- P.T. You might do it, case by case : arriving at a list of goods.
- R.A.B. Can we m'tain the free entry for Doms? V. big ques.
Does P.T.'s (iii) include – a) amendmt of Art. 19
b) commercial Treaty
c)
A v. tough negotiation.
- P.T. Yes : but we cd. enlist U.S. support, if we say firmly tht. this is our price for admitting J.
- Sw. Fear tht., if we took this course, A. might accept J. in G.A.T.T. but insist on raising tariffs v. her and therefore v. us, to protect her secondary industries. Both A. & N.Z. wd. then be subject to v. strong

U.S. pressure : & they see importance of keeping J. with the West on defence grounds.

- H.M. Are we Free Trade or Protectionist.
C^d. we take middle course w'out pledging ourselves to admit in 3 yrs.
- D.E. We are in worst posⁿ. to get s'guards fr. J. because binding of our tariffs. We want to buy time to negotiate that with Doms. I favour course (iii) if we can get s'guards. Worth waiting to discuss with Menzies & prs. some others.
- Sw. C^d. carry (iii) if Doms. supported it as well as U.S. But not unless.
- O.P. Must speak to Menzies before we decide.
- A.E. We may then be late in negotiatg. amend^{mt}. of Art 19 in Geneva.
- P.T. We cd. afford to wait 10 days.
- D.S. What about course (i), with promise to see how we cd. do better.
W^d. not this be a lever to get concessions out of U.S.
- P.M. Defer decision for 10 days so that we may ascertain view of Menzies & prs. other. P.M.'s – informally. M'while my disposⁿ. is in favour of course (i) – doubt if more than that is practicable.
- Sw. C^d. we produce memo. for discⁿ. with Menzies.
- A.E. C^d. 3 or 4 of us meet to discuss it further? Then to report to P.M. wtr we can afford to wait 10 days. A.E. to convene B/T., RAB, Sw., H.A., W.
- [Enter S.Ll., G.Ll., Att.G.]

5. Railways.

- H.W. Final Rpt. i) criticism of both sides.
ii) fair wages in nat^d. industry is better put – comparable.
iii) enquiry : shd. I pursue this with parties on basis of report. I wd. sooner do that on exploratory basis because import^{ce}. of carrying both parties along on this.
- P.M. (iii) wd. be normal procedure.
- Sal. Ref^{ces}. to economy & efficiency are v. feeble – e.g. “not immediately germane to ques of wages”.
Shall prob. find men won't face these problems. What then?
- H.W. Wasn't w'in their t. of r. Hence their caution. But they have made it clear tht. they think there is much room for improvement.

- B.C. Too wide an enquiry mght stop decentralisation plans wh. are now procdg.
B.T.C. wd. be willing to have enquiry limited to man-power efficiency.
- W. Removal of redundancy alone won't work any miracle. Complete re-organⁿ. is what is needed. And in process of that you will have best chance of curing redundancy & restrictive practices. "Punitive" enquiry will only cause friction.
- H.W. Must get Unions to make public promise to co-operate.
- W. But on re-organⁿ. not on redundancy alone.
- K. Para. 74 put it v. well. "Just claims" have now bn. met. I wd. have manpower enquiry while iron is hot. Politically v. necessary to have it. Don't wait for modernisation.
- R.A.B. Para. 76 is v. dangerous because of delay.
Watch public re-actions : then get B.T.C. to start limited enquiry at once.
- H.A. Assocⁿ. of Unions with enquiry is most important point.
- D.E. Sh^d. it not cover managemt. also?
- B.C. Yes : "use of man-power by B.T.C." wd. cover both.
- W. Sh^d. be held in private, if men's co-opⁿ. is to be secured.
- P.M. When shd. debate be held?
Surely M.P.'s will need time to consider repts.
Defer for as long as possible.
- B.C. How do we answer P.Q.'s m'while? Must soon be able to promise debate.
- H.C. Shall have to say it to-morrow – on re-arrangemt. of business. But Opposⁿ. may not want it next week.

[Exit Att.G., B.C.
[B.H., S.Ll.
[H.W.

6. Parliament : Allowances for Peers.

- Sal. Debate to-morrow on Samuel's Motion on H/L. reform.
Wanted to say we wd. soon have to face problem of allowances. Does R.A.B. think I can say less?

RAB. Can't be done before junior Ministers – wh. I wd. like to do but others don't.

H.C. What has this to do with junior Ministers? Nothing.

Sal. Can I say “at earliest practicable date” vice “at an early date”. – Approved.

7. Fog.

D.S. Want to make statement to-morrow, in order to remove wind from Nabarro's sails.
I don't want to do more than [express approval in principle].

Sal. You wanted previously to promise legⁿ.

D.S. W'draw this now. [] will suffice for to-morrow.
But Nabarro's Bill will go thro', containing ⁹/₁₀ ths of what is necessary lacking only financial prov^{ns}.
I believe tht. on 2nd. Rdg. of that Bill we shd. find it had all-Party support.

Sal. Cab. shd. know what report recommends. Radical change in domestic habits to be enforced by Orders imposing smokeless zones. No coal fires : & pay more for other appliances.

H.C. Don't assume it will be so popular.
Plan is to improve Nabarro's Bill. To improve it, money will have to go in. Are we to establish new principle tht. by such a manoeuvre private Member can force Govt. to propose a charge.

R.A.B. Ready to make some financial concessions. But, if there's no time for Govt. legⁿ., say so.

D.S. Let me say [] but make no promise of legⁿ.

[Exit G.Ll.
[Enter Gammans

8. Political Broadcasting in Wales.

H.C. Must have early consultⁿ. with Oppⁿ.
This shd. not be allowed

A.E. Talk to Labour Party. If they don't agree, come back to Cabinet.

[Enter B.H.]

1. Parliament.

- H.C. Business for next week.
Debate on Rlways – 3/2.
Propose to discuss with Oppⁿ. the form of debate & seek their agreement to it being held on adjournment. Opposⁿ. want a separate debate later on Modernisation – taken with 2nd. Rdg. of Borrowing Bill.
Govt. spokesman : H.W. and R.A.B.
- R.A.B. I wd. welcome chance to make plain our view on wages in nat^d. industries. W^d. need, in that, to refer to modernisation plans. Must correct impⁿ. tht. arose from para. 10 of Interim Rpt.
W^d. speak on this at dinner-time & leave M/T. to reply.
- P.M. Leave M/T. out – and let R.A.B. reply to debate.
- H.C. Discussion of delays in aircraft prodⁿ.
- P.M. 2 day debate on Defence W. Paper. C^d. have had speech then by M/S.
- H.M. V. diff. W' in few days we will have decide wtr to abandon Swift.
Can't settle it until after P.M. mtg. Debate shd. follow as soon as poss. after that decision.
Alternatives :
- P.M. x/ Sh^d. we put out W. Paper on it.
- H.M. Prefer 2-day debate on Def. W. Paper & allot one day to aircraft prodⁿ.
Paras in Def. W. Paper mght be thght enough for x/.
- A.E. Not sure we can wait until general debate. There is much disquiet.
It mght pay us to have separate W. Paper.
- P.M. Agree.
- H.M. They may demand separate debate.
- A.E. C^d. resist that.
- H.C. Have promised time for debate on cap. punishment – Report of B.C.
We shall have to consider form of such a debate. Can't avoid vote on main issue of abolition. W^d. mean free vote.

2. Bank-Rate.

R.A.B. Bank rate will be raised to-day by ½%.
There are signs of inflation – reflected in speeches by Bank Chairmen.
Will have psychol. influence. Will give confidence. Demonstrates
flexibility of rate.

[Exit B.H.]

3. Formosa.

A.E. Disc^{ns}. going badly. Last minute amend^{mts}. by Dulles, who will
destroy all chance of success of Oracle.
U.S. policy seems now to have bn. designed to secure support for
military action – not for settlement.
U.S. Govt. have declined to accept (20 votes to 8) motion designed to
limit action to Formosa & Pescadores. This will alarm opinion here.
U.S. reluctance to make plain statement of their policy increases my
diff^{ies}.
None the less Oracle is going fwd. to-morrow.

[Enter H.B.]

4. Foreign Service : Estimates Committee.

A.E. Seek authority to present on 31/1.

H.B. This is agreed document – as betwn. 3 Junior Ministers.

H.C. Shall be asked about visits of H/C. Ctt^{ees}. overseas. Shall stand by
what I have said.

Approved.

[Exit H.B.]

[Enter G.L.]

5. National Coal Board : Re-organisation.

[Re-enter B.H.]

G.L.I. Have received report of Fleck Ctt^{ee}.
Its appointment was negotiated with critics etc., on basis tht. the
enquiry wd. be instituted by N.C.B. itself.
Report emphasises import^{ce}. of leadership by Bd. But one recommⁿ.
addressed to me viz., tht. Bd. be re-constituted on functional basis.
This is step precedent to implementg the rest.
Rpt. will be ready for publⁿ. in 2 wks' time. Propose m'while to go
ahead with re-constitⁿ. of Bd. – consultg. RAB on names. Want to
announce reconstitⁿ. of Bd. at same time as report is publ^d.

R.A.B. Misgivings in city about Chairman. G.L.I. has reasons for allowg
Houldsworth to finish out his term. But we shall find opposⁿ. to this
among leaders of industry. May not therefore be able to complete re-
constitⁿ. before publⁿ. of report.

Think we must keep open, pro-tem., wtr Chairman shd. stay or go.
Ready, however, to try for simultaneous announcement.

G.Ll. Houldsworth is important qua confidence of the men. His present app^{mt}. will expire in July '56.

O.P. If he left now, under a cloud, this wd. have bad effect on industry.

[Exit G.Ll.
[Enter Att.G.
[Exit A.E.

6. Horror Comics.

Ll.G. Bill is drawn as narrowly as possible.

Att.G. i) Cl. 2. provides higher penalties & trial on indictmt. for 2nd. offence.
Election for trial will disclose there is pre. conv. Suggest higher penalty be provided for 1st. offence – so that anyone can elect to go for trial. Agreed.
ii) Prosecution will turn on one copy. W^d. like freedom to bring ev^{ce}. of earlier nos. in same series, to prove cumulative effect.

K. Yes : if words can be found. Will consider with Att.G.

Att.G. iii) Final words of Cl. 1. Is the effect to incite to crime – or rather to bring our system of law into contempt. W^d. like to consider with K. & Ll.G. wtr this idea cd. be imported into the clause.

P.M. Approve draft Bill in principle. Legⁿ. Ctt^{ee}. can consider these points.

[Enter S.W.

7. Prince of Hanover.

P.M. Why is this application being resisted?

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Att.G. We are not opposing the claim – merely seeking clarification of the legal position. Shall ask ct. to grant declⁿ., not to refer it back to Home Secretary.

K. I was influenced by cons^{ns}. in para. 6. Better to leave this to the courts.

[Enter B.H.]

1. Treatment of Br. Prisoners by Chinese.

A.E. Have asked Sec. Genl. U.N. if publⁿ. wd. embarrass him. He says not. Sh^d. we publish it? If now – this week (or in 10 days) – it will be said why do this when you are trying to get Chinese to U.N. discussions.

B.H. Wish to publish – but not at this moment.
Defer (decision) for 2 weeks.

2. Formosa.

A.E. Russian move has caused a no. of mtgs in N. York. Don't exclude possibility tht. it may be intended to be helpful – i.e. to provide Chinese with excuse for attending.
Compromise (UK., U.S., N.Z. & Fr) – both items to be accepted on agenda – priority given to N.Z. item & any invitⁿ. issued to Peking to-day wd. be based on that. But R. item wd. remain on agenda.

P.M. Impressed by Molotov's remark – need be no fighting over a w'drawal.

A.E. Discⁿ. in Sec. Council likely to go on for some days. We must therefore consider what we do if we can't get a result there. A suggⁿ. (in telegram form) has bn. handed round.
Only chance of world agreement is for U.S. to revert to Truman doctrine – i.e. abandon use of F. as base for offensive action – as well as w'drawal of Nationalist from coastal islands. Can't however expect Ike to do this at once.
Canadians fear tht. U.S. will be isolated before world opinion if they don't define more clearly their attitude on coastal islands & use of Formosa.

R.A.B. Are paras. 7 and 11 consistent? What posⁿ. do we want them to take?

H.M. Para 11 – also a strong case on human, as well as juridical, aspect. C^d. you add that – ref^{ce}. to abandoning Chang's men to their fate.

P.M. I have suggested to A.E. a possible line which U.S. might take. I fear U.S. getting into posⁿ. of humiliation : they can't be expected to accept appearance of defeat by Chinese.

A.E. May I consider incorporatg. this idea into my draft.

Sal. Don't put analogy of Gib. & Cyprus (para. 11). Make the point more generally.

* W^d. F.O. circulate a note on juridical position of Formosa.

A.E. Yes.

3. Thermo-Nuclear Weapons.

H.M. May I announce the decⁿ. (to produce H-bomb) to 4 old Doms. at restricted mtg on Defence on Tues. p.m.

P.M. Certainly. We have (Def. Ctt^{ee}.) decided to publish it to the world – in or in connⁿ. with Defence White Paper.

Agreed.

4. External Trade & Payments.

A.E. Para 4. – exp^{re}. is rising faster than incomes.

R.A.B. E.P.C. will be making another review in 3 wks. or so : & we will let Cabinet have another report.
Diff^y. about coal. Our exports are being cut because of shortage.
Reserves : this month we have struck “even”.
Bank rates rise has already had good effect (para. 6).
Shall have to examine measures to improve overseas balance – we have bn. led by prosperity to import too much.

[Enter H.W. & B.C.]

5. Japan and G.A.T.T.

P.T. Draft statement – compromise, as basis for discussion.
Lancs. won't like i) promise (undated) to admit J. in future. But we cdn't say less.

ii) offer to give M.F.N. treatment on tariffs to J.

This wd. bind tariff. Comment in para 2 : means dealing with counter-vailing – legⁿ. – this year.

x| Tokyo tel. 38. I cd. accept Dening's last 4 lines. Or you can have a
| better form of words of mine. A.E. can chose.
If Cab. approve in principle, we cd. ask Menzies & Holland what they propose. Believe they are thinking along v. similar lines.

A.E. Will be a blow to Japan – who are key to posⁿ. in F/E.
Tokyo 38. i) no announcmt. until after 27/2. Genl. Election in Japan. Agreed.
ii) advance commⁿ., in due course, to Jap. P.M. Agreed.
iii) As at x/ above.

Approved.

Talk to A & N.Z.

Officials (O.N.C.) to consider timing
(subject to no announcmt. before 27/2)

[Enter Att.G. & G.Ll.

6. Railways.

(Not heard).

7. Parliament.

H.C. Kitchen Ctt^{ee}. has made a profit this year. Triumph for conservative good management.
Coloured immigrants. Party Ctt^{ee}. were against Osborne's project. and he i) is ill & ii) has agreed to drop it.

ALB. Bad timing qua Jamaica – Manley : tercentenary : Princess Margaret's visit.
We cd. warn Doms. P.M.'s that we may have to pass legⁿ. which will, in form, apply to their people.

A.E. Need for early action remains.

H.C. Business for next week.
Cocos Islands (Transfer) Bill. 2nd Rdg. to-day. Labour have got to know tht. Austr. won't allow Cocos Islanders admⁿ. to Australia.
Immigration of coloured people may therefore be raised to-day.

[Exit H.W., B-C., A.L.B., O.P.

8. Fog.

D.S. What line shall I take when Nabarro's Bill comes fwd. on Friday.
I made statement auth^d. by Cabinet.
We can now i) do nothing. Bill will then go thro' – bad & incomplete: & wd. cause confusion among l.a.'s
ii) help Nabarro to make his Bill effective.
Awkward. Insertion of financial prov^{ns}. in Private Members' Bill wd. be dangerous precedents. Also v. complicated amendmt. wd. be needed – prob. after Ctt^{ee}. stage, for we wdn't be ready earlier to bring
x| fwd. our amendments, since our discns. with ??? & industry are procdg.
iii) tell H/C. tht. Govt. are framing legⁿ. to give effect to principles of Beaver Ctt^{ee}. Rpt. But we must first complete x/. Therefore, no promise of date : but certainly not before Easter. Ques wtr it can pass this session will depend on wtr it proves agreed measure & on wtr diff^{es}. appear during consult^{ns}. now current.

B.H. On a statement as in (iii), Nabarro wd. w'draw his Bill.

Sal. In v. general form I wd. accept this. But let us say “progressive” fulfilment of these recomm^{ns}. Sulphur, e.g., is worst evil : and remedies for that are v. expensive – even if practicable .

D.S. Don’t intend to say any more now on merits – only legⁿ.

[Exit G.Ll., B.H.

9. Western European Union : Privileges.

A.E. Seek agreemt. in principles to concede to these in Ldn. what is granted to N.A.T.O. people in Ldn.

H.C. Parl^y. difficulties.

Approved.

1. Formosa.

A.E. Discussed with C.P.M.'s what next stage shd. be. Generally agreed it wd. be unwise to go on with Oracle. We haven't yet tabled resolution. Tho' danger tht. U.S. may want us to do so. Have instructed Dixon to say tht. discⁿ. of resolⁿ. wd. now exacerbate feeling & wd. do no good as it wd. obviously be vetoed. Propose therefore to wait until Monday & hope tempers will cook.

Cabinet – took note of position.

2. Pakistan.

P.M. M. Ali has made his statement re republic. I exp^d. my regret, as did P.M.'s of A. & N.Z. But mtg. agreed P. shd. remain w'in Commonwealth.

In view of danger of leakage, decided to announce at once. Holland's interesting suggⁿ. tht. Govr. Genl shd. be elected.

Sal. Deplore use of term "independence" vice "self-government". Implies getting away from our inter-dependence.

3.

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A.E. Diff^y. with French over their position there. They wanted us to press Libyans to agree to staff talks. I have now persuaded Libyans to agree tht. we shd. have staff talks. (Fesan).

Have bn. most anxious not to disturb our relations with Libya, which are satisfactory.

U.S. take same view as we do.

5. Thermo-nuclear Weapons.

P.M. We have told Comm. P.M.'s – warning them that it is specially secret until disclosed to Parl.

I am convinced tht. it wd. be better to announce it in Wh. Paper.

Isolated announcemt. might lead to awkward scene in Parl.

But cd. we publish that before 17/2?

- H.M. I am studying that now.
- P.M. Y'day's D. Herald commits Labour Party to support of full deterrent policy, including H bomb.
- Sal. Also ques of civil uses W. Paper – which was planned to precede the other.
- H.M. I have announced, in reply to arranged P.Q., tht. there is going to be W. Paper on Defence & on Aircraft prodⁿ. L.P. cd. do the same in respect of his Paper – w'out indicatg. a date.

6. Farm Price Review.

- H.A. E.P.C. agreed to-day we shd. aim at £8-13 M. redⁿ. in subsidy bill. Also tht. we shd. aim at agreed settlement. Red^{ns}. wd. be mainly on pigs, eggs & wheat – compesatg. increase for beef & mutton.
- R.A.B. This is what has become of my £30 M target!

[Enter Home, B-H., Att.G.]

1. Parliament.

H.C. Business for next week.

2. Capital Punishment.H.C. Motion 10/2 proposing suspension of c.p. for 5 years.
Speaker will call this – tho' debate is on R. Comm^{n's} Rept.
What guidance, or Whip, to Govt. supporters?

P.M. We are against it, surely. Can't we Whip against it?

H.C. Govt. wd. always be against it. But Labour Govt. allowed free vote.

A.E. And got into a mess.

H.A. Some of us are in diff^y. : I, e.g., voted for experimental suspension. I
cdn't vote against. But I cd. abstain. M/Supply are in same posⁿ.B.H. Many Govt. supporters are in same position. Motion wd. be carried on
free vote. If we Whip v. it, we shall / ^{be unlikely to get majority} have
trouble.K. Satisfied tht. c.p. is deterrent. In other countries experiments were
made in last 30 yrs of 19th. century, when happier cond^{ns}. prevailed.Ll.G. 5 yr suspension wd. prove nothing. We shd. decide for or against,
when time comes, on straight issue of abolition.A.E. Surely we cd. all support that view. Cdn't we get them into lobby on
that.B.H. Our supporters (some) are claiming this is matter of conscience. They
want Govt. to take definite line but allow free vote.
Suggest I send telegram urging all to attend. Then Whips can urge
them privately to vote v. the motion. Avoids appearance of definite
Whip on matter of conscience.

[Exit B.H.]

3. Prince of Hanover.Ll.G. L.O.'s think he will win his case. Doubt will be cast on validity of
marriage of Prince Philip's g'parents.

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L.O.'s therefore advise tht. we shd. try to stop the case.

- A.E. Part of this plan is to offer him Br. ppt. Then we shd. support his action in Austria.
What of effect of their having fought v. us in war. Did that not deprive them of B. nat^y?
- Att.G No – tho' it might expose them to charge of treason.
- D.S. Why not find diff^t. reason to repeal R. Marriages Act?
- H.C. V. diff. legⁿ.
- K. Issue cert of doubt. Then he need not go on with action at law. Less certain then that publicity will be given to R. Marriages Act.
- Att.G I will try to get solrs. to w'draw action, w'out publicity.
No reference is likely to be made in court to R. Marriages Act.
- A.E. Then why not leave decⁿ. to courts.
- K. If case is reported, Iuri & co. will get on to the R. Marriages point.
- Att.G. Lawyers will get on to it, if case is argued.
- D.S. C^d. Queen give consent retrospectively in respect of past marriages.
- Sw. Wiser to let law take its course: & base action on that.
- K. V. hard on the Queen.
- P.M. General view favours allowing law to take its course.
- P.T. Then we shall have to be prepared to legislate on R. Marriages Act.
- Att.G. I will ask solrs. not to raise R. Marriages point.

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5. Formosa.

- A.E. i) R – proposal for special conference.
ii) Attempts to persuade U.S. to w'draw Nationalist troops fr. coastal islands.
Pearson talked to U.S. Embassy y'day & expl^d. to them, on Canada's behalf, dangers of not w'drawg & lack of public support for war on that basis.

6. Soviet Union.

- A.E. Kruschev's success. [Enter PMG., Gammans & H.W.]

7. Political Broadcasting.

L.P.S. x/ We must prevent this. NO pol. b'casts outside national agreemt.

PMG Risk that Council will resign.

H. Support L.P.S. line.

L.P.S. Labour Party wd. support x/. At least that is their view.

PMG. Discuss it on basis of Members not candidates.

L.P.S. No : it is principle we must m'tain.

Agreed : L.P.S. to discuss with Opposⁿ. & handle it on this basis.

[Exit P.M.G. & G.]

[Enter 3 Serv. Ministers, G.Ll., S.Ll., Home, B.H.]

1. Parliament : Salaries of Junior Ministers.

R.A.B. Ques of judgement wtr this is right time.
The case on merits is v. strong.
Don't press at present the extra £1.000 Parly. salary for Cab. Ministers.

H.C. Don't think this is right time. If any odium, we get it at once : benefit wd. be deferred to next Parlt. Future P.M., forming Govt. after Election, cd. assure candidates for junior posts tht. this wd be done at once.
After row on Judges, Members' pay etc., there will be nausea for this sort of thing.

A.E. If we do one, we must do other (expenses for Peers); and that wd. tend to arouse a fuss – before Election.

Sal. Junior Ministers in H/L. are in worst case of all. Therefore, if salaries are not raised, case is stronger for early allowances for Peers.

A.L.B. P'pone until after election.

H.A. Junior Ministers, not M/State, are the hardest case. But no point in havg. legⁿ. unless it comes into operation at once.

H.M. Wait until after Election. Then, if we have lost, we revert to our directorship. If we have won, we can make a comprehensive job of it – with 4 years before we face electorate again.

A.E. I agree. M'while, work out a good comprehensive plan.

Sal. Hard for me to accept, once more, p'ponement of Peers' expenses.
C^d. Cabinet defer final decision until nearer date of Samul's debate in H/L. on Reform – 7/3.

H.W. Most junior Ministers wd. be willing to wait if, as I believe, there is electoral advantage of waiting.

H.C. Can we be told, before next discⁿ., exactly how many people actually are attending in H/Lords.

Agreed : Resume discⁿ. on Peers in 2 wks' time.

[Ext B.H.]

2. Defence White Paper.

H.M. May I have authority to make minor, literary, amendments? Yes.

- P.M. We have avoided premature disclosure : we can therefore announce H. bomb decision in this White Paper, publ^d. on 17/2.
- H.M. V. good. Then I can bring out Aircraft memo. on same date.
First ques of substance. Do we announce decision on H. bomb.
Agreed.
- ii) Para. 7. words to make it clear tht. ultimate object is disarmament, immediate duty is to be strong.
- Sal. iii) Add words to make it clear tht. this weapon is effctive v. continents as well as islands?
- H.M. W^d. sooner do that in speech. Or we may get come-back tht. all other weapons are useless & can be discarded.
- H.M. iv) National Service. Final sentence of para. 72.
If we give any hint of reduction, there will be Dutch auction.
[Enter LI.G.]
- R.A.B. Is there a chance of reducing it later? Accept this now.
- de L. Not unless regular recruiting improves v. greatly.
- P.M. I wd. prefer 3 years + selective service.
- H.M. v) Mobile Defence Corps. Generally &, in particular, H. reserves.
- de L. Last year's Act applied to all services but in practice applied mainly to RAF because we had largest no. of reservists. Hope language used will leave it open to use reservists of other Services – for changes in T.A. may make it possible to use Army reservists too.
- A.E. vi) Para. 55 may be a little optimistic – in view of Formosa, changes in Kremlin. Mght use phrases employed by P.M. in Commonw. Mtg – e.g. annihilating power of nuclear weapons itself
vii) Para 10. Add tht. this will prevent independent action by any of the parties to the Agreements.
- D.S. viii) Para. 83. Ballistic rocket is joint U.K./U.S. project. U.S. attached v. gt. import^{ce}. to secrecy. We shd. verify tht. they are content with this reference.
- H.M. I have a new draft covering 77-9 and 83.
It has bn. seen in U.S. I cd. invite their attentⁿ. to this passage.
- H. ix) Para. 128. Better to say : “Problems are new. This will be amplified” Agreed : omit admission in first sentence.
- de L. x) Para. 25. “bomber force” vice “means of delivery”.

H.M. This covers rockets. “means of delivery” has become accepted phrase in this context. Bombers are not the only means – even now. Submarines, clandestine are also possible as means.
xi) Will add, in Section VII, somethg. about Commonwealth Defence Mtgs – in consultⁿ. with C.R.O. Agreed.

Sal. xii) What about R.A.A.F.?

H.M. New scheme is about to be announced – btwn. publⁿ. of this & Air Estimates memo. M’while only a vague reference.

Approved – for publication on 17/2.

[Exit Serv. Min., H.M., S.Ll.

3. Atomic Energy : Civil Uses.

Sal. Paras 11 & 20 contain ref^{es}. to prodⁿ. of plutonium for mil. purposes at Calder Hall. H’to we haven’t disclosed this. But it is widely known. And U.S. wd. not dislike ref^{es} to mil. aspects in this Paper. Publⁿ. on 15/2.

R.A.B. Para 34. Is last sentence a safe prospect?

G.Ll. Yes.

Approved.

[Enter Att.G.

1. Prince of Hanover.

P.M. This does not affect D/Ed. – but his mother.
Read submission to Queen.

Att.G. Solr. for Prince Ernst will do utmost to ensure tht. ref^{ce}. is not made in
the action to R. Marriage Act.

[Exit Att.G.

[Enter de L., C.A.S., H.W., H.Br.,
C.N.S., J.T., S.Ll.

2. Aircraft Production : White Paper.

Considered para. by para.

H.W. C^d it be made clear, in para. 6, tht. this decⁿ was not taken by aircraft
industry.

H.M. Whole document is in terms of official decision : cd. not be
misunderst^d.

H.B. Para 10 open to criticism because most research is contracted out.
Agreed : delete 2nd. sentence.
Para. 20. Last sentence shd. be in line with Ty. reply to Estimates
Ctt^{ee}.

H.M. I was not consulted on wording of that reply.

H.B. Believe Dpts, incldg M/Def., were consulted.

de L. Oct. '50, experimental 535 was then flying. Air Min^y. asked for axial-
flow type of this : and order was placed before detailed specification
was completed.

Agreed : re-draft, so as to separate Swift from Hunter, & make
it more clear how hurried the ordering of former was.

S.Ll. Para 22. Another consequence was tht. particular firms were seriously
over-loaded. This cd. be added. Agreed.

D.S.) Proposed changes in para. 35
J.T.) Approved.

H.M. Para 36. Prob^{ly}. will never fly from a carrier. Posⁿ. is therefore worse
than para. suggests.

- D.S. Indicate its vintage : we inherited it. Agreed : revise para. 36.
- D.S. Para. 37. Gannet Developmt. has proceeded a long way when our predecessor changed it fr. 2 to 3 seater.
- H.M. I will consider this.
- P.M. Add conception date.
- D.S. Para 39. Amend to show that some are already in service.
- H.C. Consider bringing together in one place all ref^{ces}. to helicopters.
- H.M. Unwise : not a promising story.
Perhaps better confine whole Paper to fighting machines – and omit references to helicopters & freighters.
Or leave isolated references, as they stand.
- H.M. Para 42. This memo. contains no safeguard – “so far as our resources allow” – as in main Paper.
General disagreement with this point. Agreed. say “provided” vice “involved” in para. 1.
- A.E. Paras 43-66 are diffuse. C^d. they be shortened?
- A.L.B. Para 42 is a better ending. C^d. it go into Appendix?
- H.M. It is “Prolegomena to study of aircraft production”.
Shall we make it a separate Part II. Genl. Considerations.

Agreed & print as Appendix with title
- H.B. Then delete para. 66.
- Sal. And expand para. 43.
- D.S. Para. 46. Refer to examples of facilities e.g. wind-tunnel.
Para. 60. Can’t divide modif^{ns}. into these 2 classes. Also “required performance” is arbitrary : shdn’t consider aircraft a failure because the specification was set too high.
- H.M. Mod^{ns}. essential to safety : performance is related to capacity of adversaries viz., operational requirements.
I will consider this point – with de L. and S.Ll.
Start with safety. Then “required minimum p’formance”.
Para. 65. Agreed omit.
Para. 66. Delete (h)
- de L. Delete 2nd sentence of (d) – which isn’t true of bombers.

H.B. (b) – wd. have preferred “adequate”. No.

3. Aircraft Production. Swift.

- H.M. Decⁿ. on Swift must be announced when genl. Def. Wh. Paper is published. W^d. be dishonest to hold it back.
But aircraft Wh. Paper is necessary to support Swift decision.
This is the case for simultaneous publication of the 2. Wh. Papers.
- P.M. I wd. prefer to do aircraft on 17/2 and Def. Wh. Paper on followg Monday.
- H.C. Must leave 10 days btwn. publn. & debate. That will crowd into Estimates.
Wd. prefer to stick to 17/2 for Def. Wh. Paper.
- P.M. Too much material on same day. Will choke the Press.
- S.Ll. Practical diff^y. in cancellg. Swift orders hurriedly. For firm has produced later type. Need another 7 days’ delay.
Diff^y. is one of reaching clear-cut decisions on Swift in v. short time.
- H.B. Agree. Millions are at stake. Decⁿ. can’t be influenced by timing.
- S.Ll. not heard
- de L. Believe this forecast is much too optimistic.
- H.M. Qua production : important tht. some compromise manuf^{re} shd. go on, in order to keep firm’s organisⁿ. in being.
Also, firm may claim tht. latest type has not bn. sufficiently tested.
Unwise to rush them.
- C.A.S. It wd. be wrong to hope tht. gun-fighter types will ever be satisfactory. Recomm^{ns}. in memo. are, in my view, sound.
M/S. formula is over-optimistic on Type 4.
- de L. Language used shd. not raise false hopes.
Even if the more hopeful marks proved adequate, only small numbers wd. be needed.
- H.M. We cd. aim at announcg. final decision after publⁿ. of Paper but before debate. Paras. of Paper wd. then use M/S. new formula.
- S.Ll. Then make it appear in W. Paper tht. Swift posⁿ. is v. grave.
Don’t take too much weight on later decⁿ. re Swift.

Agreed : Present general Def. Paper 18/2.
.. .. Aircraft 17/2.
Announce Swift decⁿ. later, before debate.
Or, if possible, each Paper one day earlier.

4. British Prisoners in Korea.

A.E. Now is the moment.

H.M. As soon as possible after next week.

1. Formosa.

A.E. Tel. 414. from Washington.

P.M. Unwise for U.S. to make this pronouncement now. R. are probably pleased at m'taining tension & dividing Western opinion by Peking's words about F. What does it matter what they say. They cdn't in fact take F. U.S. wd. be unwise to speak as tho' they offered a real danger. They wd. fall into Comm^l. trap on propaganda designed to widen gulf in W. opinion.

A.E. Also i) U.S. reports suggest Ch. intend tough business & R. will support them. Can't believe this. But it makes U.S. think this is not a moment for "appeasement".
ii) Tel. 396. Radford thinks R. changes have decreased risk of war & that this therefore enables U.S. to take firmer attitude. He favours air-strike : said once we cd. "take China out" by those means.
All this disturbs me. Believe we shd. try to stop D.'s speech, if we can. Read draft reply to W'ton 414.

P. M. Expressed general approval – subject to reading the text.

2. Naval Construction Programme.

[Enter J.T., de L., S.Ll.,
H.W., C.N.S.]

..... Not heard

[Exit H.W., S.Ll.,
Enter C.A.S.]

3. Antarctica.

A.E. Propose a Ctt^{ee}. of Ministers to work out 5 year plan subject to a limit of cost. To make recomm^{ns}. w'in a month.
To m'tain our posⁿ. we shall have to do more than Cab. agreed in July.
F.O. think 1st priority shd.d be for aerial survey.

R.A.B. Agree. Reserve limit of cost until Ctt^{ee}. has framed recomm^{ns}.

A.L.B. Agree. Sinister encroachmts. : para. 5.

Sw. Mght be a standing Ctt^{ee}. – further developmts. are likely.

Agreed.

4. New Colonial Office Building.

A.L.B. Urge early decⁿ. Need to make a show.

- N.B. Memo. & model.
 Bldg. isn't gt. work of art : but who will design a better. It has had all the Fine Arts etc. profile.
 Height – a new point. Must be judged in relⁿ. to Central Hall, which out tops it. Smaller bldg wd. cause delay. Fine Arts Commⁿ. never sugg^d. it shd. be confined to old St. Office site.
 If you don't, ugly eye-sore unless it were to lead to greater Parl^t. Square. But diff^y. there is intentⁿ. of Chartered Surveyors.
 We cdn't delay them w'out announcg. our real reason.
- D.S. F. Arts Commⁿ. "wd. have preferred to see smaller bldg, set farther back : but accommⁿ. needed made this impossible : compromise reached was improvent."
 L^d. Morrison said in H./L. tht. Commⁿ. had favoured no bldg on site of W'minster Hospital. It was only the compromise, as such, wh. was app^d.
 When work starts, there will be renewed controversy. People won't like size or height. That is the narrow issue : wider issue is greater Parl^t. square. Therefore favour pulling down palisade, so that public opinion may form.
- Sw. Debate in H/L.
- R.A.B. Greater Parl^t. square – wd. cost £4½ -£5 M., and Guildhall as island site wd. look v. odd. Central Hall is hideous. Backs of Gt. Geo. St. are not pleasant.
 Smaller ques : C.O. bldg. Where else cd. it go?
- Sw. Merger of C.O. & C.R.O. wd. break Empire. C.R.O. must deal only with full members.
- D.E. Many talks with O.L. No point in leaving this site open unless you acquire Gt Geo. St.
- A.L.B. Some decision. Either this – or Richmond Terrace.
- N.B. Gone to tender on steel-work. Delay makes us look v. silly.
- D.E. We can't wait because of Chartered Surveyors. Once they build, the larger scheme is dead. You won't get a better bldg. on this v. awkward site.
- Sw. My Ct^{ee}. pointed to loss of money thro' delays.
- ALB. £1½ M. already spent on this site.

Adjourned.

[Exit N.B. A.E. R.A.B.]

5. Review of G.A.T.T.

- ALB. What alternatives cd. we adopt – in pursuance of our undertakgs. Must have some discussion on this before Conference ends. Want some teeth in Colonial clause : or even a break on it.
- P.T. Cohen must go back soon.
Proposal in memo. is best we are likely to get.
- ALB. Might be better to revive old Colonial Clause & get beaten on it, in order to defend ourselves.
- P.T. Let that point be reserved. But may I give inst^{ns}. on other 3 points.
- H.C. Cuts at roots of our political views. We are turning into free trade country w'out Party realising it.
- P.T. Virtual agreemt. now with Commonwealth. That is gt. help with Party. If I delay, run risk of losing Commonwealth support.
- H.A. C^d. we not approve 3 other points & hold separate disc^{ns}. on Colonial ques.

1. Parliament. [Enter Reading, N.B., B.H.]
- H.C. Business for next week.
2. New Colonial Office Building.
- P.M. Ctt^{ee}. to consider site for new C.O. H.Q. e.g. in Richmond Terrace?
- N.B. What is Govt. view on greater Parlt. Square? I have no power to stop Ch. Surveyors from re-building.
- D.S. They cd. be persuaded to delay, on basis of a plan for greater Parlt. Square.
- N.B. I doubt it : their bldg. is too small : if we prevented them fr. going ahead, they wd. have to be compensated.
- P.M. Don't want Tory Govt. to ruin this sacred ground, by an inharmonious structure.
- H.C. It isn't a bad bldg.
- A.L.B. Even if Ch. Surveyors were persuaded not to re-build, what of the other bldgs which have long future. Merely leaving W' minster site wd. make Square more unsightly.
- Sal. Cost?
- N.B. £4½ -£5 M.
- D.S. But not for years. All we need do now is to announce project & do nothing inconsistent with it. The £5 M. wd. be spread over many years.
- P.M. For C.O., a H.Q. wd. suffice – with subordinate staff elsewhere.
- D.E. Efficiency demands the opposite : concentⁿ. of Dpts. into single bldgs. Saves money and increases efficiency. F.O. are in 13 bldgs. Administrative nonsense. No outside organⁿ. wd. do this. Moreover, leases on subsidiary bldgs are expiring. Unless we build new offices, cost will increase largely.
- A.L.B. Costs of dispersal are considerable.
- O.P. In a greater Parlt. Square, proper site for C.O. wd. be in Rooney's Bar block.

R.A.B. i) Not prep^d. to spend money now on greater Parlt. Square.
ii) Is it worth keeping that possibility open? It may be.
iii) C^d. we therefore find alternative site for C.O. If so, keep (i) open.
If not, then go on – and put (i) out of a/c.

P.M. Accept that. Let's have Ctt^{ec}. on (iii).

N.B. That will involve announcg. Parlt. Square plan. And legⁿ. to validate holdg. W'minster Hosp. site as open space.

H.M. C^d. tell Ch. Surveyors in confidence & ask them to wait while we consider ques.

A.L.B. Only other practicable site is Richmond Terrace. May that be considered quickly.

Agreed : M/Works to submit proposals on basis of
bldg. new C.O. in Richmond Terrace.

[Exit N.B.]

3. Review of G.A.T.T.

P.T. Nothing in this memo. wh. affects Lancs. Her immed^{lc}. problems arise fr. Japan, wh. we are keeping out of G.A.T.T. and India, wh. falls to be dealt with under our separate agreemt.
G.A.T.T. isn't B/T. exclusive affair. It is central to our external econ. policy and econ. rel^{ns}. with U.S. It is greatly in U.K. interest to have stab. in tariffs, restⁿ. of quotas., broad agreemt. with Doms & U.S. It suits us to stay in. Negot^{ns}. have bn. supervised by Min. Ctt^{ec}. My policy has therefore bn. supported by colleagues : & I am comm^d. to it by speeches to Parlt. & Party.
Of outstanding ques, first is protection for Colonial products. But most political : will reserve it until A.E. arrives.
Quotas. We can use them in b/p diff^{ies}. & can discrim. in favour of Comm. After convertibility, we cd. use b/p. quotas but not discriminatory. In interim, small field in wh. Europe (inclgd U.K.) cd. use protective quotas up to 1959. Sh^d. we then want power to discriminate? We have asked for it. But Doms. now say they don't want it. For public defence of GATT, we need to say Comm. is with us. Therefore I propose we don't ask for discrimination – & defend tht. on basis Doms. didn't want it.

R.A.B. I think we shd. keep the power. i) O.E.EC. wd. be upset if we didn't seek it : for they want it & it wd. be awkward to justify it. Keep in step with Europe : & seek Austr. support for it.
ii) Home politics. E.g. crawler tractors.

- iii) Doms. With non-discrimⁿ.
- we cdn't favour Commonwealth & shd. appear to be giving up Preference.
I wd. therefore risk opposing Canada & S. Africa & try for discrimⁿ. power.
- Sw. I started in favour of this. We can't discriminate in favour of Canada, save by a trick. Can't take posⁿ. in Parlt. on G.A.T.T. on wh. we haven't Dom. support. Canada is supremely important because expandg. market : bad to fly in their face. With poss. exceptⁿ. of N.Z., all Doms. think non-discr. wd. suit them.
Goods of interest to them wd. be excluded fr. Europe by quotas – e.g. Germany wd. agree with L. America to exchange wheat for manufacturers.
Our right course, qua Doms. & home politics, is to say we wd. have favoured discr. to help you : but if you will say at Geneva tht. non-discr. suits you best, we will support.
- A.L.B. Qua Colonies, I share R.A.B.'s view. If we don't get a Colonial waiver I shd. want to retain discr. power.
Anxious about a phrase in para. 7 wh. refers to protective quotas.
- P.T. Arguments are nicely balanced. But in fact Europe hasn't yet asked for discr. power. Don't want to whip up Eur. v. Doms. But, if Eur. does ask for it, there wd. be a new position.
- R.A.B. European Delegates at Geneva are not takg. so stiff a line as their Govts did in OEEC.
- P.T. In reply to A.L.B., this doesn't apply anyway to new protective quotas – only to existing ones.
- Propose : No new initiative to seek discr. power. Let it go, on non-discr. basis, unless Europeans raise it.
- R.A.B. Doesn't get over our domestic pol. diff^y. W^d. be easier to defend this on basis tht. we had discrim. power, or tried to get it, – even tho' Doms. don't support it. Austr. will support us.
Make a further attempt at Geneva, in co-opⁿ. with Europeans.
- P.T. Don't like lining up with Europe v. Doms. – esp. when Canada has bn. so v. helpful.
After discⁿ. : I'm ready , if Cab. wish, to try for this. But Eur. will jump at this, & we shall be lined up with Eur. v. Commonwealth.
- Sw. Don't do it that way. If we must have it, let me try to explain our need to Doms.

P.T. Eur. hasn't asked for it. If she doesn't, no diff^y. If she does, we must consider posⁿ. again. This applies only in interval (v.short) betwn. end of b/p. and 1959.

K. Easy to rely on argument tht. we continue for a time what we do now.

R.A.B. {Agree to P.TT.'s formula – so long as I can tell (but not incite)
Agreed {O.E.E.C. & delete last 2 lines of para.3(ii) & insert words referring
{to need for some flexibility in new quotas.

A.E. Looking at our national posⁿ. : our expanded exports are due mainly to trade with Can., A., N.Z. & India. Those countries cd. switch to Eur. as source of supply. Will this encourage such a switch?

P.T. A. fear bi-lateral bargains e.g. fr-Germany – to force her exports into A., if there is power to discriminate.

Colonies.

ALB. GATT & Ottawa together give us no room for manoeuvre. Preferences are still valued by Colonies. Tory Party hasn't changed its beliefs on preference. Original clause we put fwd. at Geneva wd. have given us power to help Colonies. Now seems it won't be accepted. But wdn't it be better to be defeated on it at Geneva before we go over to a second-best? W^d. be easier to defend in Parlt. Tories will be furious at "tailoring G.A.T.T. to suit U.S. needs". Shdn't we try to get no new pref. rule dropped for Colonies.

P.T. We seek freedom to give some help to Colonies. At present, it is tobacco, citrus fruits & bananas. Col. rep^{ves}. in Geneva are now negotiatg. waiver tht. wd. give i) power to treat Col. industry for various purposes as tho' U.K. industry eg. countervailing duties, subsidies, [limited] protective quotas. It wd. do quite a lot. But it doesn't give us full freedom on no new pref. rule. That wd. need amend^{mt}. of Art 1., for wh. unanimity is needed. Sh^d. we propose it? i) We wd. lose. ii) Agreed with Doms & U.S. not to attack no. new pref. rule. iii) Doms. wd. oppose us. iv) It wd be used in Parlt. as argument for rejecting GATT altogether. v). Our Col. advisers urge me to get on with waiver, wh. wd. give immed^{te}. help.

D.S. U.S. need our support. Cdn't we get theirs, on this?

P.T. We won't get support for attack on Art. 1, from any quarter.

Sal. Not a conclusive argument con. tht. we shan't succeed.
If we have a good case, make it – even if we are beaten.

P.T. Our only case is the 3 goods mentioned. The waiver wd. meet most of our diff^{tes}. on those. On only one, bananas, is preference the right remedy; and I believe I cd. negotiate that under – (d) of Annex.

- H.A. No hope at all of amending Art 1.
But not sure it wdn't be better to have bn. beaten on it.
Cdn't we then still get waiver?
- P.T. First course wd. lose what support we have on second.
- A.E. Pol. disadvantages i) P.T.'s (iv). above.
ii) wd. it make it more difficult to get waiver.
- P.T. On (ii) it would. For Art 1 is ark of covenant.
- H.M. C^d. we represent waiver as proviso to Clause 1?
- P.T. Yes – in Parlt.
- A.L.B. Suggest waiver be cond^l. on ex post facto consultⁿ. not on prior agreement.
- A.E. (d) shd. be subsequent, not prior.

Approved P.T.'s course.
Para. 3 (iii) & (iv) – approved.

1. Indian Communities in Colonies.

A.L.B. No immediate decision sought, but Cab. shd. be aware of problem. Due to gt. growth in size of Indian communities. Fiji, Mauritius. Status & role of Indian Commrs. Pant's successor is co-operating. May have to remove the man in Trinidad. They rank above Trade Commrs. because of their (more general) title. C^d. C.R.O. consider wtr other Doms. shd. call their Trade Commrs. by title Commr. tout court?

Sw. There is a memo. on that point. There is good concordat with Govt./India tht. their Commrs. shd. not interfere in local politics.

x/ No Indian objⁿ. to limitⁿ. of immigration. Para (e) of 16 is open to doubt : private rep^{ns}. to India are better than public speeches.

A.L.B. x/ is not so easy in Colonies with multi-racial govts.

Sal. Para 10 is most formidable. Despite x/ there is constant propaganda to preserve link with India – & also anti-colonialist attitude. We shd. bear our respons. for these : territories & do what we can to stop Indian immigration.

P.M. Keep this in mind & bring memo. up again. This is not moment for action. Nehru is changing : attacked by Pravda : may be “light of Asia” : he is being helpful. Indian communities – diff^t. role in diff^t. Colonies : not necessarily always unhelpful. They don't quarrel with whites – rather with blacks : cf. Durban. May be a balancing element in some places.

K. Agree on timing. But remember i) Indians may inherit Br. Empire by sheer power of fertility ii) Watch progress of inter-racial integration in various Colonies.

Sal. Don't believe Indian Govt. will be on our side. His anti-colonial, anti-imperial, views are dominant in his outlook. Don't wait too long before we act.

[Enter B.H., Att.G.]

2. Sugar Bill.

H.C. Sh^d. we go on with this difficult Bill?

H.A. Balance of argument seems in favour of trying to put it thro'.

- H.G. Endorse para. 3 of H.A.'s memo.
- P.M. Must we butt into this extensive hedgehog – at a time when Opposⁿ. will be in pre-election mood.
- H.C. Don't want compulsory time-table. Doubt if this cd. be passed w'out one. We shdn't introduce but not pass because of its political flavour.
- H.A. I agree with that.
- R.A.B. Can't restore free market w'out this legⁿ.
- P.M. C^d. terminal market be re-opened on token basis.
- R.A.B. Not w'out abandoning State-trading.
If we abandon this legⁿ. we i) go on with State trading, at a loss.
ii) lose earnings of a free market.
We are losing £½ M. a month by not implementg. Cab. decⁿ. to raise price.
- H.M. Criticism will be tht. Bill only transfers sugar from public to private monopoly. Not easy.
- H.C. I wd. sooner put it thro' at outset of new Parl. But be ready for that.
- H.A. Sole ground for not going on now is lack of Parl^y. time.
- H.C. That is my ground.

Agreed : not in this Parliament.

3. Rating & Valuation Bill.

- H.C. Can we do this?
- D.S. Cab. agreed to put it in Cat. A. for this session.
Revenue are doing valuation on national basis. If no action taken new assessmts. will issue in Oct. – tho' they won't know until '56 that poundage is going down. Thus all will think in Oct. they will have to pay much more.
Bill will ease posⁿ. on gas, churches, charities etc., But its main provⁿ. secures p'ponement of new assessments, until December/January.
Alternative to legⁿ. is to p'pone introdⁿ. of new valuations for another year by Order. Motive (electoral) for that cd. not be concealed.
- H.M. Can't stay as we are. We must either have Bill or Order. Bill is not limited to this : contains other & useful prov^{ns}. which are known to be necessary.

Order : last p'ponemt. was not challenged. If it were done again, it wd. be much more difficult to defend. You cd. only argue tht. Parl^y. time had not bn. available for the Bill, which is necessary to clear up gas etc.,

D.S. H.M. said in March '54 tht. p'ponement was necessary in order to pass m'while the legⁿ. necessary. "Not enough time for that legⁿ. this session." Can I say that again?

R.A.B. Legⁿ. will be necessary. P'poned since 1952 : based on Act of 48 and valuations relate to '34. Their basis of valuation may soon be challenged in courts.
Disparity between towns on equalisation grant is becomg. an open scandal – because not based on national valuation.

D.S. P.Q. for early answer, askg date – by Hawton of Bd./Inland Rev.
Resume discussion on Tuesday.

4. Coloured Immigrants. [Enter H.W., Home.

Sw. We shd. have to check this summary with all Doms – and many Colonies. It wd. take some weeks to do this.

A.L.B. Gives misleading picture because so much depends on way in which Regs are administered.
Let us get it checked.
Then we can decide on policy when Bill is before us.

P.T. C^d. Govts. also be asked how they administer these prov^{ns}.

P.M. x/ You will prob. have to confine this to law as it stands.

Agreed :Revise on a/c of x/. and [Enter A.E.
check with Govts. [Enter B.C.
[Exit H.W.

5. Public Transport : Special Travel Facilities.

B.C. As in memo.
Opinion among our supporters is divided.

Att.G. Effect of recent decision.

A.E. Para. 3.

B.C. Immed^{te}. problem arises fr. fact tht. 14 boros. have bn. doing it, and if you do nothing we shall have odium of its w'drawal.

- A.L.B. Opportunity for pol. bribery : unfair to private enterprise competitors.
- D.S. Tho' it is bad practice, it's awkward to be taking the butter out of dog's mouth.
- B.C. Free travel is post-war.
We cd. say – no national decⁿ. leave it to private Bills by boros who want it.
- A.L.B. We have said, qua Tories, tht. this sort of thing shd. be dealt with on national basis.
- B.H. Can't talk this out. And on a vote, many of our members wd. vote for it.
- K. Gave in legⁿ. Ctt^{ec}. 5 good reasons v. Bill. But 2, over-riding the other way. i) It is in opⁿ. : mean to w'draw it. ii) We have advocated local issues being decided locally. If B'ham think it reasonable, diff. for us to say they can't do it.
- O.P. This is silly proposal but we wd. be unwise to oppose it.
Varying provⁿ. already by l.a.'s for o.a.p.'s.
Talk it out if we can : but don't make a stand v. it.
- K. Para. 9 shd. be accepted – as Ctt^{ec}. point.
- D.S. Not so sure about this. W^d. soon lead to demand for subsidised fares when no municipal transport.
- Sal. Leave it to local option. Don't add clause re private cos.
- P.T. That is argument for leaving whole thing to be governed by private Bill.
- Att.G. And that wd. be the better course – all round.
- H.C. But then each will be opposed & we shall have constant argument on this ques.
- R.A.B. C^d. we restrict our support to existing cases – and say that new boros. must seek powers by Private Bill. Then we can say that it's bad in principle, as it is.

Agreed : Amend on these lines in Ctt^{ec}.

[Exit Att.G., B.C., B.H.
[Enter PMG. Gammans.

6. Foreign Affairs.

A.E. Formosa. Dulles' speech was better than feared.

Italian Visit. Good communiqué, with firm reference to Paris agreements.

U.N. Assembly. Always mistake to meet in U.S. in Election Year. Sec. Genl. has said he wd. like to meet in Ldn. But no accommⁿ. If therefore we want it, we shall have to lay money out for temp^y. accommⁿ – tho' we might make a profit, as French did.

P.M. A great honour & advantage to U.K. Surely we shd. seize the opportunity.

D.S. W^d. pay us to have permanent Conference accommⁿ.

A.E. Then I will consider ways & means, with some Ministers.

7. Television : Sunday Hours.

PMG. Can we have television betwn 3-4 p.m. on Sundays, despite objⁿ. likely to be raised by Sunday schools etc., Adults like it. No ban on sound b'castg in those hours. And cos. will put on p'mmes unpopular with children.

H.C. W^d. cause trouble.

PMG. W^d. extend to B.B.C. also – who want it.

Sal. Hard to deny it to adults.
Suggest we agree with this in principle, but be ready to re-consider if, Churches do raise v. strong obj^{ns}.

K. With limitⁿ. of p'mmes we cd. stand this. Agreed.

1. Formosa. [Enter de L., S.Ll., Reading.,
H.W., B.H., : Air Staff rep^{ve}.

Reply from Pres. Eisenhower to P.M.'s message – read.
General impⁿ. in Cabinet – a well-reasoned statement of U.S. view.
Threat to Japan as well as F., in long-term. Considered U.S. judgmt.
tht. m'tenance of Chiang's forces is essential to security of S.E.A. &
that evacuation of Nationalists from Quemoy & Matsus wd. undermine
their morale.

Diff., in view of this letter, to press them to change their policy.

Agreed : circulate in boxes on runner, so that Ministers
can consider it more carefully.

2. Aircraft Production : Swift.

S.Ll. Mark 3, tho' improved, is not fit for operational (squadron) service
because not efficient at heights required.
Mark 4. 40 are nearly finished & will have to be accepted. But further
Hunters will have to be bought for use in lieu.
Marks 5 & 7 : better hopes, because improvemt. in Mark. 4, tht. these
will be satisf. for role intended. Shall know in a month's time – about
5.
Mark 6 is out because role wd. be at gt. height, where machine is
inefficient.
Mark 7 : we shall know in 3 mos. wtr it will work with Blue Sky.
Decisions recommended.
i) replace Mark 4's by Hunters. Tho' accept delivery of 40.
ii) m'tain order 50 Mark 5.'s. Further decⁿ. in a month.
iii) m'tain order for 30 Mark 7.'s. Further decⁿ. in 3 months.
iv) cancel order for Mark 6.
This wd. keep firm in being & capable of producng. new naval fighter.
If Mark 7 is successful, rather more can be ordered later.
As insurance –
iv) see wtr fighter recce equipmt. (Mark 5) can be fitted into Hunter.
This is easy to ascertain.
v) On Mark 7. Order Blue Sky weapons. Explore means of
converting Hunter to take it. When weapons are ready (16 mos) we
shall have one or other aircraft to take it. Some risk : but justified by
avoidance of delay in producing guided missiles, in which RAF need
early practice.

H.M. Support these recomm^{ns}.
Throughout this, better has bn. enemy of good – partly for financial
reasons.
If we wait for Blue Jay and Javelin, we bank on getting both right and
in time. Sorry to think we were putting all our g. missiles into this

basket. Therefore, we shd. make Blue Sky. For what aircraft? Prs. Swift will, with Mark 7. But also adapt Hunter to carry it. And off-load some work fr. Hawkers to other firms. Need also to keep Vickers' team in being for prodⁿ. of naval fighters. Addl. cost of our recomm^{ns}., as cpd. with cutting losses, is £3 M.

D.S. Support these recomm^{ns}.
Always diff. to know when to abandon attempts to improve. 18 mos. ago it was thght Swift wd. be better than Hunter.
But this is moment to admit tht. Swift has failed as all-purpose fighter. Will this affect off-shore orders for Hunters? W^d. increased demands for our own use reduce those earnings?

S.Ll. Prodⁿ. will be 50 a month. May be some delay. But manageable. Shall have to run prodⁿ. for another 6/9 months.

de. L. Strong support for recomm^{ns}.
On g. missiles, it wd. be wrong to rely wholly on one method. Blue Sky is diff. system fr. Blue Jay – which may not work, tho' superior in conceptⁿ.

R.A.B. Cost of these recomm^{ns}. : £24½ M. in addⁿ. to £10 M. on Marks 1-3^{?2}. Cost of cancellg. all : £21 M. – but more Hunters & Canberras wd. then be needed.
My only doubt is wtr we produce Blue Sky. W^d. like to discuss that further with H.M. Spent £5 M. on research. Tho' I'm disposed to accept this.

Agreed : Accept recomm^{ns}., subject to R.A.B. discussg. with M/D. proposals re Blue Sky weapons.

P.M. Form of announcement. Avoid impⁿ. tht. Swift is a total failure.

H.M. Don't want to say things wh. we may soon have to contradict. Can't avoid implying doubts about Swift. Tho' we must be careful not to damage morale of firm.

Read provisional draft answer. Approved in principle.
[Exit de L., Air Staff rep^{ve}.

3. Monopolies.

P.T. Motion deploring slow progress in dealing with monopolies etc., etc., W^d. sooner have amendment to this, rather than straight vote.

H/C. – Thursday 24/2.

H. Wilson will open. I will follow. Who shd. wind up? My Parl^y. Sec^y. or I.? Gaitskill is speaking.

R.A.B. Don't take it too seriously.

P.M. Favour rough language v. monopolies even tho' action can't be taken at once.

P.T. Acceptance of report on Calico Printers will show toughness enough.

[Exit S.Ll.

4. Economic Situation.

R.A.B. Degree of inflⁿ. in economy is affecting b/p.
All factors affectg. b/p. are going against us.
Diseases of prosperity. Exports good : but imports higher. Terms of trade worsening. Invisibles not strong – early cost of oil settlement.
Overseas exp^{'re}. is v. high.
Trafficking in transferable sterling is rising.
Feb. figures will show substantial loss of reserves.
Will tell Cabinet, on Thurs. or next week, what steps I must take. Will involve action at home – wh. I shall discuss in H.P.C. Wed^y. Restⁿ. of h.p. is prob. necessary.

P.M. Act quickly.

P.T. And do all necessary things at once.

5. Lancashire.

P.T. As in memo.
Recommend we ask Colonies to go slow on licensing of J. textiles.
Ask R.A.B. to consider purchase tax. possibility.

R.A.B. Will keep this open – tho' v. gt. diff^{ies}., esp. in a time of inflationary pressure.
Paymts. agreemt. with J. We shd. tell them we want them to take more fr. us. Defer approach to Colonies m'while.
Good memo. Major political problem. But recent visits of Ministers to Lancs. have done some good. Suggest no decisions to-day.

ALB. Diff. to justify approach to Colonies except on general b/p. grds.
Prefer to p'pone as R.A.B. suggests.

P.T. Early warning wd. be justified, in genl. terms, because J. running into sterling surplus. W^d. have steadying effect.

Sw. Indian Budget due at end/Feb. They mght be willing to adjust quotas. We cd. ask them, at once. But will it have any practical effect in Lancs., whi. exports only 3-5 m. yds. to India. We shd. not promise, in return, to abstain fr. quota on imports into U.K. fr. India. We may have to do so.

Art 35 decⁿ. on Japan – wd. be better made in May than June, qua
Lancs.

- P.M. I have bn. asked to receive deptⁿ. from cotton trade. Diff. for me to refuse.
- H.C. Thght No. 10 was not open for these things. In recent years P.M. has not received such deput^{ns}., surely.
- P.T. These are only the manufrs. Have asked Cotton Bd., wh. represents all interests in industry, to come & see me with their proposals.
- H.W. Most responsible T.U. leader in Lancs. is at I.L.O. – and cd. not attend this deptⁿ.
- W. What can we say we will do about Indian cloth? We shall have to come to quota. W^d. sooner do it quickly.
- RAB. W^d. affect our other economic interests, incldg. other trades in Lancs.
- P.T. Their real trouble is loss of exports of cheaper cloth.
- H.W. I agree with this.
Boot/shoe, hosiery etc., are suffering nearly twice as much as cotton. But they don't complain because they have confidence as cotton has not.
Quick relief in Colonial markets wd. be best.
- A.L.B. W^d. accept suggⁿ. of warning to Colonies – if I cd. agree draft with P.T. & R.A.B.
- W. No unemplt. wd. result in Lancs. cotton. Labour wd. move because there are vacancies.

1. Economic Situation. [Enter G.Ll., R., Att.G., H.W.]

- R.A.B. After '51 we reversed trend & m'tained good posⁿ. – with aid of terms of trade.
 Terms have turned v. us. Increasing competⁿ. from G. & Japan.
 Situation now calls for urgent action – this week or next.
 Suggest Bank rate be raised to-morrow & at same time take other action to relieve pressure on internal demand.
 Discussed with E.P.C. Propose that these be i) stiff increase in Bank rate ii) resumptⁿ. of control over h.p. terms, & its extension to articles not previously covered – incldg. furniture. O-in.C. to-morrow. iii) coal prices : increases (adjusted to exclude much domestic coal) designed to reduce other consumer exp^{re}. by £60-70 M. W^d. be mentioned in general terms in my statement to-morrow. iv) operations in transferable sterling resultg. in commodity dealings which deprive us of dollars. £ is now 70% convertible because of commodity markets. Transferable rate must not be left below official rate. Proposed therefore tht. Exchange Equ. Account be authorised to operate in this market. This is a step on road to convertibility insofar as it brings the 2 rates more closely together.
 i) to iii) wd. be announced to-morrow. iv) wd. be a private auth^y. These measures shd. reverse trend & eventually restore b/p.
- P.M. Rapid change in situation. But threat foreseen in recent speeches by R.A.B.
 What shd. we do and when?
 Continuing uncertainty or apparent lack of firmness by Govt. wd. make things worse – by encouraging wrong sort of speculation.
 Increases in coal prices is unpleasant.
- P.T. Hire-purchase. Support R.A.B. Small in effect, but controversial. We shall need to revive D.R. power recently relinquished with self-praise. This was originally introduced in '47 because of b/p crisis. We shd. have to require 15% deposit & 2 year period to pay. W^d. cover furniture for 1st. time. Will be said effect will be marginal. Covers only £440 M. out of £11.000 M. of consumer expenditure. But answer to this is : whole of this problem is marginal.
 But support it & also doing it soon.
- K. We cut down D.R.55, & told our supporters this wd. make it more diff. for Socialist Govt. to restore full powers. We shall now be leading the way.
 In debate Ede said we were gambling on fair economic weather & mentioned in terms the terms of trade.
 These cons^{ns}. do not, however, outweigh R.A.B.'s advice.
- R.A.B. Sh^d. we say tht. we intend as soon as poss. to present legⁿ. giving permanent powers to control h.p.

- D.E. As they have in U.S. And h.p. has now assumed U.S. prop^{ns}.
- W. Support plan for permanent powers.
- Sw. Agree. Under modern cond^{ns}. it is a necessary complement to Bank rate.
- Att.G. will be v. diff. to enforce H.P. Order.
- Coal Prices.
- H.W. This addⁿ. will in long run be inflationary. It will increase costs of rlways & steel. Will therefore strengthen demand for wage increases, when it has worked thro' the economy.
- A.L.B. It is assumed tht. people will buy less?
- G.L.I. Will help to enforce economy in all consumption, incldg. industrial and thus reduce imports.
- H.C. Won't help our export industries to face increasg. competⁿ.
- A.L.B. Will add £5 M. to railway costs.
- O.P. How will it help b/p?
- G.L.I. Sh^d. have to do it soon, on N.C.B. costs.
- H.M. NCB won't get surplus? – effect on miners' wages.
- G.L.I. Will still have accumulated deficit, tho' current surplus.
- H.M. Dangerous to increase prices while wage negotⁿ. is procdg.?
- G.L.I. N.C.B. are not apprehensive on that score.
- H.C. Can you show plainly that this is connected with the other?
- P.T. It is central to problem. Coal exports are dropping & imports are rising because of domestic demand for coal. There is extravagant use of coal in U.K.
- R.A.B. There is known waste. £14 M. on b/p. because of imports.
Reasons i) meet increased cost of coal imports
ii) .. dropping volume of coal exports.
iii) make N.C.B. accounts balance.
- H.M. Only sound if it doesn't enhance internal inflation.

- Sw. And if it leads to economy in industrial use of coal.
- R.A.B. Increased prices of coal, gas & electricity wd. also reduce other consumer expenditure.
- Sw. Proposal assumes tht. all re-act alike. Rentier may cut other exp^{re}.
But wage earner presses for increased wages.
- P.T. But shd. be asked to do it soon on N.C.B. costs grounds.
- H.M. x/ Better to do it after a wage increase. Relate it to that.
- R.A.B. Our waste of coal, & import of it, is an aspect of confidence in sterling.
Because of lower internal price.
- O.P. Large increase in price last year didn't produce economy in use.
- P.T. Easier to relate coal to b/p. than to relate h.p. to b/p.
- D.S. W^d. it be accompanied by planned redⁿ. in coal imports?
- R.A.B. In summer.
- G.Ll. Figures wdn't support x/. Due to import costs. We lose £2 on every imported ton. And gain £1 on each exported ton. (?)
- H.W. Support x/. Earlier action mght alter course of negot^{ns}.
- W. You cd. argue this deficit position as reason for refusing higher claim for wages.
- G.Ll. Don't believe this wd. cause further wage increase.
- H.C. New N.C.B. appt^d. last Mon. Sh^d. they start with this.?
- G.Ll. Arguable that this wd. be good first gesture by new Board.
- R.A.B. y/ | W^d. like to have at least a sentence tht. coal (imports/exports) has bn.
| | gt. strain on our b/p. and posⁿ. is being considered.
- G.Ll. W^d. prefer to do it now on b/p. grounds.
- R.A.B. Proceed as at y/. after discussion with G.Ll., and submit draft to Cab. to-morrow.
- G.Ll. Earlier introdⁿ. of increases made it poss. for N.C.B. to agree to lower prices for lower grades of house coal.
- H.A. Effect on older trawlers. Will mean increased price of fish & increase in trawler subsidy.

- O.P. Can't accept view tht. increased coal prices is good method of checking inflation.
- H.M. Shall we ever recover our coal export markets? If we shan't, there is no point in exporting while importing.
- G.Ll. Believe there is much in that view.

1. Economic Situation. [Enter R., G.Ll., H.W., B.H.]
- R.A.B. Agreed with G.Ll. a brief reference to coal situation, for inclusion in my announcement.
Bank rate. – by 1% to 4½%. General support for this decision, as firm action in advance of publⁿ. of February figures for reserves.
Hire Purchase. O-in-C. made this morning. Order will be made under it before lunch. 15% deposit and, mostly, 2 year repayment.
 Permanent powers – shd. I foreshadow these in original statement or in reply to supplementary?
- H.C. Better say it – because our policy is not to rely on emergency powers.
 Agreed : say it is Govt's intention, as soon as opportunity offers, to seek permanent powers for this purpose.
- G.Ll. Coal Prices. Brief reference to coal in statement. N.C.B. to announce this evening tht. they are putting price increases to consumer councils but, in deference to Govt's views, it will avoid increase in prices of 75% of house coals. N.C.B. advise tht. this will not be embarrassing to them in wage negotiations.
 W^d. submit to P.M. draft of N.C.B.'s announcement.
- Sw. So early an announcemt. by NCB wd. link it too closely with b/p.
- P.M. What advantage is there in mentioning this in announcemt.? So vague a reference won't help to end uncertainty.
- H.M. Prices will have to be raised because of deficit. Ques now is how to present it and when? Surely better to leave it to N.C.B. in a day or two to announce it – basing it on all relevant considerations. Relate it to their general position.
- P.M. Also this draft takes too much responsibility on Govt. "We asked"
- O.P. Mistake to link new burden of £50 M. a yr. on Br. industry with b/p. Leave it to N.C.B. in normal course.
- H.W. Sooner not take any more Govt. responsibility than we need for what will in the end increased c/living.
- P.T. Must act before long – i) does affect b/p. ii) delay will mean tht. larger price increases are inevitable.
- R.A.B. Ready to omit it from my statement – so long as G.Ll. is supported in early action on coal prices.
- G.Ll. W^d. wish N.C.B.'s statement to issue to-day or to-morrow.

P.M. Not so soon. Nor so vague.

Sal. If so soon, better on one day. But prefer coal statement to be left until later.

H.M. Price must rise. Don't mind when. But present as related to N.C.B.'s position generally, not b/p.

P.T. Announce, thro' N.C.B. next week.

Agreed : no reference to coal in R.A.B.'s announcement.
Resume discⁿ. on coal next week.

[Exit G.Ll.]

2. Parliament.

H.C. Defence debate 1/3 and 2/3 on Govt. motion.
Public Works Loans Bill was to have bn. taken on 28/2. W^d. R.A.B. prefer, in view of Item 1, that it be deferred?

R.A.B. Wd. provoke discⁿ. on Bank rate, local loans, housing subsidies etc.,

H.C. Ty. wanted it by a specified date.

R.A.B. Not essential.

R.A.B. If they ask for debate on to-day's statement, combine it with this Bill and take it together. If they don't, p'pone Bill for a week.

D.E. Get it over on 28/2 before month's b/p. figures come out on 2/3.
Announce Bill on 28/2, and get it over. They are bound to ask for debate.

[Enter Solr. Genl.]

3. Valuation for Rating.

D.S. If nothing done, new lists will be publ^d. in Oct. Legⁿ. will have result tht. new lists aren't publ^d. until Apl.
Delay by Order i) wd. be regarded as pretty low tactics. ii) open to other practical obj^{ns}. We cd. do it later, if Bill miscarried.
Don't therefore take this alternative now.
Bill will make necessary admin^{'ve}. changes, quite apart from pol. advantages of deferring publⁿ. of lists.

P.M. General feeling in Cab. seems to be in favour of legⁿ. I am not.

R.A.B. Spoke to A.E. He favoured legⁿ. as proposed.

Approved.

4. Parliament. Expenses of Peers.

P.M. I am saying to-day – no legⁿ. on Junior Ministers this session.

Sal. Not a good day to decide my problem.
I had sugg^d. £3 a day for attendance & assumed it wd. be exempt from tax. Now told that subsist^{ce}. all^{ce}. at work is taxable. If, however, made for expenses not attendance Revenue wd. not bring it to tax. Not ideal : for it requires Peer to justify all items of expense : cdn't claim £3 unless he had spent it. But it may be best we can get.

x| May I mention this, as possibility, to some Peers (inclgd. Jowett) &
| ascertain their re-action. Needn't say Cab. have considered it.
Debate on 9/3. Shan't now (because of them!) be able to announce anything then.

R.A.B. W^d. apply to Ministers who are Peers (?)

Approval for x/. in confidence : with no indication, yet, of date of introduction.

B.H. Awkward, if this is done this Session, to p'pone actions re junior Ministers.

5. Title of M' Agriculture.

H.A. Must have all three names.

P.M. Then put Agric. first and Food last.

6. Colonial Office Building.

A.L.B. May 2 Dpts. consider plan for Richmond Terrace bldg.
Report back to Cabinet.

P.T. May Att.G., & L.P.S. be added & report also on Gt. Parlt. Square.

1. Formosa. [Enter B.H., R., A.N., I.Kirkp.

P.M. Relieved that A.E. has promptly declined to go to Peking.

2. Disarmament.

A.N. Clear tht. R. have reverted to original posⁿ. – ban atomic & freeze convent^l. forces as at 1/1/55. R. insisting on discussg. their proposals first & alone – not as part of phased plan which we & Fr. proposed. That wd. ensure tht. effective guarantees were enforced before any step taken.

Seems therefore there is no basis for an agreemt.

U.S. regard it as wholly unreal. We, Fr. & Can. wd. like to continue disc^{ns}. Think we shd. hang on as long as poss.

P.M. Yes : let R. be plainly responsible for any b'down.

A.N. Record will be publ^d. when mtg. ends.
W^d. like to bring out of disc^{ns}. an outline of a Treaty – more flesh than present skeleton. W^d. submit this to Cab., before tabling it.

Sw. Useful fr. Dom. angle. Communiqué stressed fact tht. disarmament must be comprehensive.

3. Israel.

P.M. Severe fight. Who was to blame?

R. Israel. All casualties on Egyptian soil.

P.M. Most serious event since Armistice.
Our line shd. be : refer to U.N. and counsel both sides to be calm.

R. Egyptians have already taken steps to that end.

4. British Prisoners in Korea.

H.M. Do F.O. regret timing of publⁿ.?

R. Angered Chou. But prob. only one more excuse for being awkward.

P.M. A.E. was keen to publish. We cdn't have foreseen co-incidence with his suggⁿ. of mtg. Chou.

H.C. Imgr's Bill M.P. is thinkg of moving under 10 min. rule a Bill to amend law of treason – to cover U.N. operations as well as war. Seeks advice. W^d. it embarrass us?

Ll.G. No harm in that. More awkward ques : P.Q. suggesting Incitement to Disaffⁿ. Act shd. be applied to Acts done outside U.K. But, even if done, cd. hardly be made retrospective. There is much feeling in country. Awkward to have to admit we can do nil.

H.C. Let him have a run on this Bill.

P.M. Agree with that. Ll.G. shd. consider what can be done, w'out altering the law.

[Exit Kirkp., A.N.]

5. Floods in Australia.

P.M. Act quickly. They sent us £50.000 last year.

R.A.B. New practice : but now so many precedents it's awkward not to go on.

Sw. Much worse than Toronto (£25,000). But help in kind (drugs etc.,) is specially useful. And avoids invidious comparisons of sums of money.

P.M. I had thought of £250,000 – tho' some may be in kind.

W. May be awkward for them to spend money.

Sw. Also – a State Govt.

D.S. Do it in kind : makes much bigger impⁿ. at the other end.

R.A.B. and Sw. to consult & make v. early announcemt.

6. Economic Situation.

R.A.B. B/E. wish it to be clear to Cab. i) policy shd. work towards redⁿ. of v. high Bank rate ii) while monetary policy can assist, main battle v. inflation must be waged by Govt. measures. Posⁿ. of sterling has bn. strengthened – tho' no dramatic change.

7. Parliament : Redistribution of Seats. [Enter Att.G.]

Ll.G. Oppⁿ. have suggested talks re amendmt. of law. W^d. not be wise to do it now.

J.S. Favour talks : but not before Election.

Ll.G. There is still atmosphere of controversy – over seats affected by these changes.

P.M. Four years before actions comes. Suitable for next Parl.

8. Parliament.

H.C. Business for next week.

P.M. Need for F. Affairs debate after A.E.'s return.

Sal. Debate in H/L. on Defence on 16/3 and 17/3.

9. Prince Ernst Augst of Hanover.

Att.G. Doubt if I can hold this decision if they appeal.

[Exit Att.G.]

10. House of Lords Reform : Expenses of Peers.

Sal. Debate on 9/3. Have circulated my speech to Cab. Ctt^{ee}. They may wish me to refer to Cab. on i) powers ii) expenses. Shall circulate these passages next week. J. has told me Opposⁿ. (H/C) won't touch H/L. Reform – or Peers' expenses either. Looks therefore that Oppⁿ. wd. oppose any move, twds. expenses ; and in H/C. might attack it violently. Afraid this means we cannot act in this Parl.

[Enter G.Ll., B.C., H.W.]

11. Coal Prices.

G.Ll. Bd. will take responsibility. Govt. come in only on point of c/living effect. Date : mid-March.

P.M. Glad we didn't do it with R.A.B.'s statement. Think we shd. await A.E.'s return. W^d. this be wise if we wished to have early action.

O.P.'s note was read.

R.A.B. Can't comment w'out notice. W^d. wish to consider.

P.M. Prs. O.P. will circulate his views in memo.

- R.A.B. If N.C.B. think these increases necessary, Govt. shd. support them. Thght amounts calculated to avoid too large a surplus. W^d. help to check inflation. Also, if less imports, b/payments. Believe this will have to be done.
- O.P. Increased prices to industry shd. be limited to what is necessary on commercial grounds.
Diff. to justify all the items increased cost quoted in E.A. memo.
- G.Ll. Known tht. Ty. have favoured increased coal prices. But my figures have not bn. fudged to fit that. I have m'tained tht. increase shd. not be larger than what is commercially sound. But it shd. cover all of that – incldg. extra cost of imported coal.
Extra £17 M. on safety measures. Big p'mme for non-inflamm. conveyor belts. Will cost £3 M. this year. In '56 cost of new Safety in Mines Bill comes into a/c. Can't cost it exactly : but will be large.
Cap. exp^{re}. is getting under way : £70 M. more [Exit B.H. borrowing. Annual total cost : £6 M. Big p'mme of R & D. Staff College for management.
Earlier estimates of increased costs have proved sound. There wd. be surplus of £8 M. in '55 : but only £1½M. in '56 – deficit accumulated wd. then be still £10 M.
- Sal. Does "luxury coal" include smokeless fuels. Are they to go up?
W^d. affect our "smoke" campaign.
- G.Ll. Yes.
- H.C. Exemptⁿ. of lower grades doesn't evade increase in c/living.
- H.W. Agree – only the direct immediate effect.
- W. Effect on exports via increased industrial costs.
- P.T. If it made more coal available for sale abroad, it wd. help exports.
- W. What about competitive prices of manuf^d. exports?
- P.T. W^d. not help. But, even so, I favour increases. With £62 M. of increased costs, there must be some increase in price.
- H.A. Sh^d. we go on importg. at higher price than we export?
- D.E. Must do more to check inflation. B/E. have said so. Would not this support it?
- R.A.B. Yes : tho' it has not bn. put formally to B/E.

- H.M. Agree – must check inflation. But coal is no longer an industry – it's a cross we have to bear. Object of N.C.B. is to sell less coal – because men won't dig more. No commercial realities about this. Ques is : how can we most cheaply get out of problem. Unless we do this soon, we can't get the relief on house coals. But first we shd. scrutinise the figures. Unless nat^d. ind^{ies}. show a deficit, you can't hold wages.
- B.C. Wd. add another £5 M. to deficit of B.T.C. – stultifying our recent announced estimates.
- G.Ll. Scarcity of face-workers, plus weak managemt., is source of trouble. But if NCB get tough, there is a strike : & we have to import more. If NCB go strongly for increased prodⁿ., they increase their weakness. Hence better to reduce demand.
- J.S. Consultⁿ. with consumers – e.g. steel industry.
- H.M. i) Some increase is inevitable. Better do it quickly. Decide wtr to cover £62 M. or less.
- P.M. Decision at Cab. on Mon : 5.30 h/c E.P.C. meanwhile.

1. Formosa. [Enter R., B.H.]

P.M. Drew attention to Tels. 241 and 242 from Delhi.
Read draft of interim reply to A.E. No hurry : wait for Cabinet, Mon.

2. Parliament.

H.C. Opposⁿ. want debate on Textiles. Only one Supply day next week.

P.M. That mght be needed for F. Affairs.

H.C. Shall we suggest that (Wed.) – to avoid debate on cotton industry.

P.T. Opposⁿ. choice. Don't mind Mon. or Wed. But we shd. make it clear to Opposⁿ. tht. we shall harm Lancs. interests by disclosing how diff. it is for Govt. to take the action they want e.g. the price India wd. exact wd. be higher if diff^{tes}. were publicly known.
Also we are about to receive depⁿ. from the industry. Can't say much before we have heard what they have to say.

Agreed : allow debate to come fwd. Wed^y.

[Enter A.H., de L., Boyle

3. Guided Missiles : Corporal.

H.M. Agreed ground forces in G. shd. have ground-to-ground weapon.
Agreed we shd. not add this to our over-crowded r. & d. p'mme : & tht. we should rely on U.S. type. Also important to have max. co-opⁿ. with U.S. on guided missile developmt.
Proposed to buy 113 weapons : but only 24 heads – balance to be used for training w'out atomic heads.
W^d. be mistake for us to manufacture.

R.A.B. V. short notice. Wished Cab. to know tht. I can't accept, w'out regard to b/p., argument at end of para. 10. W^d., however, accept Cab. decⁿ.

A.H. D.P.R. decⁿ. of '53 not to manufacture here assumed purchase fr. U.S.

H.M. Urgency turns on date of U.S. order.
We have comm^d. our forces to G. Can't leave them w'out weapons wh. U.S. have & will prob. give to G.

P.T. Will crowd out my dollar need for machinery etc.,

H.M. We shall of course try to get these on aid terms.

A.H. This is only prospect of giving nuclear support to our Div^{ns}. before '65.
Our 4 Div^{ns}. are highly vulnerable.

P.M. We cd. not afford to miss this opportunity.

A.H. Ty. have known of D.R.P. Ctt^{ee}. policy line on this since 1953.

Agreed in principle : R.A.B. will consider how dollars are to be provided, if required.

[Exit Boyle, A.H., de L.

4. Departmental Records.

Discussed and adjourned.

[Enter H.W.

5. National Service : Police Cadets.

LI.G. Importance of disciplined police force in cond^{ns}. of future war.
Diff^y. of recruitment to Police.
No one cd. say tht. a man was evading service by going into Police.

H.W. Other pressures – i) agriculture ii) apprentices on munitions work.
iii) scientists, esp. teachers. How can we resist these?

P.M. Esprit de corps is of gt. import^{ce}. to Police. cf. tradition of service in
R.N. among communities nr. Portsmouth etc.,
C^d. put a limit on it – e.g. 5.000.
People generally won't think this is a reason to extend to industrial
occup^{ns}. They equate police with Forces.

H.W. Then we must do our best to resist other pressures.

Approved.

[Enter Att.G.

6. British Prisoners in Korea.

Att.G, P.Q.'s for Monday.
Felton : case considered by Socialist L.O.'s & decided not to proceed.
The 2 others are outside jurisdⁿ.
I propose to say : 2 are outside jurisdⁿ. : in other 2 cases I do not think
there are sufft. grounds for procdg.
Proposal to move for Bill of Attainder (Tories).

P.M. Last shd. certainly be discouraged.

Att.G. Have done my best. Shall I now tell them Govt. don't wish this raised?

P.M. Yes.

7. House of Lords Reform.

Sal. Have to explain my posⁿ. to supporters this p.m.
Wish Cab. to see what I propose to say on i) powers ii) expenses.
Circulate draft.
Exeter's plan to limit attendance by H/L. own Standing Orders. Wd^{n't}.
then come before H/C. Jowett took view that it wd. be
unconstitutional. I wd. like to suggest tht. it shd. at some point be
referred for advice to Select Ctt^{ee}.

K. There are precedents in 18th. and 19th. centuries. We shall never get rid
of such sugg^{ns}. until the constitutional ques is considered and
authoritative view on it obtained.

Approved.

[Exit Att.G.]

8. Farm Price Review.

H.A. May E.P.C. be authorised to give me directions.

R.A.B. Our figure is £9 M. The farmers' is £33 M.
Fertiliser subsidy on arable. ½d. on mild. These are the things we wd.
have to do to find compromise. Second wd. be unsound.
Suggest we go no further than what is sound – even tho' we do not get
agreed settlement.

H.A. They claim increasg. costs and seek re-coupment in order to m'tain
their net income. We can go some way to meet them. Another £10 M.
might secure agreement.

J.S. Hope we don't give more on milk.

9. I.L.O.

Memo. approved.
Authority given for presentⁿ. of White Paper.

1. Foreign Affairs : Sir A. Eden's Mission.

[Enter B.H.]

A.E. Matters not covered in tels.

(a) Egypt. Noticeable concern about econ. plans – as are all M/E countries.

Had hoped Nasser wd. be co-operative over Israel. He wasn't tough, but said timing wd. need care. Gaza therefore doesn't help.

(b) Pakistan. M. Ali was v. helpful at Bangkok. Took our line on all points.(c) Bangkok Conference. No diff^{ies}.(d) Formosa. D. was v. worried. Stump was stupid. His line was tht.

i) Nat. morale was low and (ii) that islands are essential to defence of F. arguments of C.I.G.S. failed to move him on (ii) and (iii) tht. F. was vulnerable to attack. Next day we saw article (Times) by Adml.

Radford saying opposite of (ii) & tht. invasion of F. was impossible.

Shows confusion even w'in. mil. circles in W'ton.

D. admitted tht. he had sought President's auth^y. to bomb m'land of China to check build-up of Comm. forces in islands.Shows tht. U.S. naval auth^{ies}. are quite ready to have war with China now – for now's the time. They wd. fight it by air attack on m'land.P.M. They wdn't need our mil. support and haven't sought it. For this (viz., islands) they wdn't get it – tho' for Formosa they prob^{ly}. should.A.E. (e) Malaya. Impressed by what I saw. Hard core of 3.000 or so bandits – unlikely ever to surrender.Impressed by our men : but divided organⁿ., since Templer left, is awkward – as is also relationship of Macdonald. Will consult ALB on this.

Elections coming. Inevitable, but some qualms. They are the only elections being held in S.E.A. – no other country there is sufficiently democratic or stable, outside of India.

(f) India. Nehru put himself out to welcome me. Banquet at Govt. House – incldg. Viceroy's bodyguard on stairs – & N. proposed Queen's health at end. Moving speech on new rel^{ns}. betwn. Britain & India (b'cast & filmed) – in wh. he said he wished India to preserve all the best of British raj, Parl^y. Govt. etc., & forget the less happy things. Local elections : results declared while I was there & Communists lost heavily. Clear tht. N. wants to work closely with us.(g) Baghdad. Discussed our adherence to Iraq/Turkey Treaty. Think we cd. work out means of association with it. They accept our squadrons at Habbanyyah & Shaiba on training basis. But all hangs on Nuri. They want our help : may be difficult to get them to pay for it. Circulated draft of statement to be made in H/C.Have given much thght to ques what we shd. say on Formosa. U.K., almost alone, have said nothing. I cd stop half way down p 5 : but it is

difficult to avoid giving any view. Have done my best, in this, for U.S. viewpoint. Para (4) is safe if, as we understand, Formosans wd. never vote for return to m'land.

No disclosure at present of my recent exchanges with Peking.

Sal. Is (4) wise? At what date? What about Cyprus? Why not put it more vaguely in (5).

Sw. Doms. wdn't like (4).

H.M. If (1) – 3) cd. be achieved, then considⁿ. cd. be given to future of F. and to Chinese repⁿ. in U.N.

Sal. I will repeat statement in H/L.

Approved subject to amendments.

Sw. to give it to H. Comms. of Doms. Tues. a.m.

[Enter G.Ll., H.W., Low, B.C.]

2. Coal Prices.

P.M. Why do this now?

R.A.B. Inflation shd. be checked. Welcome steps to curb consumer expenditure. Showing itself in b/p. Coal is being sold in U.K. at prices lower than it cd. fetch abroad – and in addⁿ. we are importg it. Any move wh. makes coal scarce (?expensive) therefore helps b/p. Moreover, N.C.B. deficit gives appearance of weakness in our economy.

10% increase wd. do nothg. to wipe it off. I therefore favour 12½% proposal.

New N.C.B. : this is a moment to do it.

E.P.C. agree now tht. it shd. be presented solely on basis of making N.C.B. pay.

Economy in use of coal wd. reduce imports and/or increase exports.

B.C. No early prospect of economy of manufacturg. industry. Rlways cdn't economise.

A.E. Effect on competitive power of manufacturg. industry – in exports.

G.Ll. Fuel cost in most engineering products is only 3%. This increase wd. mean only 2% increase in cost of steel. eg. 10/= on a price of £30 a ton.

B.C. B.T.C. will ask for increased fares & freights – and this wd. add to it.

H.W. Will also, as it works thro' economy, increase the c/living. C^d. we cover N.C.B. for this next year and hope they will meet increased costs by other means next year : viz., prefer 10% vice 12½%.

Discussion adjourned.

[Exit B.C., G.Ll.

3. Japan and G.A.T.T.

Low. In view of A.E.'s advice P.T. does not now want to make statement in f'coming debate.

4. Wed.'s debate : Cotton industry.

P.T. proposes amendment. Draft

Low submitted. Approved. Will be shown in advance to Lancs. group.

H.C. C^d. be tabled by P.T.

A.E. Better that P.M.'s name be on it & R.A.B.'s.

1. Parliament. [Enter B.H.]

H.C. Business for next week.
Vote of censure (3-Power mtg). When shd. we have debate, in view of A.E.'s visit to Turkey? We cd. offer it on 14/3. But Oppⁿ. may not want it early because of Bevan's illness. Then we cd. tell them, if they don't want early debate, they had better take it off the Paper.

P.M. V. well. Offer debate on 14/3. I will speak first & A.E. will reply.

H.C. If they then remove Motion, we cd. insert other Business on Wed.

P.M. Terms of Govt. amendment. Omit "immediately" : insert "after ratification by all the countries concerned of Ldn & Paris agreements" : and delete words after the date.

B.H. Confusing to H/C., because of way in which it wd. have to be put by spker.
Suggest alternative, drafted in consultⁿ. with F.O.

A.E. Prefer something on those lines – wd. give positive indicⁿ. of our policy.

H.C. to revise draft, with A.E. & submit to P.M.

2. Cotton Industry.

P.T. May be pressed in debate on countervailing & anti dumping duties.
W^d. prefer to wait until GATT debate : but may have to indicate in this debate tht. we shall be prepared, if necessary, to take powers by legⁿ. to enable us to impose such duties. May I have auth^y. to say this?

R.A.B. This wd. be a legitimate defence, consistent with our trade policy. I see no objⁿ.

P.T. Shan't say it unless I have to.

H.C. W^d. involve dropping other Bill or Bills.

P.T. Shan't promise to legislate this session.

[Exit B.H.]
[Enter H.W.]

3. Farm Price Review.

H.A. Mid-summer hopes of redⁿ. were frustrated because of i) costs, then dropping, are now increasg. £40 M. extra next year. ii) alarming

increase in imports of animal feed. In past 2 yrs. £55 M. increase : and another £28 next year. iii) v. bad weather. Bad harvest : no winter sowing in autumn : & now diff. to do spring season. This foreshadows decrease of £40 M.

Summing up : £22 M. is generous and defensible imposed settlement. Lack of agreemt. by farmers may help us with those who are critical of farmers. But leaders of N.F.U.'s will campaign v. us in rural areas : we shall have to chase them – not easy. Opposⁿ. will say we have let agric. down in a specially hard season.

Promise to think again in spring wd. unsettle things – & wd. mean tht. we wd. have to give more then than we shd. have to give now.

Alternative : agreed settlement at £28 M. W^d. win farmers' support: avoid campaigning in the country. But wd. be criticised as unduly generous.

As farmers will now take $\frac{3}{4}$ ^d. on milk, I now favour agreed settlement at £28 M.

R.A.B. V. diff. £28 M. is radically unsound. $\frac{3}{4}$ ^d. on milk will produce milk we can't use. 1^d. on eggs also unnecessary. Both wd. worsen b/p because of increased feed.

Injection of money is all they need. £21.9 M. is enough for that purpose.

Can't, in present state of economy, have both quixotic settlement with farmers & a helpful Budget.

Swinton review contemplated minus £30 M. We now face plus £20 at the least.

Imposed settlement wd. accord with stiffer policy on inflation.

But N.F.U.'s have stirred up much ill-feeling. At £22 M., there will be political struggle for rural seats – Tom Williams is in it.

£22 M. is right but will be attacked by farmers. £28 M. is wrong but will prob. ensure support for Tories in rural elections.

H.A. No prospect of agreed settlement on figure betwn. £22 and £28 M.

P.M. Sense of propⁿ. Budget covers £400 M. : this is only £6 M. Against that weigh the consequences. Public wd. understand lenient view because of bad weather.

R.A.B. The £22 M. includes already £10 M. on that a/c.

A.E. More concerned at wrong prices e.g. milk and eggs rather than total. Everyone knows tht. those are wrong. Blatant electioneering.

H.A. Cost on milk wd. rise by $1\frac{1}{4}$ ^d. But efficiency is increasing.

A.E. i) Don't want to go above $\frac{1}{2}$ ^d. on milk.
Cdn't we stand on that and meet them on other outstandg. diff^{ces}.
Obvious weakness of Govt. on milk wd. be bad electioneering.
ii) Avoid promise of later review, sugg^d. with £22 M. settlement.
Much better to have final settlement.

- H.A. I also am against any offer of later review. W^d. sooner have almost anything rather than that.
- D.E. Delay in spring ploughing is v. serious – creates climate for campaign v. us.
Any increase in milk price is wrong : $\frac{3}{4}$ ^d. is no worse than $\frac{1}{2}$ ^d. I wd. settle.
- K. Monthly milk cheque is crucial to small farmer : & all the more so in this bad season. Believe this may outweigh economic obj^{ns}.
Psychological advantage.
- S. £22 M. is not enough because of bad season. No intermediate figure is acceptable. I wd. therefore go for agreed settlement at cost of £28 M.
Generous settlement to carry them over a specially diff. season.
- J.S. One day we shall have to break & impose a settlement. But not this year.
- R.A.B. V. worried at inflationary effect. My original plan was only £9 M. and that was fair. We have added £10 M. because of bad year argument.
Now we shall be adding another £6 M.
- H.A. Not consumer money : finance for production (?)
- J.S. £22 M. plus danger of more on a later review might cost Ty. much more.
- L.I.G. We have made v. substantial sacrifices over last 3 settlements & secured no political advantage from it yet.
- H.A. Hard to deny tht. this year is exceptional. Hard weather is not over even now.
- W. Economics of this is wrong. : but this is not the moment for a row.
- Sw. It is not one bad season, but two because delay in spring sowing.
- O.P. Don't believe farmers will vote v. us whatever Turner says.
We may gain more electorally if we have bn. correct.
- H.M.
R.A.B. If prodⁿ. is less than estimated, cost to Exch. will be less.
Shall have to do somethg. more to check inflation, in Budget, if we are not stiff over this. Economy is too loose.
- Agreed : go for agreed settlement at £28 M.
- H.A. Propose therefore to tell N.F.U. Early announcement wd. be desirable.
On Friday there is agricultural debate in H/C. on P. Members' Motion.

I cd. therefore make announcemt. Thurs. – publish Wh. Paper later that day : then it cd. be discussed in Friday’s debate, which Whips want us to spin out all day.

Terms of announcemt. to be settled by M/Ag. & R.A.B.

[Exit A.L.B., H.A.
[Enter B.C., G.Ll.

4. Coal Production : St. Leger.

G.Ll. Have agreed, with Stewards, to give 2-year trial to holding it on Wednesday. Do other Dpts. dissent?

R.A.B. Can’t go on singling out this particular event.

5. Coal Prices.

Sw. Timing. Local elections. No announcemt. before April 4. Better do it in Easter week.

P.M. Minute from H.W. on effect of prices (esp. household) on wage demands. Future movemt. of index likely to turn mainly on food prices. If they don’t drop, coal etc., will cause index to rise.

R.A.B. Emplt. & prodⁿ. are v. high. No country in such circs. has ever succeeded in holding c/living so stable.
Meat prices will prob. come down.

H.W. All concerned cd. take a lesson from tea – & bring prices down before they face a market strike.

A.E. Coal industry is abject failure. Has let the country down. Is the new N.C.B. going to improve the industry. What prospect have we of anything but successive price increase to bolster inefficiency.

G.Ll. Reorganisⁿ. of N.C.B. was drastic step. The new Bd. have already adopted nearly all Fleck recomm^{ns}. Will prob. announce this v. soon. New Bd. is better than any we have had & is getting on with its job. Don’t want to turn down their first proposal.

A.E. If increases have to be made, don’t like para. 2. Let N.C.B. do it & do what they want. Para. 2 will be seen to be electoral.

Sal. Will you allow them to have all-round increase? Think that wd. be better.

- G.Ll. I arranged this at request of E.P.C. Am I to w'draw my earlier suggⁿ.?
Taking risk tht. equal increase shd. go on to house coal.
- P.M. Let N.C.B. re-organise but run on in deficit.
- R.A.B. Hayward & Hambro resigned because they considered N.C.B. was not
run on commercial lines.
Ready however to let N.C.B. do what they think right, even if it means
more on cost of house-coal.
- H.W. We cdn't oppose increases sufft. to cover increased costs. Was against
prices wh. wd. yield more than that.
- H.M. Invite NCB to frame proposals designed to enable them to break even
over year (no surplus) – with no Govt. direction re prices of house
coal.
- R.A.B. Cab. are not satisfied i) tht. NCB has had enough time to consider this.
ii) price increase alone will solve coal sitⁿ. Want
assurances on efficiency & re-organⁿ.
iii) honest to make no increase at all on lower
grades of house coal. Govt. also want to be out
of this.
iv) on timing.

1. U.S. Proposal for Meeting - Ratification & Four Power Meeting.

- P.M. V. important – & urgent because E. will want to announce before Fr. debate starting 21/3.
- A.E. Origin : D.'s feeling tht., if Fr. dallied, we wd. have to do somethg. favouring G. – e.g. give them rights by 10th. anniversary of V.E. Day.
Purpose : to secure ratification by France : not really to lead to 4 Power Mtg.
Difficulties: i) V.E. Day is awkward day for G.
ii) More important – : effect on R. If announced now, R. are bound to re-act publicly. Risk tht. they will say, if Fr. ratify, we shan't come to a Conference. That wd. cause some Fr. senators to recur to idea of Conference before ratification. We shd. put that considⁿ. to U.S.
iii) If real purpose was prelim^y. to 4 Power, I wd. favour it – but wd. announce & take it later on.
iv) What kind of 4 Power Mtg is envisaged – at what level? Perhaps as before, à la Palais Rose. If so, no need for much prepⁿ. for we know what our objectives wd. be at such a Conf^{ce}.
We must judge our reply on basis of what is best internationally not on basis of our domestic convenience. Tho' there is some connⁿ. We have to weigh our needs. We may soon have to take further economic actions : that has a relation to electoral chances, which in turn have internat^l. consequences.
Main ques for us : wd. such an announcem^t. make it more likely tht. a 4 Power Mtg will be held. It may well make it less likely.
- P.M. What wd. be published?
- A.E. The letter, of which final draft has not bn. prepared.
- P.M. Sentence at x/ is a new offer. We shd. value it. Tho' y/ is old stuff, of much less value.
- A.E. But is y/ their intended method for x/? Does x/ lead only to an old-style y/?
- Sw. If announcem^t. was limited to ratificⁿ., and nothg. was said of 4 Power Mtg wd. R. re-act as predicted by A.E.?
- P.M. They have said already tht., if ratifⁿ. occurs, they won't talk.
By 21-25 Mar. we shall know wtr Fr. ratifies.
People will think a visit by E. is important, esp. if related to a possible 4 Power Mtg. We shd. not brush it aside.
Agree E.'s main object is to ensure ratificⁿ. But so is ours. R. opposⁿ. to it is only a threat.

W^d. have liked to see draft of reply to W'ton. Emphasis is important. If it were disclosed tht. we had discouraged initiative by E. to come here plus x/, it wd. be v. injurious to us. Strong feelings around in minority here about H. bomb. Must be careful to see tht. this isn't turned v. us, or exploited by Opposⁿ.

- P.M. Not sure tht. Germans wd. object to recovering sovereignty on V.E. Day. Adenauer regarded that as defeat of Hitler not of Germany. On (ii) – R. have threatened this already. No irreparable harm if they repeat it.
- Sal. No doubt we cd. not send negative reply. Effect on U.S. & on opinion here if it came out. Timing. Plan has not bn. fully worked out. G. reaction may not matter. R. reaction is more important. Tho' their policy will in end be based on facts, they may feel obliged to be v. stiff for a time. Invitⁿ. to 4 Power Mtg soon after ratifⁿ. is most unlikely to get favourable response. Meaning of x/. Don't think E. contemplates top-level mtg. He never has. As constit^l. monarch he will confine himself to formal acts. Almost certainly he thinks in terms of y/. Domestic sitⁿ. For weeks we have bn. dominated by chance of early election – & not because of Labour disarray. Foreign observers have it in mind too : this is cause of b/p. We can't therefore rule out Election late in May. Indeed, we must keep ourselves free to have it. W^d. therefore prefer Paris mtg later.
- P.M. Suppose it were said we had discouraged visit of E. to Europe. in order tht. we mgt be able to seize Party advantage in snap election. Suppose Oppⁿ. cd. say this during an election?
- A.E. We need say no more than “May may be diff. moment for us because of political sitⁿ. here”. Every other country has said it constantly. Don't believe au fond tht. such a move will affect Fr. voting. But agree we can't brush it aside on that account.
- H.M. Purpose is to secure ratifⁿ. Effect in France. Every time U.S. has tried this sort of thing, Fr. have re-acted the opposite way. E.g. activities re E.D.C. Timing : better to announce it just before vote & too late for R. to re-act v. it. Shd^{n't}. U.S. think again re effect on French. Similar move last Italian election.
- P.M. Believe French wd. be flattered. And tht. U.S. have reason to suppose that G. wd. not be offended.
- K. Not sure about effects on French.

Don't want to lose our freedom to manoeuvre on election date here.
W^d. therefore sooner see the Paris mtg. later – June vice May.

- P.M. Or earlier : late April vice May.
- W. Only 2 days in May wd. be practicable – 19th. or 26th.
- R.A.B. First week in June wd. suit Finance Bill better.
- W. But holiday season (Whitsun) then starts : viz., Whitsun followed by Wakes. 26th. May is prob. last convenient date.
- R.A.B. That wd. mean truncated Finance Bill. Possible.
- A.E. Diff. to run on until Oct., if financial sitⁿ. is likely to be comparable to 1951. Otherwise, I wd. prefer Oct. or Feb '56.
- R.A.B. Our measures have done good. But confidence factors related to election started the trouble. And mght recur if electoral uncertainty remained. Fr. angle of currency. essential to keep room for manoeuvre. And looks as tho' we shall be pushed twds early election.
- P.M. I was inclining twds. early election. Uncertainty of foreign speculators is important factor.
But felt that this message created a new situation. With perils – if it became known we had discouraged E. from visit with x/ in his mind : esp. if we had done so for Party advantage.
- R.A.B. If this Mtg. is rushed, it will provoke definite refusal from R. Are we sincere about 4 Power Mtg? If we are, this isn't the way of getting it. Do U.S. want it? Mention of Austrian Treaty, e.g. Needs more time to organise.
- Sw. Must encourage this initiative. Want E. to come to Europe. Rushing announcemt. wd. not help. W^d. prefer we shd say no more now than that he is coming – I wd. prefer in June. And issue invitatⁿ. to R. when he is here.
Not related to ratifⁿ. but for general discrⁿ. on internat^l. situation.
- R.A.B. Promise of E.'s arrival and prospect of 4 Power Mtg. will be much more useful to us in May election than earlier arrival of E. and certain R. refusal of 4 Power Mtg.
- A.E. Are P.M.'s plans off, if E. is likely to come to Europe later in summer?
- P.M. A new sitⁿ. I shd. have to consider my public duty.
- A.E. If I am not competent to meet E. then, that wd. rule for all time.

1. European Defence : Four-Power Meeting.

- A.E. Submitted draft reply to W'ton.
- P.M. Attached import^{ce}. to words "top-level" Mtg. Want to elucidate wtr E. wd. participate himself. That wd. influence my attitude profoundly.
- A.E. His reluctance to participate is based on obj^{ns}. to Woodrow Wilson and FDR.'s attendance at such mtgs.
- P.M. The second ques is timing – "early date" or June.
How long before polling day is a Dissolution?
- W. 21 days is minimum legal interval.
- H.M. Betwn. 17 and 21 days. not counting Sundays.
- P.M. And customary to give some notice of Dissolution. Thus, working back from 26/5, Dissolution wd. need to be announced about 14 or 15/4. This excludes my earlier thought of suggesting E.'s visit shd. be in April.
- A.E. Also v. soon after ratification. Our arguments in draft are that May is too early. We cdn't therefore suggest April as alternative.
- P.M. Then I accept 2nd. alternative in draft telegram.

P.M. Stated his intentions.

[Enter de L. & C.A.S.]

2. Turko-Iraq Pact.

- A.E. This is moment to go fwd.
Anglo-U.S. talks on future policy twds Israel & Arab States have bn. v. successful & we now have agreed plan. W^d. have launched it last week, had it not bn. for Gaza incident.
This fits into that pattern.
Will secure solid advantages for us, tho' dressed up for Iraq consumptⁿ.
- P.M. W^d. this preclude Israel's coming into M.E. Def Pact? Or even into Br. Commonwealth?
- A.E. No.
- P.M. James de Rothschild has told me tht. Israel is likely to abandon dreams of independence & adhere instead to Br. Comm. Ambassador in Ldn.

has confirmed this. W^d. be remarkable initiative from them : it shd. not be disregarded, when the time comes.

- A.E. Entry into M.E. Def. Pact wd. be their first step.
Para. 6 summarises practical gains to us from proposed Treaty.
- R.A.B. Is it necessary to offer free arms? Awkward precedent. Pakistan pays us for them.
But, on ths propⁿ. the more they pay for installations, the more we have to give in free arms.
- Sw. But the installⁿ. credit will enable us to justify the free supply in reply to any grumble from Pakistan.
- A.E. And U.S. are ready to give free arms if we don't. This wd. be v. tiresome.
- H.M. And otherwise we shd. get nothing for install^{ns}. if we let our Treaty run out. As at end of a bldg. lease.
- H.M. £7-8 millions wd. be a reasonable figure for installations.
Free arms wd. be pump-primer. We cd. then sell replacements & spares – once they are committed to Br. types.
- de L. If U.S. get their arms in free, their technicians will get a foot in.
- R.A.B. Agree in principle, but hope Ty. will be kept in consultⁿ. on details.
Sh^d. you not also get settlement of old claims – as part of Treaty.
- H.M. Let me get main lines of Treaty settled first : then see if we cd. mop up old claims at end. Don't however hold up negot^{ns}. on main Treaty.
- A.E. £6 m. for install^{ns}. wdn't exhaust their need for arms. They wd. need much more & wd. have to buy them.
- Sw. This will be popular with Doms. (save India). Sh^d. like now to tell all save India what we now propose. Will consult H.M.
- A.E. x/ Nuri wd. like senior Minister to go out for signature. Persians like it & will prob. join in later.
W^d. like x/ to be considered. Celebration of renewal of Anglo-Iraq friendship. They wd. like L.P. to go.
- H.M. Shall try to get Iraq to buy fr. us on off-shore basis. Our main need is to have our own radar. More likely to get off-shore arrangement if we give something free.

1. Four Power Meeting. [Enter R., B.H.]

P.M. Read reply to our telegram. W'ton 568.
Looks as tho' U.S. don't contemplate any early mtg. with R.

2. Parliament.

H.C. Business for next week.
Budget : April 19. } to be announced in Statement on Business
Apl. 7-19. Easter Recess. }

3. Colonial Immigrants.

L.I.G. Resolⁿ. on Colonial Immigrⁿ. at Central Council mtg. to-morrow.
Our Bill is nearly ready for Cabinet. What do we say to-morrow?

P.M. That Govt. have it under constant & urgent considⁿ. Diff^{ies}. are
evident, but clear tht. grave problems will be raised here if influx
continues.

A.L.B. Lloyd is on his way back fr. W.Indies. Possible they may impose some
control. Avoid premature announcem^t. of our plans – because of that
& also because mght invite forestalling. Tory Party is divided on this.
Comm. Assocⁿ. are recommendg. amelioration of cond^{ns}. in Colonies
as right remedy. We shd. preserve freedom of manoeuvre.

R.A.B. Junior Minister shd. go & make temporising statement.

W. Better to have no statement on behalf of Govt. See how discⁿ. goes
and let Junior Minister speak only if necessary. Let both sides be
stated.

P.M. Leave it to W. Better not have any other Minister spkg. on this.

4. Newsprint.

P.M. Said tht. new arrangem^t. favours D. Mirror as against Tory newspp.

P.T. Last autumn offered 50,000 t. more and another 50,000 t. if they made
scheme obviating Govt. control. They have done so, but not all
newspp. have accepted it. They now ask for enough to give them one
more ½ page. Prefer to p'pone that until they take over control
scheme. D.Express are campaigning v. scheme.
Can't have a fight with Press on this now. Have asked Supply Co. to
see me, to report progress. At a dinner Thurs. I will commend it. If I

can draw promise of scheme, I wd. then offer them the ½ page: tho' newspp. organⁿ. doubt if I should.

R.A.B. Press have had 50,000 t. more & promised another 50,000 on cond^{ns}. All they do is to start unnecessary sheets e.g. Junior Mirror. Suggest we threaten to w'draw our offer if they don't play the game. W'in limits of my concession, you can negotiate.

P.T. Bishop favours linking extra ½ page with accept^{ce}. of voluntary scheme. Suggest I have auth^y to give it when it won't prejudice

Approved.

[Exit B.H. Enter I. McL.

5. Local Government Reform.

D.S. Immed^{te}. ques : what shd. I say when Bills come forward. L.A. assocⁿ. have shown unexpected readiness to agree. Propose I make statement as in draft – revised to meet comments of L.G. Ctt^{ee}.

H.C. Unfortunate tht. it was re-opened after earlier decision to let it rest until after Election.

D.S. Para. 1 of memo sets out earlier decⁿ. : I have done nothg. inconsistent with that.

R.A.B. M/Housg. has bn. surprisingly successful. But is a hornets' nest. e.g. demotion of small boros., diff^{ies}. about l.e.a.'s. Reference to L.G. finance will invite ques about re-rating. We can't say much on the genl. issue in Election. Less said better, now : but take credit for extent of agreemt. secured.

H.M. Why not omit §9?

D.S. Ty. wanted it. We shall be asked. Better to have considered statement.

R.A.B. Bury first sentence of 9 in another para. & add merely that it's under considⁿ. No reference to me. Agreed.

H.C. Circulate as written Answer. Agreed. [Exit I.McL.
[Enter A.N., N.B.

6. United Nations : Assembly, 1956.

R.A.B. Limiting factor is hotels. Even tho' we turned out 25% of tourists we cdn't get them in. S. Bank : if anything, shd. have Nat. Theatre. If this is erected, shall we ever get it down.

- A.N. U.N. convenience wd. be best met by mtg. outside N.York.
- Sal. Drop this idea. Wildly expensive – & inconvenient. Advantages wd. not be commensurate.
- Better to make a start on a permanent Confⁿ. bldg & don't ask U.N. to come here until we have it. Then we can give them a good show.
- D.E. Support that view. C^d. be made to pay, taking one conference year with another.
- Agreed : i) No temp^y. bldgs. for U.N. in '56.
ii) M/W. to submit proposals for permanent conf^{ce}. bldg : and announce that so as to show we are interested in havg. internat^l. mtgs. in Ldn.
- Sal. What of hotels?
- P.T. We need more. But private enterprise finds they don't pay.
7. Comet Aircraft. [Exit N.B., A.N.
[Enter de L., S.Ll., B.C., H.W.]
- R.A.B. Sh^d. we move at once to Mark III?
Will emerge at same time as new Boing – & may beat it.
Means abandoning Mark II.
Leaves 19 of these. About 13 cd. be used by T'port Command. A few may be used by Farnboro' & one or two bought by aircraft operators for training purposes. I wd. take responsibility on Votes. But are Govt. justified in using them? I think so, in view of strengthening.
Sh^d. recover our outlay in sales of Comet III, wh. will then come in 18 months or 2 yrs. earlier.
- de L. We shd. have to carry passengers, as well as freight, in them.
- H.M. We must make it clear they will not be used at all unless Air Certificate is given for re-inforced type. Object of decision is to move more quickly to Mark III.
- de L. I favour this.
- R.A.B. If Air Cert. is not granted, I shall have to find other means of giving financial help to de Havilland.
- [Exit S.Ll., de L.
[Enter G.Ll.]

8. B.T.C. Charges.

a) Freights Scheme.

B.C. This seeks maximum, not fixed, charges. Will arouse comment. But I propose to let this go fwd. w'out comment.

A.L.B. Parlt. raised no objⁿ. to principle of maximum charges.

C.(55) 66 : approved.

b) Short-term proposals.

B.C. B.T.C. seek interim increases in fares and freights to reduce deficit. Only on freights (£17.7 M) does M/T. share responsibility. I can reject or seek Tribunal's advice. On other proposals, my only way of stopping them is by formal direction. On increased costs, incldg. wages, B.T.C. face v. large deficit wh. ought to be tackled. P. Opinion, wh. supported wages settlement, recognised tht. increased charges wd. follow. B.T.C. are making economies (£15 M) pari passu. Some such increases are inevitable unless Govt. are ready to subsidise.

R.A.B. These figures [can't be challenged] – are odd, on m'tenance. Looks as tho' it's rigged. But no alternative.

B.C. Apart fr. m'tenance figure now on actual cost, as foreshadowed in 1953 report) deficit is quite large enough to warrant these increases. New fares wd. come in at end/April, or early May. Announcement about end/March. That cd.,. be p'poned.

Sw. Why not defer passenger fare increase until advice is available on freights, so that all can be introduced simultaneously.

H.M. Don't decide this to-day – in absence of A.E.

G.Ll. As we didn't raise coal prices when R.A.B. made his statement, I am trying to play it long – trying for end/May.

Agreed : resume discussion next week.

[Exit H.W.]

9. United States Aid for Pakistan.

P.T. Tenders from Lancs. – may get 2 or 3m. dollars' worth of orders. But 50% U.S. ships is a condⁿ. : if we reject it, we can't get contract. Then we shall sell no textiles to P'tan this year. 50% wd. in any event come in U.S. ships.

- R.A.B. Must support P.T. Essential to get this contract. Don't see why this comes to Cab.
- Sw. Business will go to Holland if we reject.
- A.L.B. We shall have conceded principle & breached solidarity of opposⁿ. of maritime countries to 50% condⁿ. V. strong objⁿ. in shipping circles. W^d. U.S. Govt. insist on it?
- P.T. Have verified fr. W'ton tht. no chance of getting contract w'out this condition.
- B.C. Even Manchr. Guardian opposes this.
- R.A.B. to discuss with P.T. and B.C. & rep^{ve}. of C.R.O. at 6 p.m.

1. Parliament. [Enter B.H.]
H.C. Business for next week.
28/3. Motion for memorial to L.I.G. – 10 years having passed since his death.
Privilege : motion for Debate : Driberg. W^d. be better to refer it to Ctt^{ee}. on Privileges. Can debate it on their report. W^d. save 2 debates.
2. G.A.T.T. Review.
P.T. Propose to answer P.Q.'s by promising White Paper. Intend to publish it before Easter.
A.E. Well received.
R.A.B. Waivers are popular : rest is unintelligible.
[Enter Att. G.]
3. Buganda: Kabaka.
A.L.B. Kabaka's daughter, with polio, has come to U.K. for treatment by Cohen!
Nov. last I stated tht. K. mght return in 6 months. Dec., a Ctt^{ee}. was appointed on constitutional ques : report expected soon, and may be unhelpful. Delay in allowg. K.'s return is due to action taken in Uganda. That has bn. made clear to K.
4. Railway Charges. [Enter G.Ll., B.C.]
B.C. Having ourselves provided by our Act of '53 machinery for quick action w'out intervention of Ministers, it wd. be wiser to let it work. Decisions wd. be by Tribunal, on merits of applⁿ.
W.M. 0.07 increase in c/living.
Sw. Timing : Ldn. & suburban is most important. Raises only £4 M. in full year. How long wd. Tribunal take over it?
B.C. 2-4 wks : mtg. in private.
Sw. Big money £17.7 M. is long-distance fares, & that can't be stopped. V. useful, however, if applⁿ. for Ldn. increases were delayed for some weeks.

- K. Agree. Freights also have little pol. interest. If we allowed B.T.C. to go on with freights & long-distance, that wd. show we were concerned about their finances. They cd. surely be persuaded to delay the other.
- B.C. Main-line increases wd. be announced end/April.
On Ldn. fares, Tribunal's award wd. be known in 4 weeks' time : and introdⁿ. wd. be considered then.
- Sal. Redundancy. Public will resent increased fares before results shown on that.
- B.C. Para 4 of earlier memo : applⁿ. assumes economies of £15 M.
- Att.G. C^d. M/T. "consult" B.T.C. to see wtr direction wd. be required : then spin it out. B.T.C. cd. hardly make applⁿ. to Tribunal while this was going on.
- K. Para. 5. He has also to consult Tribunal on freights. Why doesn't he do that first : then his Regs. M'while asking B.T.C. not to go to Tribunal on fares until freights are cleared.
- W. Then, also, we cd. argue that fares shd. all come in together : and that main-line increases shd. not be made until London fares are ready for introduction. Press that on B.T.C.
- A.E. You cd. also ask B.T.C. for further assurances on redundancy. We must have an answer on that, if increased fares are to be justified to public.
- P.M. Brief but decent delay.
- [Exit Att.G. G.Ll. B.C.]

5. Cotton Industry.

- P.T. No decision to-day. Cab. shd., however, know issues.
- i) short-time working in Lancs., whatever we do. Likely to face some permanent contraction of industry.
- ii) $\frac{2}{3}$ ^{rds} of diff^y. arises from exports : but most of complaint is about imports.
- Imports fr. India & H-Kong. 150 m. yards last year, now running at 200 m. yards & disproportionate increase is fr. H-Kong. Reason : cheaper labour & entry duty free.
- Cotton Bd. seek quota while we re-negotiate agreemts giving Commomw. free entry. Look at diff^{tes}. of that. We cd. never w'd draw quota. We shd. be comm^d. to protⁿ. on permanent basis : & effects wd. go wider than India and cotton.
- If some action is essential – vital need is to avoid retaliation by non-Comm. world & quota restrn. v. our exports. Least damaging wd. be to have holdg. quota on retained grey-cloth

Exports. Suppose we take above action, benefit to Lancs. is slight – short-time & contⁿ. will continue. Pressure will switch to export problem. 2/3rds of short-time unconnected with grey cloth. And Lancs. remedy for that is removal of purchase tax : wh. hits quality end, wh. is their ultimate salvation. That case will be deployed in next 3 months whatever we do on imports. If in end we gave way on that we shd. suffer twice.

- R.A.B. Last time we placed £20 M. orders ahead. *Perhaps H.M. will review chances of doing any more of that.
- a./ We may come to a quota. Go on studying it.
But first try one last appeal to India.
If that fails, I wd. prefer quota under Art. XIX of G.A.T.T. Don't want to breach G.A.T.T. at once. Art. XIX quota wd. be non-discriminatory.
Try to get it regarded as temporary measure.
We, as Govt., must clear our minds on tariff policy.
- x/ Prs. we shd. also promise to examine cotton industry prospects.
Think we shd. say we will examine p. tax. Wd^{n't}. affect much of Lancs. trade : & wd. have enormous repercussions. Can't accept Lancs. argument on that.
Suggest we consider quota (temporary) but say we will examine prospects of cotton industry, not excludg. effect on it of p. tax.
- Sw. Favour personal appeal to Nehru.
- W. Indian Govt. are selling raw cotton to their textile industry below world price.
- Sw. That is not for purpose of cheap manuf^e. but to prevent land being turned over from food to cotton.
- A.L.B. Hong Kong has no duties v. Br. exports.
Her posⁿ. is v. different. Thus –
i) we have restricted entrepot trade because of cold-war.
ii) post-war industrial developmt. has taken its place, & much of that is grey cloth.
iii) we cdn't restrict entry of H. Kong cloth alone : it wd. have to be Colonial quota. And W.Indies are sending some to U.K.
iv) how wd. quota look at same time as Colonial waiver under G.A.T.T. We shd. look v. foolish.
- P.T. Approach to Nehru. We have approached Indian Govt. They have no more control over their exporters than we have over our importers. He will reject our appeal.
Art XIX. We must seek to limit damage to other exports. When imports fr. Eur. are falling & we impose quota because Comm. imports are raising, we invite retaliation.
Easier to defend temp^y. discriminatory quota while we examine tariff.
Be careful of x/. We shall land ourselves with financial & political

- y/ headaches. Leave Lancs. to solve own problems. Confine ourselves to proper Govt. action- taxⁿ. & tariffs.
- W. I strongly agree with y/.
- P.T. P. tax relief cd be justified.
- A.E. Not impressed by Cotton Bd. arguments. Sh^d. hear wht they say.
 Agree to examine a/. But retaliation risk is v. high.
 Colonies are going to be uncomfortable qua imports to U.K. What can we do to off-set it by increased exports fr. U.K. (Lancs.) to African Colonies.
 P. tax. This deserves some examinⁿ.
 We oughtn't to do quota alone because exports is real problem.
 How wd. quota affect Canada, U.S.A. cf. effect on our exports of bicycles to U.S.
- A.L.B. Have asked all Colonies to consider [reduction/exclusion of Japanese cotton goods on b/paymts. grounds.
- R.A.B. Deputⁿ. doesn't expect an answer to-morrow.

C.27(55)

30th March, 1955.

1. Four-Power Meeting. [Enter B.H.]

A.E. Current posⁿ., after ratification.

2. Anglo-Iraq Treaty.

A.E. Agreemt. signed last p.m. V. good for us – esp. as enabling us to pre-stock in Iraq. We have 2nd. in command at Habbaniyah & Shaiba & use of other airports too. We also have exclusive right to train Iraq Air Force – wh. will get our equipmt. in, & they have cash to pay with. Want to clinch it, before anythg. intervenes as riots did last time. Propose therefore to offer (by Motion) Oppⁿ. debate on Monday, if they want one.

R.A.B. No free arms. And cleared up old claims. V. good.

3. Parliament.

H.C. Business for next week.

4. Non-Industrial Employment Bill.

H.G. Based on Gowers Rpts. Unsuitable for Priv. Member's Bill – wd. need v. careful scrutiny in Ctt^{ee}. But we cdn't oppose it. What is our spokesman to say? Promise Govt. legⁿ. when time permits?

W.M. We aren't all in favour? I am.

H.A. I'm anxious we shd. get credit for legⁿ. providg. for safety in agric.

P.T. Don't get comm^d. to whole Gowers Rpt. v. gt. cost to employers. We shd. make some advance in this field, but cautiously.

K. Quoted Simonds remarks in H/L in June '52.
At H.O. I received 8 deput^{ns}. on this from T.U.C. We shd. be f'coming.

R.A.B. Bound to be in an election manifesto : tho' in cautious terms. Agric. & rlways certainly. Shops more controversial. Prob. best to go fwd. by sections.

H.A. 28.000 accidents p.a. in agriculture.

H.C. Avoid welfare aspects of Gowers on agriculture.

- P.M. Let L.I.G. submit to me text of what his Under Secy. wd. say.
- H.C. Better not to get this into Ctt^{ec}. W^d. they not w'draw it on promise of Govt. legⁿ.? Otherwise we shd. have odium of proposing amend^{mts}. etc.,
- H.A. W^d. have to be v. f'coming in order to stop 2nd. Rdg.
- L.I.G. Wh. cd. support intentions but criticise detail of this Bill : promise to legislate later : invite them to w'draw.
- P.M. Try to persuade promoters to w'draw it after debate. If that fails, let it go into Ctt^{ec}. stage.
- K. We need separate Bills – agric., rlways, shops etc., Try to keep debate going all day. No harm in moving closure.
- H.C. x/ In this event authorise prepⁿ. of Govt. Bills. We must be ready to redeem our promises.
- [Enter Munster.

5. Officers' Pensions.

- Sal. Motion by Ld. Jefferys in H/L. – will prs. be taken to Divⁿ. in which event we shd. be beaten. What line shd. we take? Invite rejection or propose reasoned amendment? Submitted draft. Think H/L. might be persuaded to accept such an amendment.
- Sw. Has advantage of setting out what has bn. done.
- R.A.B. W^d. prefer to omit reference to c/living. Otherwise, I agree. Eventually we must have Pensions Increase Bill.
- [Exit Munster.

6. National Service.

- H.M. Bellenger's P.Q. No. 57. Propose to reply by reference to para. 67 etc., of Def. White Paper. Or shd. I say : I doubt wtr enquiry by Sel. Ctt^{ec}. of H/C. wd. be helpful. That wd. leave more room for manoeuvre.
- H.C. Then they will say – have another kind of enquiry.
- A.E. Prefer first alternative. More honest.

[Exit B.H.

7. Renfrew Maintenance Base. [Enter S.Ll., B.C.]

Not heard. Memo. approved. [Exit S.Ll.
[Enter Att.G.]

8. Industrial Disputes.

(a) Newspapers.

W.M. Proprietors won't negotiate. Unions won't accept arbitⁿ.
Owners have now given notice to printers & compositors – who will be
out by mid-April.
Pure wages dispute : diff therefore to have Ct. of Enquiry.
Am seeing other Unions concerned: they may lead E.T.U. & A.E.U.
into negotⁿ.
N.P.A. are being blackmailed & don't therefore want to be given
chance of compromise.

(b) Docks.

New books under Dock Scheme are issued on 1/4. In Ldn. issued
automat. to all on register. On Merseyside they have had to show
Union Membership. Thousands (3-4.000 at least) have t'ferred to Blue
Union. Legal opinion given tht. proof was needed of T. & G. W.
Union membership. I told Deakin this interpretⁿ. wd. provoke a strike.
And that I cdn't defend such a closed shop. I therefore asked Lpl. Bd.
to hand out books to anyone on register, whichever Union he belonged
to. The Dock Labour Bd. invited local Bds. so to act : but despite
advice of H.Q. of Stevedores Union local rep^{ves}. of that Union didn't
back it. Now believe they will come into line.
Deakin has now seen tht. this is not an issue on which to fight
Stevedores' Union.

Later: Mersey dockers return to work Thurs. a.m. [Exit B.C.
[Enter Birch.]

9. Colonial Office Building.

H.C. Ctt^{ee}. concluded against – partly because of cost, partly because of
diff^{ies}. of legⁿ. involved.

P.M. But shd. we thus impede the leisurely consⁿ., over years, of the grander
design?
All we have to decide now is wtr we block that possibility by erecting
this new bldg.

H.C. If we don't build, we shd. have to legislate to enable site to be held
open.

- D.S. Parl. gave powers to erect bldg. not C.O. bldg. If we said we were considerg. larger project, we needn't legislate until we are ready to go fwd. with that project.
Surveyors, if told planning permⁿ. to re-build wd. be w'held, they wd. have option of continuing in present bldg & wd. prefer that to being bought out. Shan't have to buy until ready to go on.
- Att.G. V. doubtful if planning consent cd. properly be w'held because wider project was under considⁿ. Using planning consent as prelim^y. to compulsory purchase.
- R.A.B. Large project needs more thought.
But cd. we not build C.O. on R'mond Terrace. Thus avoid prejudging wider plan. And negotiate about that.
Mght need legⁿ. sometime to validate diff. user of W'minster Site.
- H.A. Then we cd. air idea of grander project.
- A.E. Other claims to R'mond Terrace – if we don't use Carlton Terr^{ce}.
- O.P. Favour keeping wider project open.
- Sal. Prefer R'mond Terrace. W^d. like, however, to avoid any announcemt. of grander project because of its cost. Just keep that open.
- Ll.G. Don't want C.O. on W'minster site.
- N.B. No problem for F.O. if Carlton House Terr^{ce}. plan goes fwd.
- A.E. Agree tht. C.O. need is greater than F.O.
- R.A.B. Shall have to tackle C.H. Terr^{ce}. soon because it's falling down.
- D.E. General enquiry into accommⁿ. of all Dpts., in order to concentrate into units.
- W. M'while, bldg on R'mond Terrace cd. begin.
- A.E. If Cab. agree tht. C.H. Terr^{ce}. in some form must go fwd. I wdn't object to C.O. going to R'mond Terrace.
- N.B. May I warn Surveyors not to incur expense. They have L.C.C. planning consent, in principle.
- D.S. W^d. want L.C.C. approached at same time. I wd. prefer to do both myself.
- P.M. D.S. and N.B. to tackle Surveyors & L.C.C.
- R.A.B. Ear-mark R'mond Terrace for C.O.

Let Ministers concerned look further into greater project.

A.L.B. No announcemt. m'while. For C.O. may have to go back to W'minster site.

[Exit N.B., Att.G.

10. Review of G.A.T.T.

P.T. U.S. have signed most of amend^{mts}. & are putting it to Congress. This statement will help U.S. to pass it – wh. will be in our interest.

Sw. Delete some “certains” fr. para. 6.

Agreed.

11. Cotton Industry.

P.T. Plan outlined in C. 88.

V. gt. diff^{ies}. : Thus –

i) Quota cd. only be a holding operation, preceding tariff.

A permanent quota wd. be inconsistent with all our policies.

ii) Inclⁿ. of Hong Kong. Omission wd. involve discrimⁿ. w'in Comm. v. India/Pak. alone: wd. encourage expansion of prodⁿ. in H-Kong : it is worst offender because most of it is retained in U.K. & amount is expanding rapidly. Ought therefore to extend to H.Kong : & this action v. a Colony wd. be v. serious.

P.M. C^d. be justified as emergency measure because of increased popⁿ. of Colony.

P.T. I don't commend this plan. Breach of GATT., also of free-entry policy : protⁿ. of industry enjoying 90% of home market : wd. provoke demands fr. indust^{ies}. with stronger claims : re-negotⁿ. of Indian Trade Agreement : legⁿ. for tariff : risk of retaliation: deals only with 1/3rd. of problem.

W^d. prefer other means – as in last para. Removal of p. tax wd. be best method. No intern^l. problem. Popular with Tories.

But, if we do use quota, prefer to associate it with other measures – C.89.

Courses i) no action ii) p. tax alone iii) quota alone iv) package as in last para. of C. 88.

I believe that, commercially, ii) is best course.

A.L.B. This wd. be first imposⁿ. of quota v. Hong-Kong in its history. At a time when we have ruined her entrepot trade because of our policy twds China. This trade in cotton rescued them from ruin. And folly to do it on morrow of securing Colonial waiver.

- P.T. Cdn't impose quota which didn't apply to H-Kong.
- W.M. Para 7 of C. 88 shows this clearly.
- A.L.B. Can't stultify our Colonial policy because of temp^y. pol. diff^y. in U.K.
- R.A.B. x| We must have a smaller mtg. on this to elaborate a plane.
| RAB., P.T., Sw., A.L.B., H.M. plus F.O. Minister,. W.
Temporary limitⁿ. pending discⁿ. with other Comm. countries
concerned.
- A.L.B. Doesn't help me because U.K. dictates policy for H Kong and needn't
discuss with them.

Agreed as at x/. Report to Cabinet next week.

C.28(55)

5th April, 1955.

1. Industrial Disputes – Newspapers. [Enter Att.G., J.T., BH.

W.M. T.U.C. are now trying to press AEU & ETU to send the men back.
If that fails, they will tell printers they are absolved fr. normal duty not
to do work of other Unions.
M'while Ct. of Enquiry will sit & press on with their work.

P.M. Communist threat to democracy.
Serious threat of similar action at B.B.C. – tho' they cd. carry on 3
wks.

A.E. That, if it happened, wd. be a national emergency calling for stern
measures.

2. Austrian Treaty.

A.E. Trying for tri-partite statement to strengthen Raab's hands in Moscow.
Has now bn. agreed – with diff^y. – and will be publ^d. before end/week.

3. Korean Prisoners of War.

Att.G. P.Q. 7/3. I said prosecⁿ. mght be launched if W.& Shapiro came w'in
jurisdiction. W. may go to Indonesia on 18/4 & may pass thro' H
Kong or Singapore. But a) no power to arrest him in transit b) no
suff^t. ground to proceed. Statements made in publ^d. report were based
on views of ret^d. p.o.w., some of whom are Communists. W^d. wish
now to get Police to get statements fr. them – tho' may show we
haven't a case.

All ref^{ces}. to Shapiro were based on statement by single p.o.w. who is
noted & active Comm. Wdn't wish to base procdgs solely on his ev^{ce}.
W^d. however wish to have Police enquiries made of this man & others.

A.E. I impounded his B. ppt. in '54. If he arrives with Ch. travel document
we shd. refuse him leave to land in transit.

A.L.B. Govrs. can w'hold leave to land w'out reason.

P.M. 1) Stop him passing thro' H.K. or Singapore.

Agreed 2) Att.G. to continue enquiries.

D.S. 2) wd. leak & jeopardise veracity of our pamphlets.

K. If they don't stand by earlier statements, doesn't prove they're untrue.

[Exit Att.G.]

4. Naval Discipline Act.

J.T. In light of experience with Army & RAF., we now wish to have our Bill examined by Sel. Ctt^{ee}. before it comes to H/C. W^d. wish to announce this in reply to P.Q. on Wed^y.

H.C. Support this – with naval assessor.

Agreed.

[Exit J.T.]

5. Parliament.

H.C. Business for week after Easter.
Budget debate to be completed by 25/4.

RAB. Do we need to say that?

H.C. Common form : shd. be asked if we didn't volunteer it.

6. Resignation of Government.

P.M. Have decided to resign – audience this p.m. at 4.30. Will be announced by B.B.C. at 6 p.m.
It is in Sovereign's discretion to decide for whom She sends.
This involves resigⁿ. of Adminⁿ. All Ministers shd. regard offices at disposal of my successor : but carry on m'while. Will so inform Ministers of Cab. rank at 5.30 p.m. Am writing to junior Ministers.
Remains thank colleagues for forbearance & wish luck in diff., but hopeful, sitⁿ. they face. Gratitude to N.B.

A.E. Colleagues asked me to speak for them all. W^d. be embarrassing for all to speak.
Sense abiding affectⁿ. & esteem – & pride & privilege being your colleague. For me 16 yrs : others shorter : for all, affection is same.
Example you have shown us – if we do less well because we have failed learn
Magn'm. – courage at all times – humour based on English – asides on Ty. Bench. we shall always remember.
Thank you leadership & friendship.
Hope you will let us tell us what we are up to.

P.M. Matter far transcending Party tht. we should go on reldg dom. & financial strength.

=====

This, alas, was the end of the Churchill Era.

C.M.1(55)

7th April, 1955

1. The Cabinet. [Enter B-H.

P.M. Welcomes [H.M.] S.Ll. to Cabinet and, in absentia, House,

S.Ll. Tribute to A.E.

2. Industrial Disputes : Newspapers.

W.M. Changes in form of negotiating machinery might be basis of getting back to work. NPA wdn't couple that with any promise of more wages.

Union's mght take it w'out such promise.

Ct. of Enquiry shd. finish work to-day.

Likely to come to a head over week-end.

3. Cotton Industry.

Agreed : discuss at a Cab. on Tues. at 6 pm.

R.A.B. x/ Statement shd. be made in H/C. by P.M. on 20/4.
I will confine myself in Budget speech to P.T. aspects.
x/ will have bn. foreshadowed by B/T. in reply to P.Q. on 19/4.

P.T. Statement on G.A.T.T. & on Japan will have to be made on 20/4.

P.M. My makg. it may make it worse for India : that must he considered.

P.T. I mght be better able to answer supplementaries.

Agreed : Make statement on 20/4.

P.M. to consider who shd. make it.

R.A.B. I must refer in Budget speech to G.A.T.T. Do I foreshadow full statement by P.T.?

P.M. Discuss with P.T.

4. Nuclear Weapons.

H.M. Discuss with Canadians & show Cab. what we wd. say to U.S.

Approved.

1. Northern Ireland : Unemployment. [Enter de L'l., R.M.]

L.I.G. Disc^{ns}. have bn. procdg., both Govts., for some time. That is known & results are expected. Awkward therefore tht. cut in Swifts shd. cause add^l. unemplt. of 1.300 at Shortt's. M/S. have sugg^d. putting in another 10 Canberras, which we shd. have to under-write.

R.M. Betwn. now and end/year, there will be a gap – before Britannia's come in. This wd. employ 600 in the interval.
Some risk tht. India won't buy the Canberras – but v. small one.

S.L.I. Other methods explored : but this is most practical. Canberras are useful aircraft.

de L'l. 189 on order for R.A.F. C^d. M/S. transfer some of those to N.I.?
Cdn't guarantee to use another 10 in front line.

R.A.B. Not a sound propⁿ. RAF don't need : India mightn't buy.
N.I. Govt. aren't showg. enough drive to get new industry.
Am already under-writing Britannia's. Reluctant to do this.
Ready to consider subsidy for prodⁿ.

A.L.B. We moved Shortt's to N.I. – a Govt. factory. Diff. to m'tain tht. we shdn't use it as means of providing emplt.

D.S. Support that view. Gt. blow to N.I. to see collapse of aircraft industry, hit by Comet as well as Swift.
Cdn't we do this & press at same time for more N.I. effort to attract light industry.

P.T. They do provide more incentives than we do in developmt. areas.

D.S. But personalities are lacking.

H.A. Fact of Govt. ownership of factory is v. important factor.

R.A.B. Let me discuss with Ministers concerned (M/D., M/S.) in consultⁿ.
with H.O. chances of getting orders for these Canberras.

[Exit R.M. & de L'l.]

2. European Defence.

H.M. Fr. are holding back on ratificⁿ. of Agreemts. in order to get all dec^{ns}. firm on Saar. Trying to work to NATO Mtg in May at which G. sovereignty can be affirmed – & we can go on to discuss Four-Power Mtg prep^{ns}. Aim to get definite time-table.

3. Formosa.

H.M. Complicated by Menzies plan – evacⁿ. of off-shore islands coupled with guarantee of Formosa. He is pressing for our views by tomorrow, so tht. he can go on with Dulles. Canada dislikes this : we must think it over v. fully. Draft tels. prepared setting out diff^{es}. & suggesting ref^{ce}. to all Doms.
Guarantee is not approp^{te}. U.S. don't want our physical support only our moral backing. Also R. may be driven to take a posⁿ. despite their (probable) anxieties.
We cd. stand pat. Then, if off-shore islands are attacked, what do we do? Our aim must be to get the islands evacuated.

H.M. It wd. be guarantee to Chiang, in form. Not therefore open to above objⁿ. But unpalatable politically.
Read draft telegrams.
Alternatives i) no action – risking attack.
ii) seek means of securing evacuation of islands, otherwise than by guarantee of F. A possible plan wd. be to suggest tht. Four Power Mtg shd. consider procedures for discⁿ. of F. issue : after interim declⁿ. to go to U.N. if F. attacked after evacⁿ.

P.M. I support this initiative. Suggest it be taken w'out adding tht. Cab. haven't considered.

H. W^d. like to be consulted on timing of approach to N.Z. and Canada.

H.M. Ready to allow interval. Also make it clear we shan't divulge his convers^{ns}. with Dulles, but shall hang it on Press sugg^{ns}. of a declaration.

Approved, subject to x/.

4. Industrial Disputes – Newspapers.

W.M. Point wh. emerges from Rpt. is tht. N.P.A. don't discuss claims of these Unions, their real negotiations being with printers' unions. Ct. will say tht., this claim is unrealistic, machinery is defective. Will suggest disc^{ns}. on that. And that will be accepted by NPA and T.U.C. Ques is wtr striking unions will find it enough of a face-saver. If nothing emerges, it will be long struggle. N.P.A. will have to consider what to do. Provincials cdn't. expand to cover main need. But N.P.A. mght themselves produce an emergency paper.
x/ Can't ask N.P.A. to make concession.

General support for x/.

[Enter B.H.]

5. Cotton Industry.

- P.T. Restⁿ. on Comm. imports wd. be a serious move.
About 50,000 men on extended holiday. Some will come back. Likely to be continuing short-time working.
Confined to India, it won't satisfy cotton industry.
Shall be pressed to go beyond cotton – & we may be forced into posⁿ. in wh. we are treating India as foreign country. We have a lot to lose on U.K. exports, generally.
Solution wh. appeals to me is to remove p. tax. Announce our plan to retain right to keep J. cotton out. Make what we can of India's redⁿ. of her duties on our textile imports into India.
What cd. Ty. do to help industry to switch over to higher grades?
- H. Might increase our exports from 3½ m. to 13 m. yards.
- P.T. 60-80% duty in India is one of Lancs. complaints. Looks as tho' India may reduce it, at best, to 20-30%.
This increase in our exports wd. be useful & wd. remove one cause of complaint. But wdn't pretend tht. this wd. satisfy Lancs.
- R.A.B. Tel. fr. India is new factor. Hard to announce next week tht. we intend to put on holding quota at this moment, when we have chance of getting another £10 M. of exports to India.

Suggest we send message to Govt./India asking what they intend.
Defer any statement m'while.
- P.T. What do we do if India does give us this benefit. Hard then to act v. India.
- P.M. Agree with R.A.B.'s view.
Think what India's comment wd. be.
Tell Parlt. we (Govt.) are in commⁿ. with Indian Govt.
- R.A.B. Yes : read draft message. Ques is how far do we threaten quota on gray cloth. [Exit J.S.]
- H.A. But put in scale the fact tht. increase in our exports is in line with our policy & restricting imports is against it.
- P.T. May I agree with RAB terms of a holding statement in H/C.
- P.M. I wd. say no more at this stage than tht. we are in consultⁿ. with G/India.
- R.A.B. [After discⁿ. on P.Tax.]

Believe we shall have to move towards freedom to impose tariff on Commonwealth goods. That was why I was ready to accept holding quota.

1. The Budget.
 2. Cotton. [Enter Ch. Whip.
- R.A.B. Will reduce by 50% p.t. on cloth, other than wool. Can't do more. If by 100% manufrs. of clothing wd. be able to escape all tax on clothes. Because they register for paymt. of p.t. either qua cloth or qua garments. C^d. take risk of reducing to 50%. viz., from a 50% rate to 25%.
- P.M. On presentⁿ. 100% wd. have bn. much easier.
- R.A.B. Sorry I can't have my quota solution.
- P.M. You can't do it now, when India is about to make a concession.
- R.A.B. If you undermine structure of p.t., you will be driven twds sales tax which is politically v. controversial.
- P.T. Worried at reception of this decision.
- ALB. Can talk of poss. concessions by India.
- P.T. Can't say much now : and the concession, when made, won't be warmly welcomes by Lancs.
- W. Those who benefit by that aren't same as those who lose by Indian exports to U.K. Latter wdn't benefit by p.t., either.
- H.M. "Undermining p.t." – only in textiles : and cd. be represented as
x| instance of using taxⁿ. to relieve unemplt. W^d. help N.I. as well as
| Lancs.
- R.A.B. W^d. have to amend law on regⁿ. for p.t. – wh. wd. involve legⁿ. Cdn't do it by Order. W^d. lengthen Finance Bill.
- A.L.B. H. Kong suggest mission fr. Lancs., if it includes all sections of the industry incldg those who process H. Kong gray cloth. W^d. it help to announce that, and build up Indian mission. To hold it over Election.
- P.T. Fear we can't get away with only 50% on p.t.
- S.Ll. Lancs. as a county – not only cotton people – will feel it has bn. let down. Price for no quota is put at about £10 million.

R.A.B. Then I may have to combine this with statement tht. I mean to revise tax.

W. Don't do that : v. bad for trade.

P.M. Repeat x/ argument.

Agreed : Nothing for Lancs in Budget
P'pone statement on Lancs for a week.

3. Industrial Disputes.

a) Newspapers.

W.M. Nothg. to say until result of Geddes' mtg. is known.

N.P.A. are thinking of bringing out a paper.

b) Railways.

W.M. Hope M/T. will be present to-morrow.
B.T.C. offer is only 5/6 to 1/6 less than demand.
B.T.C. will issue statement this p.m. No ques. of concession. If they made one, N.U.R. wd. make further claim.

1. Election Business Committee. [Enter B-H.

N.B. to discuss with W.

2. Parliament.

H.C. Business for next week.

What legⁿ. shd. be completed before Dissolution? In addⁿ. to Fin. Bill, a Nat. Insurance Bill and Navigable Waters Bill. Sh^d. be poss. to get these thro'. This is H/C. H/L. will have heavier task : a no. of Bills shd. be passed there, incldg. Crofters & Requisitioned Houses. We can't take any Lords Amendmts., except prs. on Pensions & Oil.

H. No legⁿ. re Pakistan will be needed.

[Enter B-C., G.Ll.

3. Industrial Disputes.

Newspapers.

W.M. T.U.C. convened mtg. y'day. Natsoper wasn't rep^d. Unions asked for mtg. with N.P.A. Unions will suggest resumptⁿ. of work on promise by NPA to negotiate. Outcome will turn on extent to which there is genl. desire to resume. If no agreemt. reached, it will come back to me.

Railways.

If B.T.C. made any concession to this, N.U.R. wd. make further claims. They hate ASLEF : they accepted Tribunal award. But they have much smaller no. of footplate men : & they wd. climb on any band wagon.

x| B.T.C. have asked ASLEF to reconsider. They cd. say their decⁿ. was taken before they knew there was to be an Election. They mght therefore p'pone strike.

In any statement, I wd. wish to say : no room for conciliation, & I have not bn. asked to conciliate. C^d. refer to x/ & say : presume they don't want to interfere with democratic process. If called off, it wdn't be resumed.

Docks.

Inter-Union rivalry. Acute ques now is recognⁿ. of Stevedores Union on Merseyside. Employers wd. like to recognise. Shall send for

Deakin & warn him tht. it wd. be wise to negotiate – or he will be in trouble.

Railways (resumed)

- B.C. B.T.C. think NUR wdn't join in, so long as no indicⁿ. given tht. ASLEF will get any concession.
Strike by ASLEF only wd. mean patchy results – no effect in Ldn, 50% out in North, nearly 100% out in W. and S.W. W^d. not be poss. to call for volunteers.
- G.Ll. Coal. Effect less serious than in winter because no personal hardship. But loses 3m tons p.wk. and industry wd. suffer. For one week no effect. But by 14/5 power stations & gas works wd. have to be kept going at expense of industry & unemplt. wd. begin to emerge.
- P.M. No word of encouragemt. to strikers. No change in our plans. Must see it thro' if it comes.
- Ll.G. Emergency Proclⁿ., if made : no H/C. to meet : mght. be poss. to act by Prerogative.

[Exit G.Ll., B.C.]

4. Cotton.

- R.A.B. Can find no alternative. Intend therefore to leave Budget as planned. If I can find anything better later, I can add it.
Believe this will be better received than is thought.
Can't be a debate on Lancs. for 2 wks. Will consider m'while what can be done, if anything; and I will take that debate.
Opposⁿ. know v. well the reasons for 2 : 1 ratio betwn. cloth and garments. They will think a 50% redⁿ. is dangerous enough.
Sh^d. I foreshadow a further statement on Lancs.?

P.T. Will be read as promise of more. W^d. sooner you left it to me when I speak later in Budget debate.

P.M. If nothing said, will be assumed we intend to do no more.

H. W^d. prefer to omit – mght be thght to imply quota disc^{ns}. in India.

Agreed – leave it to P.T., who will speak in Budget debate.

- R.A.B. P.T. shd. discuss with P.M. wtr he has enough to say on Lancs. to warrant his speaking to it. If he hasn't, mght be better for someone else to make that speech.

[Exit R.A.B., B.H.]

5. Austria.

H.M. For whatever motive, R. are now willing to conclude Treaty. We can say this is result of firmness. Betw. ourselves, we must recognise tht. it may be due to R. desire to tempt G. with similar bait on basis of mil. neutrality.
Must insist on A.'s freedom to join any European organⁿ. wh. is not military. Swedish, rather than Swiss, model.

6. European Defence & 4 Power Meeting.

H.M. Workg. to mtg on 27/4 of officials to discuss terms of invitⁿ. to R. & policy.
Ratif^{ns}. by 5/5. May 7-10 – NATO Mtgs : to receive G. : to hold 3 & then 4 Power talks of Ministers to settle invitⁿ. & date for 4 Power Mtg.

C(55)83 approved.

7. Formosa.

H.M. Thinking of 2 plans. i) If sudden attack on coastal islands, we must have formula wh. we can use – preferably agreed with U.S. This is necessary precaution for Election period.
ii) If we have more time, another plan. M. is cross with us : but Can. & N.Z. will support us. Not v. much in it. Prs. presentⁿ. We can't have "guarantee". U.S. don't want it : they need only our moral support. Will try therefore to work out a statement wh. U.K. cd. make : based partly on U.N. & partly on possibility of negotⁿ. thro' 4 Power Mtg. On ii) there wd. be time for me to talk to Dulles.

A.E. On i) we can prob. take Canadian line (Jan.) in less harsh language.
On ii) statement shd. be made before Parlt. dissolves.

8. Afro-Asian Conference : Accident to Indian Aircraft.

P.M. Message fr. Nehru.

A.L.B. Precautions were taken – but aimed at persons rather than aircraft. But we shd. certainly have full enquiry. I will consult M/T. on use of his experts. But main enquiry will be by Indonesians since crash took place there.
Enquiry in H Kong cd. be given more formal pattern.
Will submit draft reply to P.M.

9. Cyprus.

- A.L.B. Since memo., disturbances in Cyprus. Timing therefore needs thought as well as policy. Tho' may not be able to win again in U.N., if we have taken no forward action since last discⁿ.
This policy mght build up some vested interests in C. But may not be enough to induce Greece to stop interfering. And if we went further Turks mght oppose.
C^d. we suggest disc^{ns}. with Gks. & Turks., as add^l. step.
Timing. Mght seem weak after disturbances. But they may be designed to prevent us fr. makg. an announcement. Can we wait until June? – v. risky because of developmts. in C.
We shd. have to take Turks into confidence : also, prs., tell Greece.
Certainly we shd. try to enlist U.S. pressure on Greece.
- H.M. Will Cab. p'pone? Statement to H/C now is of no import^{ce}. outside U.K. Mght even stimulate Labour to offer more. Statement by a new Govt. cd. be more impressive.
Agree we shall have to do somethg. before U.N. meets again.
- A.L.B. Don't challenge those arguments. But remember risk of troubling blowing up in C. m'while. Jamming Gk. b'casts? Consider.

1. Parliament. [Enter B-H., Low, B-C., G.LI.

HC. Speakers in N. Service Debate – Thurs. M/D. to open. Reply by P.M., W.M. or A.H. Final decision – Tuesday's Cab.
Speakers in debate on Education – Tues.
Purchase Tax : Prayer on Thursday.

2. Cotton.

P.M. Lancs. is Achilles heel for Election.
Our present posⁿ. is awkward.

R.A.B. Indicated lines of his proposed statement in Budget debate to-day.
Can improve on these bare bones by invective v. Opposition.

3. Railway Charges.

B.C. Risk of continuing to delay, as Cab. decided. If I'm asked (P.Q.) if applⁿ. has bn. made I can't deny it. Risk tht. I may be asked, for juniors in B.T.C. know it. Will appear tht. we delayed it for electoral advantage. Might be damaging.
Even if we don't have to disclose in next few wks., the dates must eventually be disclosed – in annual Rpts. some months ahead.
Sh^d. we continue to run these risks, or not?

K. Cab. contemplated tht. freight increases wd. be made public. If Minister increases these, on advice, must we not then ask Tribunal to take that into a/c. in considerg. fares applⁿ.? That wd. be a proper reason for delaying second element.

B.C. They are same people : they know what they are about to recommend on freight.

K. But not what M/T. will decide.

B.C. They wdn't in any event take long to take it into a/c.

K. Knowledge tht. M/T. will put £17 M. into B.T.C. on freight wd. be a new factor, wd. it not?

B.C. They must have assumed it in framing recomm^{ns}. on fares.
And once Tribunal make recommns. to B.T.C. latter are under obligⁿ. to publish it.
Industrial dispute makes it [much] more likely tht. facts will come out.

- W.M. Not much. For dispute doesn't turn on wtr rlways can afford a further wage increase, but rather on arbitⁿ.
- O.P. When wd. the increased fares come in? That is what matters. C^d. that be delayed?
- B.C. Announcemt. wd. come in 10-14 days time. Fares cd. come in 10 days' later. Freight^s cd. not come in until early June. We cd. ask tht. both shd. come into opⁿ. together.
- x|
- Sal. Effect of disclosure of monkeying with this wd. be much the worse.
- R.A.B. I agree. I favour letting it come out soon.
- Sal. Sorry there can't also be assurances about redundancy.
- B.C. There is material we cd. use for that purpose. Figures take credit for £15 M. saving on efficiency.
- W.M. No reason why this shdn't be said. Wdn't affect strike.
- P.M. Politically delicate to press x/ on B.T.C.
- A.L.B. There is precedent for askg. tht. both shall come into opⁿ. together.
- Agreed a) Announcement as early as possible.
 b) Operation, both together, in early [Exit R.A.B. B.H. Low. June. But care not to influence B.T.C. unduly on (b).
 No "wrangling".

4. Industrial Disputes : Railways.

- W.M. T.U.C., Chairman & Secy., sugg^d. tht. I shd. see ASLEF. I saw them. They made v. good case on differentials. But not on decⁿ. to strike. I said I cdn't act under such duress. They said what else cd. they do. I said : Protest & later submit another applⁿ. N.U.R. have now declared opposⁿ. to strike. They will prob. try to keep their men in. ASLEF or T.U.C. may see me again. But nothg. I can do. Any weakness on our part or by B.T.C. wd. tend to bring N.U.R. out. Strike pay wd. only last 3 wks. Strike unlikely to last more than 2 wks.

[Exit B.C., G.Ll.
 [Enter Nutting.

5. European Defence.

- H.M. Still diff^y. over ratifications because Fr. pre-occupⁿ. with Saar steel works. Have sugg^d. tht. W.E.U. shd. arbitrate on this. Fr. threat is tht. they will seize the works at last moment.
Hope however for ratif^{ns}. on 5/5. Create WEU 7/5. Admit Germany & concoct invitⁿ. to R., for despatch by 8/5 or 9/5.
- P.M. Are U.S. reluctant still about this time-table? If so, we mght send personal message.
- H.M. Think U.S. are now in line.

6. Disaramament.

- H.M. We have a good case but can't present it until conclⁿ. of Sub-Cttee's procdgs, wh. are secret.
But I favour keeping Sub-Ctt^{ee}. in being, by adjournment, until after Election – to avoid headline "Disarmament Fails". Even tho' it involves handicap tht. we can't deploy our best case.
- P.M. H/C. resolⁿ. wh. we accepted related to 4-Power on H. bomb. Agenda for 4 Power shd. be so drawn as to admit discⁿ. of H bomb.
But is there not more we cd. say or do to show progress on lines of resolⁿ.
On Disarmament, keep in line with our friends. What do they think about going on? Can't insist on continuing for reasons only of our electoral advantage.
- A.N. We may find it diff. to keep going until 6/5. We are near end of proposals : not much more to discuss. Control – R unlikely to discuss. But R. don't usually like brkg. off. They may be our best ally on this.
- Sal. Agree H-bomb must be discussable at 4 Power. But don't be manoeuvred into talking of abandonmt. of nuclear weapons w'out disarmament in other weapons.
- A.N. I will aim at delaying report until after Election. But diff^{ies}. a) U.S. won't want to stay after 6/5.

Agreed.

7. Formosa.

- H.M. Dulles has now asked, in effect, what suggⁿ. we can make.
This gives us opening to suggest opⁿ. either w'in U.N. or on Geneva precedent.

P.M. We shd. make our posⁿ. clear soon – to keep it out of Election.

H.M. Aim at communicatg to U.S. early next week.

1. Election : Press Articles. [Enter B-H., 3 Serv. Ministers

P.M. Rule v. journalism may be relaxed during Election campaign. Central Office will co-ordinate. Payment shd. not be accepted.

2. Parliament.

H.C. Motion is likely to take form of regretting tht. no enquiry has bn. appointed. (Nat. Service Debate).

Business for next week.

P.M. N.S. Debate : Shinwell & Robens will spk. for Opposⁿ.

H.M. Case to be developed by Oppⁿ. is the use these men cd. be in industry.

P.M. If I reply, I must handle it mainly on f. policy lines. This is not a moment at wh. we cd. make a change.

S.Ll. No case for enquiry – it's matter for Govt. decision.

H.M. Need for N.S. is changing – peace-time purpose in cold war vice reserve armies for hot war.
Use of men in Services – has no connⁿ. with period : needs continuing attentⁿ. not ad hoc enquiry.

A.H. Man-power economy on Suez & Trieste is being taken up in creation of strategic reserve in U.K.

Post-Election Session. [Exit Serv. Ministers.

P.M. Think there shd. be good content in Q. Speech. C^d. Session run right on? Need therefore to get ahead with prep^{ns}. Want to carry impetus fwd.

H.C. I advise longer Session. True people will be tired after Election. But we shd. need spill-over. That being so, better to run right on. Pol. advantage of showing some big projects in [first] Queen's Speech. E.g. Clean Air Bill ; Copyright Bill : Gowers Rpts.
If we agree to long Session in principle, work shd. go fwd. at once in prepⁿ. for it. Aim at introducing before July Clean Air Bill and one of Gowers Bills (prs. Agriculture). Our main Scottish measure shd. be included in Queen's Speech.

[Exit B.H.

3. Formosa.

H.M. Tel. from Dulles – asking us to ascertain wtr Chou is sincere, before 9.30 a.m. today!

P.M. W^d. like to say in reply to P.Q.'s Thurs. tht. we are pursuing possibilities arising fr. Chou's statement.
M'while, cd. tell Nehru we have allowed D. to say we are enquiring & we will continue to keep him in touch. H. to consult H.M. on this.

4. Four-Power Talks.

H.M. Propose to table plan at mtg. of officials startg. 27/4. Read out formula.
Clears up any possibility of disagreeemt. betwn. A.E. & W.S.C.

P.M. V. ingenious formula. If all problems solved at lower level, there wd. never be need for mtg at top level.
[Enter G.LI., B-C., Att.G.]

5. Industrial Disputes : Railways.

W.M. No room for conciliation. B.T.C. ready, if men don't strike, to discuss differentials – tho' little prospect of satisfying them.
T.U.C. are much concerned, & are in touch with Unions to-day.
Can't forecast what will happen : N.U.R. may not hold all their men in.
Must await further visit by T.U.C. to-day. Then I may have to make statement e.g. in H/C. Wed. Also Govt shd. make [public] further appeal to ASLEF : e.g. shd. P.M. send for them.

LI.G. Emergencies Ctt^{ec}. suggest Prodⁿ. on Mon., and Rgs. be made at once.
Regional Ctt^{es}. alerted. Immed^{te}. need will be troops to drive G.P.O. lorries : leave wd. have to be stopped this Friday. Publicity wd. be needed for this – but also B.T.C. wd. announce Friday tht. livestock wd. not be accepted.

P.M. Resume this part of discⁿ. Wed. – with P.M.G. in attendance.

K. Para 2 of memo. If T.U.C. suggested further thght be given to differential & promised to persuade N.U.R. to agree, shd. we encourage B.T.C. to follow it up? Sh^d. we then have enquiry into differential, provided ASLEF w'draw strike notice.

W.M. B.T.C. wd. be ready to discuss that. But NUR wdn't agree : that is diff^y. I agree, however, tht. this is only hope – disc^{ns}. betwn parties or even enquiry on this point alone.

P.M. Greater differentials w'in existg money or net addⁿ. to labour cost?

- B.C. Must be latter – otherwise some wages wd. have to be reduced.
- W.M. But cd. look to future : viz., on structure – to be taken into a/c. on next award.
It wd. be discⁿ. on principles w'out commitment.
- R.A.B. Our policy shd. be to push T.U.C. into the lead on this.
[Exit G.Ll., B.C.
[Enter I.McL.
6. Ministry of Agriculture : Functions.
- H.A. Resp. for food hygiene & cleanliness was to be transferred to M/H.
Wasn't done on earlier transfer because not worked out in detail.
Order doesn't need aff. resolⁿ. C^d. be made & laid on 6/5. W^d. like to complete process in this Parlt.
Decⁿ. in principle has bn. announced. Opposⁿ. don't object to this transfer, but wd. have liked more. They can pray v. it, after transfer, in new Parlt. But they cd. complain of losing chance to pray before transfer takes effect.
- I.McL. We cd. do without it, if politically preferable.
- H.C. Privy Council is now fixed for 4.30 p.m. & Parlt. rises at 11 a.m.
- W. Feeling is strong in H/L.
Agreed : P'pone.
7. Common Land.
- H.A. As in memo.
- D.E. Strong feelings may be aroused.
- Att.G. Can't we defer until after Election.
- P.M. T. of ref. cd. be much shorter.
- K. Support this project – but not now.
- P.M. Consider referring to it in Q. Speech.
- J.S. R. Commⁿ. wd. high-light it too much.
- P.M. Consider t. of r., membership and status.
Reserve decⁿ. wtr it shd. be in Q. Speech.

1. Industrial Disputes : Railways. [Enter A.H., G.L.I., C.H., B.C.]

W.M. ASLEF officers are seeking a way out. Trying to get agreemt. to a request by T.U.C. & ASLEF to M/L. to convene mtg. with B.T.C. – not on money or differentials but on procedure. At best they will suspend, not w’ draw, strike motions. But likely to accept award m’while. If this proposal comes to me to-day, I will arrange for mtg. at M/L. – tho’ I shall not participate.

A.E. Favour this, but formula is pretty tight. Minister cdn’t refuse to provide facilities for mtg.

B.C. B.T.C. wd. have to insist on i) indefinite suspension of notice ii) acceptance of award iii) readiness to discuss any outstanding ques.

RAB No indicⁿ. of weakness involved.

Draft of statement to be made in H/C. by M/L. approved, subject to amendments.

LI.G. Service leave. To be stopped Friday if G.P.O. lorries are to be driven on Monday.

P.M. What delay wd. be involved if you waited?

PMG. Don’t want a back-log at outset. W^d. upset emergency arrangemts. No Service vehicle will go to a rlway station.

B.C. That meets B.T.C. anxieties.

A.H. Only 500 men. Mght not become generally known.

W.M. Ready to accept that risk – very small.

Agreed : accept risk : H.O. to have statement in readiness for issue if need be – P.M. to see draft.

[Exit A.H., Ch H., B.C., G.L.I.]

2. Cotton.

R.A.B. a) Clear that quota is only answer to pol. needs of Lancs., and prs. its economic needs. R.M. thinks U.S. wd. resent quota v. Comm. less than general quota, wh. wd. lose us our bicycles. Satisfied, however, tht. it wd. have to cover all Colonies incldg. H. Kong. Believe we shall have to come to it w’in 6 months. Accept, however, fact tht. this general issue shd. not be raised just before Election.

b) How much will Indian concession help? Suppose it means 15 m. square yds. (increase of 12 m.) – it wd. give us a worth-while case. W^d. impress Opposⁿ., who don't really favour quota.

c) Purchase tax. i) Lancs. will be content with nothing less than complete w^ddrawal. Street has now said so. Means £42 M.
 ii) W^d. do as much harm as good to make minor concession now. Ready to defend that now & in Lancs.
 iii) Possibility is 100% removal of p.t. from cotton. Cdn't do it for wool because made up by numerous small people. Yorks. have now protested v. what we have done already. Price red^{ns}. wd. be small : admin^{ve}. diff^{tes}. wd. be great, for tax wd. have to be collected fr. retailers not manufrs. Changes wd. have to be made in adminⁿ after election.
 We shd. be brkg. into p.t. en principe. It now yields £300 M. Can't risk its collapse. Ratio of 25% - 25% for cloth & made-up is as far as we dare go. Process order wd. be resented by trade.
 Diff. to make concession with dignity & honesty.
 iv) Considered raising D. level. But it leaves higher quality goods unhelped.
 v) Redⁿ. of p.t. on clothes. But concession not needed.

- W. My informⁿ. is tht. if we don't give some satisfⁿ. we shall prob. lose 7 Lancs seats, which we now hold.
- H. Need for v. careful prepⁿ. before we encroach on Comm. free entry. cf. recent Canadian refusal to limit our textile imports in interest of their home trade.
- L.I.G. Support this reluctance to accept quota as perfect remedy.
- D.E. W^d. also lose us Liberal votes in Lancs. Wage earners in Lancs. are less worried about this than mill-owners.
- P.T. All this means tht. only extra concession we can make is on p.t. Admit Ty. diff^{tes}. 100% redⁿ. on cloth wd. give our candidates all they want because that is what Lancs. has asked for, right or wrong. Does distort tax : wd. encourage people to buy cloth & have it made up : but that is against trend of mass habit.
- O.P. Can't clap on quota. Diff. to make concession on p.t. w^dout appearance of weakness. After Election, surely p.t. will have to go, on cotton textiles. Cd. not candidates in Lancs. pledge themselves as individuals to work for abolition?
- P.M. We (C.R.O.) try to get Indian decision by 2/5 for announcement 5/5 We reserve decⁿ. to make further concession on p.t. until we know wtr Indian concession is enough. If it isn't we have a reason (other than Opposⁿ. pressure) for doing more on p.tax.

3. Austria.

H.M. i) Neutrality. Accept it militarily but not otherwise. Agreed.
ii) Guarantee. Must see how this works out. Four-Power : or right to
intervene : or obligⁿ. to intervene : or what?

P.M. R. usually mean it operates if all Four Powers agree to operate it. i.e.
jointly but not severally. We needn't go beyond that if Austria is
content with it.

H.M. Will report back on this. U.S. won't be able to go too far.

1. Industrial Disputes : Railways. [Enter B.C., Ch.H., G.Ll., B.H.

- W.M. Negot^{ns}. have broken down.
Draft of statement for H/C. submitted.
- P.M. Govt. as such shd. be seen to intervene before worst occurs.
I think I shd. see the parties to-day, or to-morrow.
- W.M. Then you shd. see B.T.C. first.
- R.A.B. And include in statement some reference to that?
- W.M. Let T.U.C. have a go first. P.M. see them this p.m.
- H.M. Any risk of suggesting we have some offer?
- W.M. No.
- H. Is it quite certain tht. B.T.C. shd. not accept suspension w'out a date.
- H.M. Public presentⁿ. – i) no hardship ii) verdict of [Enter Att.G.
tribunal iii) liberty to make fresh claim.

P.M. to see both sides around 5 p.m. today.

Precautions.

- Ll.G. Read proposed statement on use of troops to m'tain postal services.

Approved.

2. Railway Charges.

- B.C. Answer to written P.Q. to-day announcg. increase of freights with
effect from 5/6.
B.T.C. have rec^d. fr. Tribunal a ruling on fares – increases of 7½% on
Ldn. fares, 1^d. on fares over 7^d. and 2/6 on monthly seasons. B.T.C.
will announce them today, with effect from 5/6.
- P.M. Chambers' Ct^{ee}. recomm^{ns}.?
- B.C. Large no. of detailed recomm^{ns}. now under considⁿ. with B.T.C. Rpt.
has bn. publ^d. : but not ready to make statement as to its acceptance. I
will put out what I can : but it is v. much nuts and bolts.
B.T.C. will bring out the £15 M. economies on man-power.

3. Pensions : [Dependent] Parents. [Exit B.C. LI.G.

O.P. Pensions for sons killed in war. Was flat-rate, but since 1922 have bn. on basis of need. Maximum has not bn. raised since war. These are not easily defensible but have emotional appeal. They are constantly re-assessed on means & any increase in other pension rates involves re-assessment. Compromise discussed with R.A.B. wd. have bn. enough; but in electoral atmosphere it won't do. Problem : find solution w'out prescribing disregard of N.I. pension (because of repercussion on Assist^{ce}). No more re-assessments are being made now. Propose to adopt a higher means standard – from 50/= to 60/= . W^d. cost £200,000. ¹⁹⁵²

C.M.9(55)

3rd May, 1955

1. Industrial Disputes. [Enter B-H., B.C., G.Ll.

Railways.

W.M. T.U.C. persuaded ASLEF to accept variant, w'out a difference. This is dividend from 3½ yrs close assocⁿ. with T.U.C.

P.M. Gt. relief that this strike has bn. averted.

Docks.

W.M. Awkward sitⁿ. on Merseyside continues.

Coal : Doncaster.

G.Ll. Unoffl. dispute over piece-rates for face-workers, in 13 pits round Doncaster, which have resisted a new system put in by N.C.B. in Yorks with agreemt. of N.U.M.

[Exit G.Ll.

2. Afro-Asian Conference : Loss of Indian Airliner.

H. Suggest P.M. thank Nehru & urge him to keep Chou up to mark on supply of facts.

A.L.B. Gs statement taken, coming here by bag. Enquiry procdg. Diff^y. is that no-one will talk in guest-house m'tained by us for Chinese Communist visitors.

H.M. I have draft reply, wh. I will concert with C.R.O. and M/C.A. & C.O. Indonesians are not pressing on with enquiry.

[Exit B.C.

3. Cotton.

P.M. P.T. to see Lobby, after statement today.
Draft statement handed round.

R.A.B. I am ready to make the further concession on p.t., tho' I personally believe it wd. be a mistake. My advisers think it will involve a revision of structure of tax, prob. after only a few months. During that time posⁿ. will be unsound. Won't harm to mention possibility of a review – will help to keep Yorks. from making too much trouble. Tho' we shall lose some revenue, we hope to keep that w'in bounds. These cons^{ns}. must be weighed v. political needs.

Agreed : concession shd. be made.
draft statement approved, with amendmts.

4. Queen's Speech on Prorogation.

Approved subject to amendments.

5. Colonial Immigrants.

L.I.G. As in memo. Need for enquiry – because of extent of ignorance of
implicat^{ns}.
But what do we say in Election?

P.M. I wdn't commit Govt. now to legⁿ. W^d. prefer to say : this is matter on
wh. we shall prob. need to have formal enquiry.

K. Agree.

A.L.B. So do I. Promise of legⁿ. wd. provoke expⁿ. of all differing views &
wd. encourage 'forestalling' immigration.
Enquiry is needed – for public education.

H. Support that view.

P.M. No announcement by Govt. As individuals admit growing gravity of
problem & say it mght be v. suitable for public enquiry.

Advice to candidates to be considered by Business Ctt^{ec}. &
submitted to P.M.

[Exit B.H.]

6. European Defence.

H.M. Fr. & G. have agreed on Rocchling steel-works. Ratific^{ns}. will be
completed on 5/5. Time-table can now go fwd. – with a view to issue
on 11/5 of invitation to R.

7. Rating : Valuation in Scotland.

J.S. System discourages private bldg. because gives inadequate return to
owners of rent-controlled property. Disguises real value of property.
Will be attacked as add^l. burden on tenants to adv. of rich landlord.
But in fact owners' rates are reflected in rents.
If this has to be tackled, we must do it early in new Parlt.

- R.A.B. Accept in principle. Reserve ques wtr valuation shd. be done by I.R.
- J.S. Will keep that open – tho' I may begin by resting on Ctt^{ee's}. recomm^{ns}.
- D.S. W^d. prefer I.R. basis. If assessors accepted for Scotland, some l.a.'s might want to resume valuation in E. & W.
Support rejection of Soru's recommⁿ. on Equal. Grant.
- R.A.B. Para. 10. needs further consultⁿ. with Ty.
- Agreed : D.S., J.S., & RAB to confer.
Draftsman to proceed.
- H.C. Sh^d. this be foreshadowed in Election campaign?
- P.M. Certainly not. Wait until Parlt. is elected.
- H. Then you will only mention subject to Q. Speech.

8. Cyprus.

- A.L.B. Debate on Thursday. Sh^d. we disclose incitement to violence by Crossman when in Cyprus in March?
- H.C. Has he bn. reprov'd officially?
- ALB. No, only in general terms.
- R.A.B. C^d. you rely for this on report of official, when you have taken no official action v. him on it.

1. Election. [Enter G.Ll., B-C., B.H., Ch. Hill.

P.M. Gratitude to colleagues for their efforts. Esp. to W., as Chairman – v. efficient organisation.

H.M. Apprecⁿ. for P.M.'s leadership.

2. Industrial Disputes : Railways.

W.M. Little prospect of averting strike.
Aslef claim was for restorⁿ. of differential – w'out joint discⁿ. with
x| NUR, who have members in these grades. NUR dissented & said, if
any concession made, they wd. claim more : & if their claim succeeded
Aslef wd. come again.
This is therefore in essence dispute betwn 2 Unions. T.U.C. so regard
it. All efforts to bring 2 Unions together have failed.
Tried to-day to get them to consider Bd. of Conciliation – viz., assisted
negot^{ns}. B.T.C. wd. have agreed. Aslef have rejected it, despite efforts
of T.U.C.
T.U.C. are exploring other possibilities. But I'm sure strike can't be
averted w'out some cash offer. And tht. wd. bring into opⁿ. the cycle
at x/.
NUR are resolved to defeat this strike. But it might last : it is official,
the prescribed procedures have bn. observed, they have funds.

P.M. We can't start our new period of office by giving way on this.
Compromises wd. be more dangerous than immediate results of strike.
My only doubt is wtr I shd. see T.U.C.

W.M. Obj^{ns}. (not decisive) : i) Unions are acting officially. T.U.C. won't
discuss merits. ii) T.U.C. are responsible for any
misunderstandings about formula – wh. has given rise to charges of
breaches of faith. iii) Don't want to suggest T.U.C. is negotiating
organ of Govt.

R.A.B. Be firm. But good if we can show we have done all that's possible.

P.M. Consequences will be serious.

R.A.B. Includg. effect on confidence in sterling.

W.M. Argument v. P.M. seeing Aslef & B.T.C. – i) mustn't open regular
“appeal” to P.M. ii) mustn't make N.U.R. think concession is likely to
be offered.

Measures to m'tain essential services.

3. Opening of Parliament.

Agreed – bring date forward to 10/6.

don't go back to 14/6, if strike collapses.

Announce – after Council 31/5.

Consult Opposⁿ.

4. Queen's Speech.

R.A.B. How much positive on home-front ques? Other than Gowers Rpt.?

Cab : Thursday p.m.

5. Kenya.

A.L.B. Will submit to P.M. plans re w'drawal of surrender offer, unless it can wait for Thursday's Cab.

In any event I will circulate memo. for Thursday's Cab.

[Enter G.Ll., B-C., Ch.Hill, H.B., B-H.

1. Industrial Disputes : Railways.

- W.M. B'down on S'day was due to N.U.R. – who demanded by midnight “consequential” rises for all their grades save basic. Aslef are now hoping to get better offer & to decline to talk in assocⁿ. with N.U.R.
B.T.C. attitude changed in last 48 hrs. Previously – got to come sooner or later : then – ready to pay a little more to avert it.
Now there is no prospect of early move. We must wait.
- B.C. B.T.C. were ready for small concessions via classificⁿ. of drivers. They still think that wd. be best. But realise Aslef wdn't have it. They wd. therefore share the £½ M. by diff. means acceptable to Aslef. But not while a strike is on. NUR equally oppose classificⁿ.
- P.M. Want main issue kept before public. Govt. offered Bd. of Conciliation. But way of ending this is for men to accept that offer, calling off strike m'while. Keep emphasising that – offer made & still open.
- W.M. Save that parties may come close enough together for M/L. to devise formula wh. will enable strike to be called off & negot^{ns}. resumed.
- W. Who wd. be “conciliator”. Men mght prefer to talk to “rlwaymen” vice B.T.C. This is suggested to me. May be sign of weakness.
- W.M. It's men, not Executive, who favour strike.
I had in mind Morris L.J. – who has respect of workers. But he wd. need assessors with knowledge of rlways.
- H.C. x/ Why not nominate them now & indicate they are available as soon as strike is called off.
- W.M. Will make submⁿ. to P.M. – on names.
- H.M. y/ Make it clear also tht. no settlement wd. do wh. didn't include relative NUR grades. Settlement must therefore embrace both Unions.
- P.M. Govt. statement today. i) answering Batey's claim tht. it isn't an inter-Union dispute. ii) offer of Bd. of Conciliation is still open. iii) warning of long-term effects on industry.
- L.P. In order i) (iii) ii) and then add x/.
- G.Ll. Include in iii) effects on coal-stocks next winter wh. may effect employmt.

P.M. In addⁿ. I mght b'cast e.g. on Monday.

Ascot.

Agreed : recommend tht. it shd. be reduced to level of July or Sept. mtg. viz., no "Royal" Ascot.

Insurance cards. O.P. & W.. to consider wtr strikers shd. be refused "temporary cards".

2. Industrial Disputes : General.

W.M. May I take informal soundings. T.U.C. and B.E.C. members have bn. in touch privately : and B.E.C. will be telling me the upshot. Cab. can therefore have fuller discⁿ. later on. Outlined diff^{res}. of various courses of action. Recommend considⁿ. by independent Ctt^{ee}. in first instance.

Agreed : resume discⁿ. on Tuesday next.

[Exit Ch. Hill.

3. Queen's Speech.

Draft considered and amended.

B/T. to submit memo. on Monopolies, incldg. memo. by Galbraith.

L.P. & P.M. to settle final text.

4. Legislative Programme.

H.C. General approval ? – for major Bills. Auth^y. to re-introduce the "innocents".

5. Kenya.

[Exit B.H.

ALB. Govr's recommⁿ. strongly supported by C-in-C. Indic^{ns}. of split among terrorists. War Council think tht. warning now on lines proposed will accelerate collapse of rebellion. Discussed this with Ld. Ch. & Att.G. Forfeiture has bn. in operⁿ. already in respect of named land : this wd. go to their rights to hold land in future & wd. therefore apply to young rebels who haven't yet held land.

P.M. Ready to agree to w'drawal of offer. But land proposal will create new bitterness.

- A.L.B. Provision to revoke the order after good behaviour.
- P.M. Will cause criticism here?
- L.P. Will it be effective if it's realised tht. it will be revoked later, when trouble dies away?
- A.L.B. Told Govr. tht. Advisory Ctt^{ee}. shd. be strengthened & empowered to say, in need, tht. they recommended contrary to a decⁿ. of Govr.
- P.M. A howl of criticism here will reduce its effectiveness in Kenya.
- H.M. C^d. it be a disqualification for a period of years?
- A.L.B. A less effective deterrent.
- P.M. Surely intensificatⁿ. of mil. op^{ns}. (i.e. fear of death) is stronger deterrent.
- K. Unless we can show tht. these men are liable to death penalty, & tht. forfeiture of land is therefore a lesser penalty, this wd. be inconsistent with Human Rights Convention.
- ALB. Europ. Ministers feel so strongly in favour of this that some may resign if it's not authorised.
- H.M. W^d. accept forfeiture of existing possession of land or right to share in tribal land.
- A.L.B. Can I say we are ready to agree to forfeiture of existg rights (individual or tribal share).
- P.M. Inform Govr. tht. he may w'draw surrender offer on named date, but we must have more time to consider (reduced) sanctions re land.
1. Industrial Disputes : Railways.
- W.M. Bd. of Conciliation cannot, I find, be appointed w'out consent. I can't therefore announce names at risk of rebuff.

C.M.12(55)

7th June, 1955.

1. Parliament. [Enter B-H., H-B.]

H.C. Business in H/C. in opening days.
Debate on Address : hope to finish on Thursday of next week. On the Friday 2nd. Rdg. of a Govt. Bill.
Mover : W. Middlesboro'. Seconder. Harrison. Malden.

P.M. Tell Labour Party we think strike situation shd. be discussed this week.

2. Four-Power Meeting.

H.M. We have suggested Geneva from 18-21 July. Note to Soviet Govt. has bn. delivered.

[Enter B-C., G.Ll.]

3. Industrial Disputes : Railways.

W.M. T.U.C. sugg^{ns}. don't help : may make situation more difficult.
Negot^{ns}. between parties while strike is on is quite unacceptable & v.
x| bad precedent. Only method is to see parties individually at M/L. to
see wtr there is a basis for negot^{ns}. B.T.C. wd. discuss charges of bad
faith.
Propose to send for T.U.C. – explain diff^{ies}. of their proposals – regret
they didn't tell me first – press x/.
Before debate in H/C. think I must also see Aslef – merely for purpose
of taking stock. Prs. Wed. or Thurs.
May be tht. neither Union will accept T.U.C. plan.

L.P. Suppose they do. We shall be embarrassed in rejecting it.
Public won't understand why there can be no negotⁿ. while strike
continues.

P.M. There can be disc^{ns}. before strike is called off : but no formal negot^{ns}.
We must stand firm on that. Weakens posⁿ. of employer hopelessly.
i) Sh^d. be guidance on this from M/L. to Press to-day. Can be
by reference to my b'cast on Sunday, when I made this
distinction clear.
ii) More difficult to know wtr guidance shd. be given on T.U.C.
proposals pointing out diff^{ies}. of them. Agreed

Agreed.: guidance on this too.

K. May we not have to come to point of offering Ct. of Enquiry on
differential. We believe in differential. Don't want to leave that to
Unions only.

L.P. Sh^d. be brght out tht. B.T.C. have offered a sharp differential. Public don't realise tht. Union object to differentiation among drivers.

P.M. Congrat^{ns}. on success of arrangemts to m'tain essential services.

L.I.G. Unco-operative attitude of B.B.C. re news of liner strikes.

B.C. Hasn't helped with threatened strike of crew of Q.E.

Agreed : L.I.G. to see Jacob.

L.I.G. Have seen Stewards of Jockey Club. They have agreed to cancel Sandown mtg and to p'pone Royal Ascot. They will announce this. Queen has agreed qua Ascot.

[Enter Att.G.

4. Parliament : Emergencies during Dissolution.

L.I.G. May be pressure to amend law to enable assembly of Parlt. to be moved forward. If so, the other points may be raised. C^d. a Cab. Ctt^{ee}. consider these points.

P.M. Need we cover all contingencies?
C^d. we not brush these ques away if asked.
As regards emergencies, there is a Govt. even when no Parlt.

K. C^d. promise, if needed, to look at it – there is no hurry. Don't promise legⁿ.

P.M. No Ctt^{ee}. until we see how debate in Parlt. goes.

5. Industrial Relations.

W.M. Shall have opportunity to-day to get views of B.E.C. on these points. There is also possibility of a statutory delay, before strike called – as under Order 1305.

L.P. Unhappy at atmosphere. May be like crumbling of democracy, as in Italy. cf. liner stewards : high wages, no responsibility. This, they used to say, is effect of unrestricted democracy. Has led elsewhere to Fascism because of irritⁿ. of middle-classes. Govt. must not seem weak over this. Tho' we mustn't antagonise workers, there are other classes whose irritⁿ. is rising.

W.M. Full emplt. has distorted relative power of parties in collective bargaining.

D.S. Doubt if we shall find a better opp. than this of tackling this.

- H.A. This is moment (this Parlt.) for action. Have consult^{ns}. certainly but we shall need to act.
- A.L.B. Trade Unionists themselves are worried about this.
- H.C. Can we have apprecⁿ. of growth of Commⁿ. in U.K. & its part in encouragemt. of strikes?
- H.B. Need for educⁿ. of whole public – on economics of full emplt. We shd. continue our efforts on “Wh. Paper” (R.Hall).
- H. Favour R. Commⁿ. or Ctt^{ee}. – for purpose of educatg. public.
- D.S. But don’t miss the moment for action. Time is nearly ripe.
 i) C^d. Union funds be attached on clear breach of agreemt.
 ii) C^d. Unions expel men who joined unofficial strikes.
- A.E. x|/ | Fin. Times article to-day on workers’ share in industry : Ty. & B/T. shd. consider, & report. Labour Party are likely to pinch our ideas.
- D.E. W^d. wish to discuss para. 10 with W.M.
 Ministers of Edⁿ. have discouraged courses in economics, T.U. history etc., for fear of helping Socialism. Not sure this was right.
- H.M. Discipline in industry used to be fear of unemplt. Who knows what to put in its place? The most important ques of our time.
- P.M. I will appoint a small Cttee. to go more deeply into this.
 H.M. Only part of this is suitable for enquiry : part (e.g. co-partnership) is high political thinking.

[Exit G.Ll., B.C.]

6. Kenya.

- A.L.B. Need for a shock to bring an end to this – land is best means.
 Tel. 629. Arguments for disqualificⁿ in addⁿ. to forfeiture. Cab. shd. know views on this of Govt. of Kenya. But I recognise obj^{ns}. to that proposal.
 Believe we can get compromise, however, by dropping disqualificⁿ plan & extendg. provⁿ. for forfeiture. I have at present limited use of forfeiture to leaders, & 50 only, & to specified land. We cd. make it applicable more widely & relieve need to specify land. But individuals wd. need to be named in schedule to Order.
 This will go some way. Don’t believe we can go further. Won’t cover landless youth or women.
 Anything less than that wd. be likely to cause resign^{ns}. fr. Kenya Govt.
 No appeal procedure for forfeiture. Remedy wd. be approach to Adminⁿ.

P.M. Prefer amended version of para. 5 of draft statement.

[Exit A.L.B.]

7. Monopolies.

P.T. As in memo.

D.S. In reports of Commⁿ, tendency to make vague recomm^{ns}. e.g. tht. a practice may continue if prices remain reasonable. This puts on Govt. an obligⁿ. to m'tain price control, wh. we don't want to do, or a vague responsibility for supervising prices.

H.B. Memo. is in line with R.A.B.'s views.

D.E. Cement. Produce more cheaply than any in world. W^d. be inefficient w^out cartel. A model industry. Why put them to all the trouble of enquiry. At least we shd. avoid appearance of putting them in dock.

S.Ll. Many of these industries are not run by people who can easily defend themselves in such an enquiry. Why divert their attention e.g. fr. export trade.

P.T. On other hand, don't want to condemn an industry before we refer to Commⁿ.

D.S. Sh^d. there not be prima facie case of a ring operating to disadvantage of public interest.

P.T. That is not in statute.

W. There must be an element of accusation. Best men shd. not be distracted by this sort of thing.

K. No. We stand for private enterprise & competition. The accusatory method of U.S. was deliberately rejected by Coalition Govt., in favour of enquiry.

L.P. We are against abuse of monopoly, not v. monopoly as such?

P.T. Examⁿ. is needed before one can be sure where national interest lies.

H.A. There is public anxiety about near-monopoly as such. We need to establish wtr public interest is suffering.

H.M. Avoid commitment in D/Address. Let us have time to consider. Not at all sure philosophy on this is sound.

Resume discussion next week – before full answer has to be given in D/Address.

[Exit Att.G.

8. Ministry of Housing & Local Govt.

D.S. Cumbersome. Has to be abbreviated – and “Local Govt.” falls out.

P.M. Will be said, if Housing” is omitted, tht. we don’t mean to build any more.

H.M. Leave it alone. Bad politics to change it now.

9. Departmental Records.

Memo approved.

1. Industrial Disputes : Railways.

[Enter L.I.G., B.C., Ch.H., Att.G. Watk., B.H.]

- P.M. No progress. Some concession by B.T.C. None by Aslef.
Desired that no Parl^y. debate shd. be held to-day on merits of strike, while disc^{ns}. proceed. Tho' if Oppⁿ. started discⁿ. on merits, we shd. have to reply
- B.H. Oppⁿ. suggest statement by M/L. at end of Ques ending with appeal for no debate on merits. Then ask for resol^{ns}. approving Reg^{ns}. after discⁿ. Then proceed to Debate/Address. Sal. Will do ditto in H/L., repeatg. M/L. statement.
- H.A. I was asked to consider wtr Agric. shd. be volunteered as a special subject. Don't want it. We had debate in last days of old Parl. We cd. say nothg. new. We shd. not get good support fr. our supporters.
- P.M. Sh^d. there not be some Ministerial speaker?
- O.P. Tuesday – Oppⁿ. will raise Social Services. I and M/H. will be ready to reply.
- P.M. I had wanted a Ministerial speech in order to prevent initiative going wholly to Opposⁿ.
Prs. L.I.G. shd. make somethg. of Em. Reg^{ns}.
- G.L.I. Prs. cd. do 15 minutes on nuclear power.
- P.M. B/T. did v. well on Fri. Sh^d. have liked somethg. similar to-day.
Agreed : G.L.I. to be ready to speak around 7 p.m. on nuclear power.
- P.M. T.U.C. haven't done v. well. They have failed to handle docks situation. And by their encouragemt. to Aslef, they have prolonged rlyway strike.
- H.W. They have bn. stupid, esp. in last few days. Prs. Party politics have intervened. But it wd. be unwise to quarrel with T.U.C. now.
[Enter W.M.]
- W.M. B.T.C. offer over week-end suggested basis for subsequent settlement. No figures. But w'drawal of earlier proposals not liked & offer to consider basic rates of some drivers & mileage allowances of firemen. Aslef are now saying we can't call off strike w'out some assurance on figures & some [: further] promise for firemen.

I mght ask T.U.C. to press Aslef to accept this as reasonable basis for renewing negot^{ns}.

I told Robertson y'day tht. Govt. sought to put no pressure on him but left him to do what he thought right for the B.T.C. That being so, I'm sure he won't offer any cash suggⁿ. at present.

Sh^d. B.T.C. be pressed to offer more?

No suggⁿ. fr. any Ministers that he should.

- R.A.B. Effect of these strikes (esp. docks) on economy is not yet appreciated. I shall have to make on Thurs. a v. serious speech – indicatg. tht. we can't expect to compete with foreign countries if this sort of thing goes on.
- W.M. Oppⁿ. & T.U.C. are convinced of Aslef's case. They will argue tht. in official strike there is no harm in negotiatg. while there is a strike. It's clear tht. Govt. have not urged employers to do it if they don't wish to. And B.T.C. don't wish to.
- P.M. This is a v. serious point. It was my impⁿ. tht. T.U.C. were encouraging Batey. This confirms it. Surely Govt. can say, in strike holdg. up nat^l. economy, tht. strikers have no right to go on staying out until every detail of rates is settled.
- S.Ll. Is Robertson going to give token payment? If he is, better to do it now.
- B.C. He made an offer before strike. His new offer, difft. in form, involves no more cash.
- Sal. If (à la Rab) we are to paint picture as black as it shd. be., we shall be expected to act. Are we ready to act? If Rab – spks as foreshadowed, we can't hold posⁿ. until end/week.
- W.M. Token offer (even 6^d.) wd. settle it.
- H.A. W^d. NUR consequential of that be significant?
- W.M. Diff^y. : 6^d. wd. go to firemen : & then to 14 or 15 grades in N.U.R.
- W. Both sides wd. like to escape fr. deadlock. C^d. B.T.C. say there is a case, they are ready to negotiate, there is a sum of money to give, but men must go back before they discuss how that sum is to be divided – Aslef & N.U.R.
- B.C. R. wdn't want to do it. If it looks as tho' B. has beaten R. it isn't good. If it doesn't look like that, it won't save Aslef face.
- H.M. Equivocal posⁿ. because of natⁿ.

Strike costs B.T.C. £1 M. p day. Old rlway mngr. wd. pay now somethg (6^d.) he knows he will have to pay in a few days' time. On commercial grds alone he wd. want to end strike.

- W.M. Believe it cd. be settled now for 2/6 drivers : 6^d. firemen; costing not substantially more than original offer.
- P.M. To offer it wd. "lose" strike.
- H.M. Wdn't "lose" if same thing were exp^d. in global terms.
- W.M. Sum wd. have to cover both Unions & they still won't meet together.
- R.A.B. Attracted by idea tht. R. shd. offer to accept view of some independent person on amount of increase to drivers.
- A.L.B. C^d. James Milne be appt^d. to divide up the total of original offer?
- P.M. Do we want employers' side to make another concession.
- Sal. Sh^d. P.M. not see both sides now before they break off "negot^{ns}." His personal posⁿ. will be involved.
- J.S. Awkward for P.M. if his intervention achieves nothing.
- O.P. Wrong to "fight to finish". Must end by compromise on both sides. But later we shd. consider i) wtr Nat^d. Bds. shd. be rep^d. by ex T.U. man on labour rel^{ns}. ii) wtr men in nat^d. industries shd. be free to strike w'out prejudicing their pension rights.
- H. Play this one long. But, as soon as it ends, show tht. Govt. mean to do somethg. (even if only an enquiry) on the general ques.
- P.M. Hope B.T.C. and Aslef will meet again at 4.30 p.m.
Cab can decide Tues. am., wtr (if that mtg. results in nothing) I shd. summon both sides to see me.

Liner Strike.

- Sal. Rep^{ns}. fr. a director of Cunard. Comm. inspired. Activities of Stacey, going fr. port to port. Much [victimisation] intimidation.
He believes Q.E. will be last Cunard to sail.
- B.C. Sh. Fedⁿ. are advised tht. no charge cd. lie v. Stacey for incitement.
Some drift back. Two liners sailed y'day.
Fedⁿ. are more keen to prosecute than Cunard.
- Att.G. There cd. be procdgs under M. Shipping Act for breach of articles.
That wd. be for Co.

B.C. Hundreds are guilty of that. How select? Unwise to have mass
procdgs.

Sal. I wd. sooner see procdgs for intimidation – wh. Police cd. properly do.

[Enter G.Ll., B.C., H.W., B-H.]

1. Industrial Disputes : Railways.

- W.M. B.T.C. y'day made new offer : M/L. to appoint referee to recommend rate for drivers – N.U.R. to concur & give ev^{ce}. : / strike notices to be cancelled as soon as referee's award is made : /B.T.C. other proposals to stand.
// was unexpected.
Aslef were suff. interested to warrant calling in N.UR. They were seen by me and B.T.C. around 10.30 p.m. They were not ill-disposed : promised to consider at 9.30 a.m. today. B.T.C. & ASLEF are mtg. at 11. a.m. If all goes well, there will be a joint mtg. of the 3 around 11.30 a.m.
I cdn't w'draw //. But at joint mtg, I will appeal to Aslef – promising to appoint referee to-day – to call off strike now instead of on his award, esp. as they will have promised in advance to accept award. I have a Lord Justice ready as referee.
- P.M. They will promise to go back before there is award. But there will be award before they go back: and tht looks like a "success".
Hope therefore M/L. will press his appeal.
- W.M. Yes : and publish it. To make it clear tht. we shan't be thought to have suggested this.
Tho' finding of this figure doesn't end need for negotiations.
- P.T. Include top-grade firemen in reference : but in return demand return to work before referee's award.
- P.M. That wd. be a v. good improvement. M/L. shd. propose it.
- G.Ll. N. Derby miners have resolved not to load "unusual" wagons next week.
If this goes on, it may be diff. to restrain miners fr. coming out.
- R.A.B. By end of this week, we shall be in more serious trouble.
- P.M. Dock strike is doing even more damage.
As soon as rail strike is over, I and M/L. will see T.U.C. & press them to deal with that situation, wh. they promised to handle.
- H.W. Merseyside are starting new Stevedores Union, independent of Ldn.
Liner Strike.
- B.C. i) Estab^l. pool of industry is writing to Ascania workers threatening to report to M/L. tht. they have left the industry. Those of mil. age wd.

then be liable to call-up – & large propⁿ. are. N.U. Seamen support this move v. strongly.

- W.M. They wd. be called up quickly for medical inspⁿ.
- J.S. Likely to have a v. salutary effect.
- B.C. ii) Saxonia (Cunarder at Lpl). Tried y'day to get her into river : & deck crews refused to obey orders. Cunard are considering prosecⁿ. under M.S. Act. N.U. Seamen's views are being consulted by us. This is more serious than breaking articles.
- LI.G. Stacey is a deserter from Mauretania. Not a Communist.
- B.C. But Fedⁿ. & Cunard think selected prosecution wd. be unwise.
- H.A. We shall be blamed if procdgs. are not taken.
- K. Att. G. has a residuary responsibility for enforcem. of law. If private prosecutor fails to act, he can direct prosecⁿ. if he thinks it in public interest.
- B.C. Q. Mary due out on Thurs. There is an ill-disposed element in the crew – which is not as steady as that of Q.Elizabeth.

[Exit W.M., H.A.W.
[Enter A.H.

2. Cyprus.

- H.M. x| C.O. and I agree tht. nothg. wd. come of launchg. new constitutional proposals unilaterally.
What we need : better posⁿ. in UN : understandg. with Gk. & Turk. Govts. Plan in this memo. is designed to secure both objectives.
Tho' Papagos is yappy, we might not see a better Govt. if he disappeared.
But much feeling in Greece wh. dislikes Enosis. And Turks have taken a strong line.
Therefore invite to conference in Ldn. Either both will agree : or Turks alone will agree : to come. If Gks refuse, it strengthens our posⁿ. in U.N. If they both come, we wd. table a definite plan.
C^d. Cab. approve this procedure. Then, while I am away, Dpts. cd. hammer out a plan & submit it to Cab. in 2 wks' time. No invitation m'while to Gks. or Turks. When invitⁿ. is sent, we wd. make invitⁿ. public.
- A.L.B. Accept reluctantly x/. It wd. be rejected out of hand. Therefore I favour prelimin^y. talk with Gks.

If we make no move, they will go to U.N. again & we can't hope to avert discⁿ. this time by procedural means.
U.S. are getting annoyed with Gks. over Cyprus agitⁿ. We shall win them over still more if we send this invitⁿ. – even if Gks. refuse it.
W^d. welcome help of colleagues (?Ctt^{ec}.) in discussion of alternative plans.

H.M. Our firmness (e.g. cancellⁿ. of NATO exercise) has begun to produce effects in Greece.

S.Ll. Favour this on balance. May be awkward precedent – for discussing with other countries the future constitutional developmt. of a Br. Colony. We have always m'tained e.g. in U.N. tht. this is domestic ques.

A.L.B. It does endanger posⁿ. But we cd. stress tht. it's discⁿ. betwn. NATO colleagues, & make that the justification for unusual procedure.

P.M. If it weren't for U.N., I wd. see it off – by firmness.
Indeed, I still feel there's somethg. to be said for letting medicine work.
I have in past told Grks tht. this is not discussable.
Cyprus is not Gk., it never was : it is Br. territory.
Work out alternative plans : but reserve final decision on proposal for talks, at least until we have seen what proposal we shall put forward.

H.M. Invitⁿ. cd. avoid appearance of readiness to discuss sovereignty.

Sal. Am anxious about this. Gt. danger of U.N. is intervention in domestic affairs of sovereign states. Enormous scope for little Powers to pry. Once we admit this right, we shall be harried to death. How wd. French like this precedent in relⁿ. to N. Africa.
We must not give any impⁿ. of weakness over this.
Pressure in U.N. forces us to admit Gk. interest in Constitⁿ. bldg in a Colony.

H. I dislike it, too. Effect on Indian minority problem in Africa. Will we be asked to bring India into consultⁿ. on constitutional advance there.

A.L.B. Our plan will take it out of U.N. And if it goes there again we shall be defeated. What do we do then, unless we w'draw from all disc^{ns}. in U.N. on these ques.

H.M. Can't get a new constitⁿ. that wd. work in Cyprus unless it is accepted by Gk. & Turkish Govts.
We always intended to tell them in advance.

P.M. Different to invite them to confer.

{Let us work out what our plan is.

{Then, in 2 wks., Cab. can decide finally what procedure
{we follow in pursuing that plan.
{M' while, remain tough with the Gks.

Ctt^{ee}. of Cab. C.O., M/State F.O., M/D. (Chairman), Comm. Secy.

[Exit A.H.
[Enter Att.G.

3. House of Commons Disqualification Bill.

Ll.G. Genl. introdⁿ. Reference to N. Ireland.

Att.G. Officials of Colonies & Commonwealth. I'm not sure it's wise to leave this uncovered. There are various inconsistencies. Also para 5 of Annex B. under this, N. Macpherson wd. not have bn. disqualified. I wd. therefore prefer to adhere to Soskice Plan and disqualify these people.

H. W^d. need a good deal of thought.

Att.G. W^d. sooner the Bill was silent on this point.

Ll.G., A.L.B., H., Att.G. to confer on this.

Para. 5(v). Local Govt. Officials.

J.S. I wd. prefer to disqualify, as H. Aff. Ctt^{ee}. originally decided. For – i) L.A. assoc^{ns}. wd. support it : so wd. Labour Party in H/C.

K. I support this view.

P.M. So do I.

P.M. Let this point be considered (By whom?).

Para. 5(vi)

H. Will provoke sharp re-action from Irish Republic.

Ll.G. to review with H., fr. angle tht. English Peers sit in Irish Senate, with some benefit.

Agreed: Report on points of doubt – as above
Consult N. Ireland, before introdⁿ.

[Exit Att.G.

4. Colonial Immigrants.

L.I.G. As in memo.

A.L.B. I favour enquiry. But it will take longer than H.O. think. And awkward if they find against action.

T. of r : i) Comm. & Empire.
ii) Omit "or any class of them" because it invites Ctt^{ee}.
to recommend discrimination.

H. Are we sure they will, w'out these words.

P.M. Don't t. of r. rush too quickly to legⁿ. Why not have it more general.

Sal. Composition. Will they not all have formed views? on this ques – regardless of their occupational expertise.
Is it dangerous to leave responsibility to Ctt^{ee}.

R.A.B. W^d. prefer a less representative Ctt^{ee}. & broader t. of ref^{ce}. This body wd. take much too long.

D.S. C^d. we rely on publicity for a Govt. statement of the facts.

R.A.B. y/ Report by officials. Publish it & give it publicity.

Restriction in other parts of Commonwealth.
P'pone until we see y/.

5. Japan and G.A.T.T.

H.M. As in memo. A ques of judgment.

P.T. Bad if we were sole cause of keeping J. out. J.'s admission will be represented as cause of all our industrial diff^{ties}. outside U.K. Art xxxv only helps us in home market.
C^d. we not wait & see how the others vote. If she gets 23 votes, or is sure of them, we cd. abstain.
If it's clear tht. she won't get in, I wdn't oppose H.M.'s view.

H.M. But i) no vote is counted as a negative.
ii) other countries will ask our advice.

R.A.B. We may have to vote for it in end. Lancs. won't like it any better later than now. Somethg. to be said for doing it now. W^d. gain us credit with Japan.

H.M. "Vote early".

- P.T. Won't help to prepare for H/C. debate on G.A.T.T.
- D.E. Time our vote in relⁿ. to i) payments discussions & ii) commercial talks.
- P.T. Won't apply to i) : & ii) is too long-term.
- H.M. Are we prep^d. to risk J. being excluded because we don't vote?
- R.A.B. No. If there were risk of her not being admitted, we shd. have to take steps to see tht. she is.
- P.M. Then it means tht. at end we shall have to vote for Japan.
- Agreed: In principle, J. must not be excluded because of our abstention. H.M. to find out how votes will go. Cabinet to decide in 7-10 days.
- P.T. If it really is view of Cab. tht. we shall have to vote for it in the end, there might be advantage in voting now.

6. International Finance Corporation.

- H.M. As in memo.
- P.M. Awkward timing because of Schumanias Bill.
- H.C. We have bn. deceived – internationalists!
- Approved.

7. Israel.

- H.M. Some think Israel contemplates early attack on Gaza strip. We ourselves have no direct informⁿ. to this effect. Rumour that Nassers' posⁿ. is shaky. That mght make him more truculent.
- P.M. Israel Elections. Ben Gurion trying for a come back : if he succeeds, he will be bellicose – always has had view tht. quick slog at Arabs is best bet.
- H.M. As a result, we are checking by admin^{ve}. means the supply of arms to both sides. A review will be submitted to Cabinet. Not satisfy because others (e.g. French Swedes) aren't co-operating.

- S.LI. Thought we meant to give something to Israel fr. Canal Base. But in Oct. M/State F.O. gave undertakg. tht. we wd. give nothing. Unfortunate. We cd. have left some A.A. guns behind.
- P.M. Believe this pledge had to be given, because of pressure. If so, we can't go back on it.

1. Parliament. [Enter H.A.W., B.H., Reading.

- H.C. Business for next week.
Oppⁿ. are undecided wtr to ask for debate on rlway. strike. If it is next week,
- P.M. We can't p'pone until next week. Surely, this week or not at all.
- H.C. They will say it's general – not confined to rlways.
- J.S. If it is p'poned, Oppⁿ. shd. bear responsibility for p'ponement.
- H.C. Debate on Col. Affairs on 21/6. Oppⁿ. now ask for further debate in July on Rpt. on E. Africa.
- A.L.B. Enormous report : discussg. with Govrs., who want 6 mos. to formulate recomm^{ns}. We can't delay debate as long as that : but it wd. be premature to debate it for a month. Prs. I cd. on Tues. say something deprecateg. early discⁿ.
- R.A.B. In spkg. in D/Address I shall have to be severe about consequences on our economy of successive demands for wage increases w'out corresp. increase in productivity. B/payment prospects are not v. promising.
- P.M. {Shaw Savile decⁿ. to build ships in Germany while unemplt. in N.I.
{yards. Sh^d. be considered.
- K. {Lower price and quicker delivery from Germany.
- P.T. {I will consult Adm^y. & report to P.M.
- O.P. Will there be supply days before end/July for debates on subjects chosen by Oppⁿ.?
- H.C. Agreed with CRA before Election tht. there wd. be some, tho' not the 12 that were lost. Labour think in terms of 4 or 5 days.

[Enter B.C., G.Ll.

2. Industrial Disputes.

Ocean Liners.

- B.C. 30 strikers have gone to pool at L'pl. – 26 were of mil. age. This is first result of letter from Pool.
- H.W. Our prs. calling up for med. examⁿ. are now going out. 109 went out last p.m.

B.C. Sailing of Q.M. has bn. cancelled. Altho' add^l. catering staff was being found, deck-crew walked off because of this engagement of scab labour. Cunard are considg. ques of procdgs for incitement. Empress of Scotland (C.P.R.) : engine-room crew has walked off : she was due to sail to-morrow. This affects small no. of v. well-known ships. Merchant Navy on the whole is sound. This affects only luxury liners out of So'ton & Lpl.

General.

P.M. Reported results of disc^{ns}. with T.U.C.

Railways.

LI.G. Ending state of emergency. E.R. won't be needed by M/T. after {Thursday ?{Sunday. G.P.O. will have arrears wh. can't be cleared before Wed. Proposed tht. proclamⁿ. be revoked at Council on Tuesday. Formal message to Parlt. from Queen. W^d. wish message of thanks to go to people for co-opⁿ. & improvisation. What form shd. it take?

P.M. Suggest RAB shd. do it in his speech, in D/Address.

[Enter Att.G.]

3. Monopolies.

P.T. Much public interest, as evidenced by P.Q.'s. Our declared policy : to deal with abuses. But what is abuse? First step – statement as in C.P.41. This includes promise to refer level tendering and common prices to Commⁿ. This is right. Chairman agrees. Para. 5 includes tea : good to have somethg. of v. direct interest to consumer. Course : complete these general references, of wh. x/ is second. speed up applⁿ., with help of some industrialists. Can't be tough except thro' machinery we establ^d. & defended.

LI.G. Why tea?

P.T. Because 5 leading firms, covering 45% of supply [90% of blending & distⁿ.], run a common price. We have bn. criticised for not referring a good case.

H.A. Believe they will be cleared : that wd. do good. Am content with reference proposed.

R.A.B. Chemical fertilisers. Thght this was to be omitted.

- P.T. That was before acceptⁿ. because thght subsidy was to be raised.
Prices are now going up. Subsidy havg. risen.
Enquiry has bn. asked for.
- H.A. 2 firms only. Efficient. Want them to expand. But some farmers
suspect they make too much.
- D.E. Can you refer one product only of I.C.I. How will you take a/c of fact
tht. they need big profits on some to carry research into others. This is
sort of firm wh. increases our standards/living.
- P.M. That sort of objⁿ. goes to root of policy & Act : if it's reason for having
no enquiry. These are arguments to be considered by Commⁿ.
- P.T. Better to refer before prices go up, than in response to criticism tht.
they have pinched major part of subsidy.
- H.A. Hope B/T. will warn I.C.I. & Fisons, before announcemt. is made.
- Sal. Useful if early clarification of policy cd. be made. C^d. then prs. be a
debate in H/C.
- P.T. It is a fertile field for misrepresentⁿ.
- Sal. y/ C^d. some economist make statement on B.B.C.?
- W. Central Office will issue somethg. B/T. and I will concert.
Also y/. Agreed.
- P.T. Action on Calico Printing. Have announced tht. we accept report.
Negotiatg. with industry. Hope to reach agreement. If I can't will
refer to Cab. before an Order is made.
[Exit G.Ll., B.H., Att.G.
[Enter de L.
4. Gatwick Airport.
- B.C. As in memo.
- de L. This is a v. diff. problem because of site. Special reasons
for undivided responsibility fr. beginning to end. Either we do it, or
M/T. take it on thro' contractors.
- P.M. Put compromise sugg^d. in brief.
- B.C. I want a check at stage of preparation of contracts : before it's decided
how to invite tenders.
- de L. Technical ques : not for Ministers.

- B.C. Lay-out of civil airports is deviating from that of military.
- D.E. Support M/T. We haven't same level of ability in Govt. Works Dpts., because of level of pay.
- RAB. Give responsibility to Air Min^y. But get advice fr. private consultants before action taken.
- de L. I cdn't accept that reflection on my experts.
- S.Ll. Duplication of effort as well as implied criticism. Surely we shd. have one system or the other.
- P.M. Heathrow?
- de L. Air Min^y. Works had overall responsibility.
- B.C. But they employed Halcrow.
- de L. On bldgs, not runways or lay-out.
- B.C. M/T. is ultimately responsible for this.
- A.L.B. I wd. rely on consultants alone. Air Min^y. have always bn. v. Gatwick.
- de L. I wd. prefer tht.
- R.A.B. Regret that, for we have efficient Dpt. – why not use it. But prudent, as it may be failure, for Govt. to be able to say tht. advice of private consultants was taken.

Agreed : Proceed as at (b).

[Exit de-L., B-C., H.W.]

5. Palestine.

[Not heard.]

6. Administrative Tribunals.

- P.M. Need for haste.

1. Colonial Immigrants. [Enter R., B-H.

P.M. P.Q. today by Osborne M.P.
Read draft answer. A.L.B. will talk with Manley : but immigrⁿ. into U.K. is a matter for H.M. Govt. in U.K.

Sal. Will that imply we aren't going to act.

P.M. Don't want to imply we are.

Sal. Add : "at the present time".

D.S. No objⁿ. to being pressed to do more.

Approved – as amended.

2. Parliament.

H.C. Speakers for Thursday. Agreed : W.M. and H.A.W.

RAB. P.Q. askg. if 2nd. Fin. Bill will be introduced. Shall say : not disposed to favour it. Tho' it will mean a heavier Finance Bill next year. Can't, I think, do a technical Inland Rev. Bill w'out opening general financial discⁿ.

3. Crown Lands.

P.M. Do Cab. approve form of new organisation.

RAB. Eventually, we shall have to decide Ministerial responsibility.

Sal. What sort of man will Chairman be?

P.M. Independent.

H.A. This is good scheme. Earlier form laid too much on permanent head. Doubtful wtr permanent head shd. be deputy chairman. C^d. be Dir. Genl.

Agreed : Approve form of organisation.
Publish report.

4. Aden. [Enter G.W., C.A.S.

P.M. x| Organisation of our Forces in Aden will come up for considⁿ. on Thursday. No armoured cars available. May have bn. cause of disaster. Air cover not enough.

A.L.B. Journey was about 20 miles – especially dangerous. The tribe is only about 400 strong.

C.A.S. Ground is v. favourable to ambush.

P.M. Will M/D. m' while discuss x/ with C.A.S.
 [Exit G.W., C.A.S.
 [Enter Att.G., B.C.]

5. Industrial Disputes : Ocean Liners.

W.M. P.Q. by Logan M.P. about call-up of young men. Our action is normal – on notific^o. by Pool tht. they are no longer seamen.

B.C. Notificⁿ. is by a Bd. which is joint employers/workers.

W.M. If they return to sea before call-up is effective, deferment wd. be enjoyed again.

R.A.B. Have seamen a right to strike?

W.M. They may not have it.

R.A.B. Is there any diff^{ce}. betwn. official or non-offil. strikes.

Att.G. No. Ques wd. be wtr or not they have signed articles. But has so far “notified” only men who have broken articles. A man who declines to sign articles wd. not be “notified” at least for some days (more than 14).

W.M. B^d. can justify notificⁿ. on grds. of breach of articles. W^d. like Att.G. to consider, before Thurs., in what circs. a merchant seaman has a right to strike. Agreed.

M/T. will provide full note on facts to Att.G.

W.M. Dock Strike. Mtg of Ldn. Stevedores last night decided to advise a return to work. If this app^d. today, it will help. Disputes Ct^{ee}. of T.U.C. will be mtg. on Friday.
 [Exit B.C.
 [Enter A.N.]

6. Austrian Treaty.

A.N. H.M. wants to proceed with ratificⁿ. – tho' Treaty laid for only 9 of 21 days. Oppⁿ. consulted & have no objⁿ.
But enabling Bill is needed so tht. O-in-C. may bring our law into line with oblig^{ns}. we have assumed in Treaty. Precedent : Italian Treaty.
Needed for protⁿ. of B. subjects who can't rely only on Austrian waiver of claims in Treaty.
Despite need for this enabling Bill, we cd. go ahead & ratify.

Att.G. 11.3.1953 by Swinton in H/Lds. : stated constitutional posⁿ. But no legal diff^y. in going on.

S.Ll. Enabling Bill wd. have to apply retrospectively to date of ratification.

A.N. If we wait for Bill, and O-in-C., we shd. be last to ratify.

Agreed : Put enabling Bill thro' quickly & ratify as soon as passed.

[Exit Att.G., A.N.
[Enter P.M.G.

7. Welsh Political Broadcasts.

H.C. Decisions taken before Election. Labour Party agreed. Liberals accepted fortnightly rule, but has tabled motion of disapproval! On time for Welsh Party B'casts he dissents.
PMG. is ready now to give directions.
Decisions re-affirmed.
PMG. to give directions.

C.H. L^d. Macdonald is coming to see me to ask Parties to review decision. I will see him to-morrow. P'pone my directions until afterwds.
May I delay directions if there is any chance of getting decisions accepted w'out directions?

P.M. Yes : if you can achieve that miracle.

[Exit Ch. H.

8. Naval Visits to Spain.

[Enter J.T.

R. U.S./Sp. rel^{ns}. in naval matters are growing.
S.Afr. visits require same facilities.
Amb. & Govr. Gib. both favour resumptⁿ. of visits by R.N.

J.T. Med. Fleet cd. go.

P.M. Not many ships, but big ones.

Approved.

[Enter N.B.]

9. Repairs to Downing Street.

N.B. Longer we wait, more it will cost.

Problem as in memo.

Much inconvenience to Ministers concerned. Adm^y. House is best temporary home for P.M.

Timing : twds. end 1956 because Adm^y. war damage will have bn. prep^d. by then. Seek decⁿ. in principle as a basis for planning.

P.M. We shd. get on with plans.

Must have a date for evacuation. I suggest we put that at 3 yrs. instead of 2. M'while, all plans be made.

N.B. W^d. accept that risk.

Sal. Have you considered Dover House?

N.B. W^d. need to be re-constructed for use as residence.

R.A.B. Accept P.M.'s compromise. We must get plans right for Downing St. Consider effect on Ch.Whip, when we see plans.

D.E. Hope M/W. will take outside advice on living accommodation, on wh. M/W. men are not v. good.

RAB. On 3 yr. basis. minor changes may be made m'while.

1. Parliament. [Enter B.H., Reading., Att.G.]
- H.C. Business for next week.
Austrian Treaty Bill – 29/6. [Enter de L., C.A.S.]
2. Cyprus.
- ALB. Disturbances. Govr. may have to arrest Archbishop.
- P.M. x/ Awkward to produce our new plan while state of emergency exists.
- A.L.B. Govr. is staying in Nicosia.
- S.Ll. Report on x/ by end of next week.
3. Aden Protectorate.
- A.L.B. Most urgent need : enquiry into organisation of security forces.
M^r while go fwd. with raising extra levies : immediate provⁿ. of armoured cars.
Para 7 of t. of r. w^l draw (ii). F.O. are not keen on this. I was ready to wait while revolt in Yemen continued. But now it's clear tht. Imam is firmly in saddle & supporting rebels in Protectorate. And I want to give him some of his own medicine. Wish therefore to authorise Govr./Aden to submit plans for this.
Also seek auth^y. for exp^{re} as in para 10(i).
These immediate steps are necessary to restore our damaged prestige.
- R.A.B. Accept recommⁿ. in para 10, subject to normal financial consents.
You can't deal with these activities from air, or in land-rovers. Need for armoured vehicles. This shd. be faced.
Need is for prompt & vigorous action.
- S.Ll. Shd. ref^{ce}. be made in Cab. pp. to counter-subversionary measures?
Military side : short-term and long. The second needs more consideration.
- de L. Support C.O. proposals for measures other than military – wh. won't alone suffice.
Don't send more U.K. troops. Air control is more economical.
- C.A.S. Short-term. My conclusion : Fort Rabat is besieged. 2/3rds of Rabizi have submitted to truce. But commando force of about 100 is v. active, well supplied, & threateng. morale of whole Protectorate. An operation is now being mounted v. this force w^l in next few days.

We need money to bribe people who cd. clean up these malcontents.
W^d. be effective at this stage.

- P.M. In disc^{ns}. on Canal, I sugg^d. tht. some armour might go fr. there to Aden. To think that 100 men with rifles can overset our whole Adminⁿ.
x/ I distrust air control – doubt if it is effective. Hope there will be early enquiry on spot by soldier & airman. W^d. prefer to have their report before add^l. levies are raised.
Propose that M/D. & A.L.B. go into long-term issues, consultg. with C.O.S. who will, I trust, adopt method at x/.
C^d. operation be deferred m'while?
- C.A.S. No : for men in fort must be relieved.
- P.M. Money can be made available. “Bis dat”.
- C.A.S. Only r. suitable type of armoured car = Ferret. These aren't available in area. There are some, less suitable, in Canal.
Situation has changed because of organised op^{ns}. mounted from Yemen. We wd. now like armoured cars.
- S.Ll. 1.150 Levies. Shd. be enough force, if properly used.
- C.A.S. Tho' they are v. tired – over-work.
- P.M. y| Sh^d. there not be some re-inforcemt., with approp^{te}. armour, while add^l. Levies are being raised?
- C.A.S. May I consult C.I.G.S. on that.
- P.M. Approve these proposals, but y/ shd. be considered.
{Let M/D get on rapidly with long-term enquiry.
{I will settle counter-subversinary moves with ALB & H.M.
- Memo. to be recalled.
- S.Ll. Rep^{ns}. to Yemen?
- R. We are considering. Also considering asking King of Jordan to warn him he will get rough treatment.
- S.Ll. Iraq too. They wd. have more influence.
- CAS. Also a note? [Exit de L., C.A.S.
[Enter G.Ll., B.C.

4. Coal Prices.

- G.L.I. Increase is large. This, however, is moment to do necessary but disagreeable things.
It wd. be wrong, while coal is scarce, to supply it at subsidised price. This is conn^d. with supply problems. Want to show support of N.C.B. We have re-organised Bd., & new Bd. have adopted all Fleck recomm^{ns}. This in spite of diff^y. of dealing with men.
Consistent with switch to oil.
- R.A.B. Discussed in E.P.C. with Ministers involved.
Inevitable tht. we shd. agree now to N.C.B.'s wish to raise prices. We are becoming a net importer of coal! Exports will drop to 5 m tons : & we shall import 12 m. Heavy cost to b/payments esp. as some will have to be bought in dollars.
Coal is therefore major economic problem of our time.
Commend 20% increase. Means only 1% on our export prices. Good effect on economy of allowg. price mechanism to work. Increased coal prices will help to reduce infl. pressure.
Good therefore, not only for coal industry, but for nat^l. economy as a whole.
Will raise c/l. index by 1 point only.
18% is not enough : it wd. leave deficit in '56.
20% wd. mean that it need not come up again too soon.
- W. This will encourage economy in industrial use, for wh. there is room. This switch to oil in industry, which must come.
In full employmt., miners can do as they please : & we shall have to reduce our dependence on them.
Favour 20% increase. For N.C.B. mght then in 18 mos. be able to reduce prices.
- W.M. Accept need, reluctantly, for some increase.
But is it wise to budget for net surplus of £20 M. in '56. Miners' leaders notice this & may demand wage increase.
Increased c/living will affect all wage claims.
18% wd. yield + £10 M. in '56. I favour 18%.
- Sal. Alternative fuels. G.L.I. mentioned possibility of acceleratg. civil p'mme of atomic energy. Ready to consider privately : but don't want it mentioned publicly. Doubt if acceleration is possible, or desirable.
We learn as we build : unwise therefore to build several at once.
- G.L.I. Even with 18% increase our coal will be cheaper than European.
- H. Differential, tho' not increased, will bear more hardly on some industries e.g. steel in Scotland.
- G.L.I. That policy did bear hardly on Scottish steel. N.C.B. will discuss this with interests specially affected.

- B.C. This will cost always another £9 M. – will double their present deficit. Will bring nearer the day for increased fares.
- O.P. Complacency of N.C.B. Report for '54 gave no suggⁿ. tht. there is a problem.
Estimate for '56 is now £40 M. worse than it was 3 months ago. Isn't that disturbing?
We must increase prices. Don't want, however, to accept their figures or to budget for surplus in '56. Their accumulated deficit is v. small in relⁿ. to turnover. No more than their annual allowance for depreciation.
- P.M. Must be an increase. 18% or 20%. W^d. favour 18% if I was assured tht. it wd. hold posⁿ. for 18 mos. But, if there is risk of that, wd. prefer to do 20% now.
- P.T. W^d. sooner do 20% and stand to it.
- W. NCB cd. reduce prices at any time if they saw "risk" of surplus.
- H.A. Will cost £1 M. extra for trawlers – involvg. increased subsidy. Favour 18%. Looks less resounding.

After further discussion : Agreed : 18% increase.

[Enter Att.G.

5. Industrial Disputes : Ocean Liners.

- W.M. Yates as well as Geddes has spoken & Wigg M.P. has now w'drawn P.Q. he was to have asked, on call-up point.
Not anxious to say tht. engaged seaman has no right to strike. But it seems that he has no such right.

[Exit B.C., G.H.

6. Administration Tribunals.

- K. Avoid droit administratif.
Chairman : Radcliffe or Parker.
Membership : on analogy of Donoughmore. Leading C. Servants don't want to be members : prefer to give evidence.
- D.S. We have 600 comp. purchase orders, and 5.000 planning dec^{ns}. each year. Procedure is already slow. Cab. shd. realise tht. "reform" will make it slower. These decisions are not judiciable issues, but ques of policy.

May I suggest to L^d. Chanc. some add^l. ques if t. of r. set out ques^r.
E.g. distinction betwn. planning appeals & purchase orders.
Composition : right absence of officials. Ctt^{cc}. shd. know facts – and
mayn't get them by ev^{cc}. alone. If no civil servant, then no rep^{ve}. of
l.a., who are much more interested parties. I wd. prefer both. Need
T.U.C. be on?

Agreed : Resume discussion on Tuesday.

[Exit Att.G.

7. Remuneration of Ministers.

Agreed – Cab. Ctt^{cc}. to be appointed.

[Enter J.T.

8. South Africa : Defence Talks.

- S.Ll. Erasmus wants to report at once to his Govt.
Simonstown – 3 yrs or 1. We can reach agreemt. on compromise.
Naval agreemt. £18 M. of orders – binds S.A. Navy to ours for all
time.
M/E. can't get firm commitment. But staff talks.
S. Afr. Defence : they are pressing for this.
What shd. we do? We can get Sim. & Naval Agreemt. with staff talks
on M/E. Shall we try for that, & leave over M/E commitment & S.A.
Defence until later? Or leave it all open? I recommend getting Sim. &
N. Agreemt. now.
- P.M. M/E. commitment is not worth much. They will decide on their own
interest, one way or another, when time comes. Secret staff talks will
be, realistically, almost as good.
I wd. concentrate on Sim. – get it as good as we can. It is better now.
S.A. readiness to develop another base, to ensure room for us, is a plus.
But get safeguards re colour if we can. App. A. Annex C.(vii) is
preferable to 9(a) of first Annex.
- S.Ll. Prefer “there shd. be no bar to recruitment of non-Europ.” when requ^d.
– in 9(a).
- J.T. 9(a) refers to new entrants. (vii) in Ann. C. applies to existg. hands.
- A.L.B. Or add “or recruitment” to (b).
- S.Ll. They wd. want to choose a white man for particular jobs. But I will
see what we can do, in light of discussion.
- R.A.B. C^d. we also get a ref^{cc}. to use of other ports in war?
- S.Ll. Impossible. He won't have it included in this.

C.M.18(55)

28th June, 1955

1. Chairmanship of Conservative Party. [Enter J.T., de L.

P.M. W. has notified me of his reasons for wishing to resign Chairmanship.
Read lr. of resignation, and his reply.
Thanks to W. for 2 signal victories.

2. Malta.

A.L.B. W^d. prefer that discⁿ. be deferred until Thurs.
Mintoff saw [Parl^y.] Labour Party Executive y'day, who have decided
to support his claims.
M. has twice seen CRA P.M. shd. see him.

3. Crown Lands.

P.M. Harris' appt^{mt}. will be announced on Thursday next.

H.C. Congrat^{ns}.

L.P.

4. D/Edinburgh : Flying.

de L. No of hrs. flown.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

Is now learning helicopter – R.N. tuition but my responsibility.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

System is as safe as it can be made.

D.S. Helicopter is dangerous.

de L. As passenger too. And he won't fly solo.

P.M.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

5. South Africa : Defence Talks.

- S.Ll. Mtg. E. at 3. p.m.
Def. Ctt^{ee}. considered drafts yesterday.
a) Simonstown Agreement.
Para 9. – accepted.
Finance.
- R.A.B. Accept £750.000. You won't get more. But define precisely what it covers. Agreed.
Date. They accept 21 months. Para 17 : wording needs adjustment.
- P.M. Hope Annex B. will be publ^d.
- S.Ll. Better terms than in some other dockyards. May provoke demands fr. others.
- P.M. Must risk that.
- P.M. Annex C. Last sentence. Who will work out details.
Para.2(iv). admission at end is damaging. Try for less obj. wording.
- P.M. Paras 6 & 8. Cdn't phrases at x be made more firm. "It is intended" e.g. in para. 6. And omit "do their best to" in (viii). Try both.

b) Naval Agreement.
- P.M. Flag Offr. i/c S. Afr. Area. Will be under C-in-C.?
- J.T. Yes, in war. In peace, he is only a planning officer.
- D.S. Para 11. Doesn't commit Union Govt. to commit their forces to this command.
- S.Ll. Clear fr. text as a whole. cf. para. 7. And their intention has bn. made clear in disc^{ns}.
- c) Defence of S. Africa.
- S.Ll. Propose to begin with para 3. Omit 1. Follow on 2, 4 etc.,
But, if he won't agree, we will ask for "Africa, incldg. S. "Africa".

- R. F.O. wd. prefer to do Simonstown, & Naval, & keep back c) and d).
Because we haven't got a firm commitment to M/E. defence. We are
lagging in disc^{ns}. with U.S. on M/E, and haven't much now to offer to
S.A. Later, we mght have more to offer & mght be able to get them
(S.A.) committed to M/E.
- S.Ll. They may dislike some parts of (c).
But CIGS attaches gt. import^{ce}. to (d). Believes we can make real
practical progress. We may lose the chance if we delay.
- H. Para. 10 mght lead to Afr. D. Organⁿ. w'out commitment to M/E.
But I want d). C^d. we get some public admission of staff talks, in a
preamble or in Press communiqué. Believe we cd. press them for that.
One final snag. Agreemts a) & b) will have to be reg^d. with U.N.
S.A. won't like that because enabling U.N. to poke noses into it.
- P.M. Pure formality.
- S.Ll. They needn't register it. We can do so, alone. May get out of it on tht
basis.
- R. Before publⁿ. can we inform interested States in M/E. & Africa. }
} Agreed
- A.L.B. And we wd. want to do same for Col. African Govts. }
- S.Ll. Time-table. E. wants to leave at end/week. Haven't asked him yet wtr
he will accept announcemt. before he leaves.
- P.M. Advantage in announcg. before he leaves.
But don't make any announcemt. before full text is available.
Keep him until it can come out in full.
Aim at statement on Monday.
- [Exit J.T.]

6. Aden Protectorate.

- S.Ll. Land forces at 48 hrs' in Canal Zone.
2 Cs.-in-C. to visit & report on long-term, on t. of r. drawn by C.O.S.
Immed^{te}. opⁿ. : authority to evacuate Fort, if expedient. But Govr. has
bn. asked for his view on expediency.
- A.L.B. I have asked Govr. to consider wtr it wd. not be better to destroy Fort.
- de L. Was sited as admin^{ve}. H.Q. vice tactical mil. strong point.

[Exit de L.]

7. H/Commons Disqualification Bill. [Enter Att.G., B.H.,
Strathclyde.]

- L.I.G. Reported agreemt. reached on pts. of doubt.
- H.C. Hope L.I.G. will at once consult N.I. Govt. & introduce Bill. Need for Indemnity Bill now disclosed for M. George M.P. Want to announce to-day appt^{mt}. of Ctt^{ce}. to go into that. Shall then be asked where our Bill is. Can I say “will be introduced shortly”? Want to clear with Opposⁿ. the project of procdg. tho’ don’t want to wait upon detailed comment before introdⁿ.
There is also ques of 2 Sinn Fein M.P.’s. S. Tyrone defeated candidate has proceeded by petition, invitg N.I. Ct. to declare S. Fein man disqualified & other elected. The other constituency has not proceeded in this way : & this means Govt. must act. First motion to establish fact tht. he is in gaol, fr. Ulster High Ct : then resolⁿ. tht. he is disqualified : then motion for new writ : then By-Election, in which same man might be elected again!!
- S. McInnes (Soc.) may also be disqualified, as Director of Estate Co.
- Att.G. I haven’t had the facts. I shd. prefer to be able to make statement about both.
- H.C. Must make statement on George at 3p.m. to-day.
- B.H. Might wait until to-morrow.
- Att.G. His resignⁿ. shd. also be in before announcemt.
- H.C. Then wait until to-morrow for statement.

Agreed : Statement Wed. on George & McInnes.
Set in motion procedure as above for mid Ulster

[Exit Att.G.]

8. Sugar Prices.

- R.A.B. Wish this price increase to come in now. Prev. app^d. by Cabinet.
- H.A. Will be offset on c/living by redⁿ. in tea prices. Want it done before Sugar Bill comes in.

9. Legislative Programme.

- H.C. Much time for legⁿ. before Xmas. Must have the big Bills. Will Ministers get on – as proposed in paras. 5 and 6.
Para. 5. Clean Air.
- D.S. Need it go to H.A. Ctt^{ce}. proper?

Agreed : Legⁿ. Ctt^{ee}. : then Cabinet.

Agric. Welfare : hope to get introdⁿ. just before Recess – not 2nd. Rdg.

P.T. Inventions & Designs. Don't want to do this early.

H.C. But we do want to get on qua D. Reg^{ns}.
Em. Legⁿ. Ctt^{ee}. shd. review timing.

H.A. Sugar. C^d. be introduced next week. W^d. like it accompanied by Wh.
Paper to reduce controversy. May be delayed because Hybrid.

D.S. Water. Can't have 2nd. Rdg. until after recess because of need for
consultⁿ.
But Rural Water & Sewerage Bill cd. be put in at once.

R. C^d. we add Sudan Compensation Bill?

H.C. If F.O. wd. prepare it and submit it to Legⁿ. Ctt^{ee}.

P.M. Then : This & Dipl. Immunities shd. come fwd. in next few days.

Para.6.

L.I.G. Geneva Convention is v. difficult.

H.C. Get on with it.

S. Rating & Valuation (Scotl.) may be ready.

R.A.B. Might have Revenue Bill – wh. wd. reduce next Finance Bill.

P.M. Will consider again in 2 wks' time.

H.A. Add Slaughterhouses Bill?

H.C. If ready.

[Exit S.
[Enter Caccia.

10. Cyprus.

P.M. Wanted to avoid appearance of admission tht. Greece had right to be
consulted on sovereignty. But wanted a talk – because wd. show T. &
G. divided on issue of self-determination. W^d. help us to go on with
our own ideas. W^d. also help us if Gks. declined invitⁿ.

A.L.B. Agree on all above points.

Draft of invitation to Greece & Turkey submitted and approved, subject to amendment.

P.M. Shall we decide to-day?

A.L.B. V. urgent. Situation becomg. increasingly more serious in Cyprus.

P.M. And in Parlt. add : M'while we shall take all necessary steps to m'tain law & order in Cyprus.

Sal. Not if you want to pretend tht. this is not merely a Cyprus conference.

R.A.B. Let Cab. approve in principle the project of invitation; but allow terms of invitⁿ. to be finally settled by P.M. in consultⁿ. with F.O. & C.O.

Timetable. Announce in Parlt. Thursday.
Tell U.S. Govt. on Wed^y. Deliver invit^{ns}. as short a time in advance as possible. Advance infⁿ. to Govts. of Canada, A. & N.Z. – time to be agreed with F.O.

[Exit Caccia.

11. Industrial Disputes.

Docks.

W.M. Disputes Ctt^{ee}. of T.U.C. will prob. decide in favour of T. & G. W. Union.

About 10,000 men in North are, however, determined not to have any further truck with that Union.

Trouble is, however, to know with whom the Union to deal. In the end the T. & G.W. U. won't win. But may get next round.

RAB. Use of troops in Mersey?

W.M. Trouble fr. T. & G.W. U. Also incompetent to lead.

Sal. Ask T. & G.W. U. wtr they can suggest means of relievg. congestion in ports.

P.M. Increasg. unemplt. in N.I.

R.A.B. And shaking confidence in sterling.

W.M. Will report on Thursday.

W. Suppose Lpl. employers declared they wd. recognise both Unions.

1. M.P.'s Salaries. [Enter B.H.]

P.M. CRA. has said he wants to see me on Ministers' Salaries and M.P.'s pay.

B.H. They will say they will agree to Ministers' salaries if M.P.'s allowances are increased.

P.M. I will give no encouragement.

2. Parliament.

H.C. Business for next week. Monopolies Rpt. Promise some prelim^y. discⁿ. before recess.

3. South Africa : Defence Talks.

S.Ll. Agreemts. concluded. Publish as Wh. Paper on Monday. Sh^d. they be shown in advance to [Leader of] Oppⁿ.? Before statement (by P.M.) in H/C.

P.M. Yes : S.Ll. to see C.R.A. on Monday a.m. He cd. bring Callaghan if he wished.

4. Germany : Supplementary Army Estimate.

S.Ll. Ty want token Estimate. Form involves alteration of every vote for Army & totals £70. Timing of this, in relⁿ. to f. affairs & Geneva, is of some importance.

R.A.B. Occupⁿ. ended on 5/5. If we don't take token vote, P.A.C. will query lack of Parl^y. [public] control. Tho' we aren't spending money in fact, Parly. control is needed even if cash provided by 3rd party. Tho' this argument wd. have led to our takg. Parl^y. control 8/9 yrs. ago. Doubt if token figure will make debate any more likely. We can't give any estimate of real figure. We cd. make the token £10.

H.M. If it's right to do this now, it shd. have bn. done for Occupⁿ. Costs. If we do it now, we emphasise earlier error. There is no reason to believe tht. any cost will in fact be incurred this year.

R.A.B. Diff^{ce}. is tht. G. is independent sov. Power.

H.M. More you discuss this in Parlt., less chance you have of getting the money from Germany.

Agreed : RAB to consider, with M/D. [and F. Secy.]

H.C. If done now, we have to provide time. Later, debate cd. be avoided.

5. Foreign Affairs.

H.M. In U.S. a developing situation. Dulles is trying to be more flexible. On Geneva, believe U.S. want to do business with R. They won last Election on stopping Korea : they want another such achievmt. before the next. More risk of U.S. w'drawing fr. Europe than of her launching forestalling war. They will therefore be disposed to back disarmament, & détente in Europe. On F/E they are much less bellicose but don't know how to extricate themselves. And rather too many cooks – e.g. Nehru. Failure of their missions may suggest U.S. recalcitrance. Risk here therefore is rash action by Chinese. Need therefore is to press U.S. to keep some overtures going. Other countries' opinion twds Geneva is steady. France is least certain : but at least they haven't bn. restive.

[Enter S., Att.G.

6. Administrative Tribunals.

Sal. On scope : misunderstandings removed. D.S. to see t. of r. in draft. On composition : too many officials, not enough of man in street. Better to consider on basis of a list of names : see wtr betwn. them they cover a sufficient spread of experience. C^d. N.B. produce a list of names for discⁿ.?

D.S. Sh^d. include someone with knowledge of administration.

[Exit Att.G.

[Enter B.C., G.Ll.

7. Industrial Disputes : Docks.

W.M. T.U.C. report. Doubt if strike will be called off in consequence. Northern men won't join T.G.W.U. Future of Stevedores Union is v. doubtful. Leaders who remain are not in touch with men in north. May be a move for wholly new Union. Rpt. removes foundⁿ. for sympath. strike : may therefore lead to resumption of work in Ldn. Must now see employers. Also T.GWU., who shd. adopt less intransigent attitude – tho' he will want to wait for 10,000 to come back to them. Also, T.U.C., who has been mtg. both Unions.

- P.M. Let it be known tht. you are having these interviews.
- Sal. Opportunity for drastic action, now that TGWU have so little public sympathy.
- W.M. x/ Employers may break thro' by recognising Stevedores Union.
- W. There must be real dissatisfⁿ. with T.G.W.U. and real desire for own Union. Hope therefore employers will act as at x/.
- W.M. Their risk wd. be i) TGWU strike ii) leap-frogging by 2 Unions.
- P.M. Pressure on TGWU wd. be justified now.
Serious economic effects. Worse than rlway strike. Point shd. be made in Speeches : for effects will be felt long ahead.

[Exit Str.

8. European Integration.

- R.A.B. Must be careful over atomic power, common market, & transport.
Can attend as observer – with caveats on above subjects.
Dutch wd. gain financially : G. interested in the politics : Fr. & Italy in trade. Their interests are not v. common. If we play it slowly, we may prevent actual harm.
- H.M. Invitⁿ. now rec^d. : it is to “participate in studies”. Cdn't we accept that, w'out pressing status of observers. Put in our caveats, but then accept the invitⁿ. cf. acceptance of Schuman invitation.
Will suggest a draft to R.A.B.
- Sal. Advise caution. Don't believe they have any idea what to do. On atomics, we have other & more profitable channels for internat^l. discussion.
- P.T. Their aim is a common market. That raises GATT., OEEC. & Comm. rel^{ns}. We must at least make it clear that we are not pursuing objectives which they have stated.
- H. Prefer observer status. Don't let us be blamed if it goes awry.
- D.S. Prefer H.M.'s line. Tho' U.K. not going in, nothg. like this can develop in Europe wh. is not of interest to U.K. cf. our assocⁿ. with Schumania.
- H.M. Labour Govt.'s refusal to join Schumania was based (only) on fact tht. they wd. have bn. asked in advance to accept supra-nationality. We aren't now asked to accept anything in advance. I wd. prefer to get in & bring it round the right way – or stop it.

[Exit D.C.

9. Malta.

A.L.B.

Now at parting of ways.

Our mil. exp^{te}. has distorted economy – tho' bringing much money. Dyarchy has broken down. All NATO ques, e.g., tho' for U.K., excite angry passions because of lack of consultⁿ.

Some change inevitable. Olivier's Party claimed Dom-status. No case whatever for that. x/And I have said it isn't possible./ Alternative : closer assocⁿ. with someone. There is some feeling in favour of union with Italy. Mintoff's Party has advocated closer union with U.K. "H.O. offer" is no answer to status or to a say in f. affairs or defence. x/ / blocks only known way of advance.

I have expl^d. snags in N.I. model. But they want it, qua status & opportunity to debate Malta, as P'smouth, at W'minster. Mintoff wd. hold plebiscite if we approved in principle.

Points i) diff. to reject an applⁿ. fr. Colony to get closer.

ii) Labour Party approve in principle.

iii) Our back benchers think it will be diff. to deny in principle.

iv) If we reject this, Mintoff will go for independence & Def.

Treaty. And Other Party wd. join him in that.

R.Commⁿ. wd. be regarded by Malta as delaying.

Spkers Conf^{ce}. on detail, after we had accepted or commended in principle. If this is to happen, let us (rather than Labour) have credit for it.

Populⁿ. 300,000. Voters 150,000. On N.I. basis, they wd. have betwn 2 or 3 rep^{ves}. in Parlt. at W'minster.

P.M.

CRA told me Oppⁿ. thinks this is only way out.

Saw Mintoff y'day. He genuinely wants closer assocⁿ.

Sal.

Saw Mintoff y'day. V. eccentric proposal. But diff. to rject. If we reject, Govt. will be bitterly disillusioned : what shd. we do then? 80% of revenue derives fr. U.K. mil. exp^{te}. Their main object is money. But wd. it be sensible to quarrel with Cyprus because they want to have us and with Malta because they want to come closer to us. Worried over R.C. opposⁿ.

RAB.

We have spent £27½ M. all told on Malta since ? And exp^{te} now is running around £2 M.

How shall we like a Malta Lobby? [Which way wd. they vote] Will give rise to v. gt. problems.

Prefer alternative approach. i) End dyarchy. Reserve f. affairs & def. to Govr. But have, for these, a Council of Ministers in Malta & in Ldn. or in one or other. Means Govr. wd. not be autocrat. ii) Shall have to be generous over aid. W^d. work out plan : on social services they must help : on capital exp^{te} we must be more generous.

In remitting this e.g. to Select Ctt^{ee}. don't commit ourselves to having M.P.'s at W'minster.

- P.M. Relieved at R.A.B.'s approach to financial aspects.
Must be mindful of cumulative effects of e.g. Cyprus, Simonstown, Malta. Remember Italian incitements of '30's.
Tho' eccentric, this proposal may have to be accepted. It may be a risk : but the other risk is surely larger. There are many steps to be taken before the Members arrive at W'minster.
- H.C. V. novel constitutional development.
Sh^d. there be Sel. Ctt^{ee}. of both Houses, w'out advance commitment in principle.
- D.S. Ctt^{ee}. of Ministers?
- H.A. Welcome some form of assocⁿ., but consider v. carefully what.
- S.Ll. This may be psychol. moment for stopping the rot. From defence angle, we don't want trouble in Malta – on top of all the others.
- A.L.B. No objⁿ. to ref^{ce}. to Sel. Ctt^{ee}., or other body, so long as we indicate
*/ some sympathy or acceptance of principle.
- Ll.G. i) Views of Church. ii) Chandos' third point : narrow majorities.
- P.M. They fought their Election on this & won it.
- P.T. Enough on x/ to say we don't rule it out.
- A.L.B. Something like that mght do : wd. want to consider form of words.
- P.M. Joint Select Ctt^{ee}. of both Houses., with some indication ? of sympathy twds this concept.
- RAB. W^d. like to see detailed plan before being committed.
- H.M. Welcome it : have it examined : let it break, if it must, on financial or economic difficulties.
- Sal. Propose formal disc^{ns}. with Maltese with a view to devising plan acceptable to both Parliaments.

Cab. to resume discⁿ. on Tuesday, on basis of considered plan by C.O. in light of discussion & with draft of early announcement.

[Exit J.T.]

10. Japan and G.A.T.T.

- P.T. They are likely to get in : 26 votes.
11th. Aug. is latest date.

Sitⁿ. in Geneva is confused because Germans have made a blob. We
cd. let that develop a little.
Recommend we wait another 2 weeks. No action m'while.

Agreed : H.M. to bring it up next week, if he is unwilling to
wait longer.