

# **CAB 195/15**

**C A B I N E T**

**M I N U T E S**

C.M.(56)37th Meeting – C.M.(56)104th

Meeting

1. Parliament.

[Enter E.H.]

R.A.B. Business for week after Recess.  
Tuesday: complete Ctt<sup>ec</sup>. Stage of Death Penalty (Abolition) Bill.  
Wed./Fri : Report & 3<sup>rd</sup>. Rdg. of Road Traffic Bill.

2. Remuneration of Members.

R.A.B. Opposition re-action is uncertain – tho' threatening a little. On the whole they are unlikely to be v. obstructive. Pressure remains for action on Junior Ministers' salaries. Shall have to act when economic sit<sup>n</sup>. is more favourable. Feeling about Peers' allowances is sympathetic.

3. Parliament : Select Ctt<sup>ec</sup>. on Procedure.

R.A.B. Sh<sup>d</sup>. avoid frequent enquiries, but some points are urgent viz.,  
i) quorum for Standg. Ctt<sup>ees</sup>. ii) compos<sup>n</sup>. of Sc. Grand Ctt<sup>ec</sup>.  
iii) Supply Ballot. iv) Private Members' Bills which wd. involve expend<sup>'re</sup>.  
These are worth enquiry. But will 1922 Ctt<sup>ec</sup>. press for wider enquiry. Suggest I explore chances of being able to confine it to the points specified above.

J.S. If we can't have a Ctt<sup>ec</sup>., we shall have to adjust (ii) without one. W<sup>d</sup>. there be any harm in wide t. of r. – there aren't many serious issues likely to be raised?

B-H. Yes : some dangerous ideas.

H.M. If we open (iv) there will be pressure to widen Fin. Resolutions. Can this be averted by narrow t. of r? We have something to lose here, as well as gain.

R.A.B. Propose to see first wtr 1922 Executive wd. accept narrow enquiry. Fin. Secy. cd. be associated with these soundings. Agreed.  
A possibility is to do i) and ii) only this Session & leave the rest over till next Session.  
Consult 1922 Executive & report back.

4. Reform of House of Lords.

L.P. Diff<sup>tes</sup>. of hereditary Peers. One such, when I said "you can't possibly put fwd. that scheme : you might as well say you believed in divine right of Kings" replied: "But I do believe in divine right

- of Kings”!
- Selection Ctt<sup>ee</sup>. : wd. begin by asking all wtr they wished to be considered : I believe 50% wd. decline : choice wd. then be made between remaining 50%. Process of selection, by all-Party Ctt<sup>ee</sup>., would give us cream of the House. Revision for each Parliament wd. keep it fresh & up to date.
- Urgency : figures of attendance show clearly how small a prop<sup>n</sup>. of hereditary Peers take part. “Majority of backwoodsmen are now in City of London.”
- This method wd. select those who can & will serve, & wd. enhance reput<sup>n</sup>. of H/Lords.
- Wish for authority now to ascertain informally wtr back-benchers in H/L. wd. support this scheme.
- Swamping. Am more doubtful now wtr this shd. be excluded. For wd. be important not to combine this measure with any change in powers of H/L.
- Peers who decline to sit in H/L. Sh<sup>d</sup>. they be eligible to sit in H/C. My view : they shd., but shd. not then be eligible for H/L. later.
- K. Strong support for this plan. Slow decay.
- P.M. Agree. Single-chamber govt. wd. be disastrous.  
Believe country wd. accept this. A monumental achievement for this Parliament. Next session wd. be last chance.
- Sh<sup>d</sup>. K. & S. consult with R.A.B. & E.H. on outstanding points : with Ctt<sup>ee</sup>. of officials under Coldstream to help. Settle some of these before takg. soundings of back-bench Peers.
- D.S. Will be said tht. this is designed to secure permanent Tory majority in H/L. because Selection Ctt<sup>ee</sup>. has Tory majority & won’t be trusted to give adequate rep<sup>n</sup>. to other Parties.  
Life peers. Reflect division of Parties on first choice only – or thereafter also. I wd. prefer tht. after first batch P.M. of the day shd. be expected to nominate life Peers of his own Party.
- L.P. W<sup>d</sup>. prefer to keep to proportionate basis until whole 200 had bn. appointed. Thereafter P.M.’s unlimited choice.
- D.S. Result wd. be 200 reflectg. state of Parties; but other 200 wd. ensure Tory majority.
- L.P. Inevitable.
- P.M. Diff. to find 200 life Peers?
- L.P. Yes : that’s why we start with 75.
- R.A.B. Shall wish to discuss some of details in App. of C.P. 119.  
Comp<sup>n</sup>. of Ctt<sup>ee</sup>. of Selection – acc. to strength of Parties in H/L. or in the country. That is a crucial issue. If the former, it strengthens

criticism tht. this wd. give permanent Tory majority.

- D.S. Two kinds of Lords will not ultimately be satisfactory.  
A progressive method wd. be better. E.g. Peers not automatically qualified to sit : Peer cd. renounce hereditary element. That wd. give gradually a better balanced system as between Parties.
- K. 100 years since Wensleydale decision. Creation of life Peers thus prevented. A gt. tragedy. Merit of L.P.'s memo : reverses that decision : restricts sitting of the 800 odd. Also consistent with 1910 decision – as in App.  
Essential to have a simple scheme.
- S. Disadvantage of Sc. system – too public. Means that some are elected who shdn't be.  
Continuing appointments. Hope P.M.'s will select from other Party.  
Urgent need now is creation of more Labour Peers.
- I.M. Danger of linking comp<sup>n</sup>. of H/L. with voting for H/C. (Party strengths) using effect of vote for one purpose to do an entirely diff<sup>nt</sup>. constit<sup>l</sup>. purpose.
- L.P. Not wedded to this criterion. But who can think of a better. It is after all only an initial necessity.
- K. C<sup>d</sup>. limit it to that. Thereafter leave P.M. of the day unfettered.
- L.P. Sugg<sup>n</sup>. of repudiation of hereditary element. i) offensive to Crown.  
ii) doubtful if Peer has right to disinherit his son.
- P.M. Bound to be diff. to start this system.
- H.M. This won't be done without a big political row.  
Diff. now to defend hereditary right to govern.  
Labour Party will prob. boycott it.  
Details can be discussed later. Gt. issue is wtr we are ready to defend, in 2<sup>nd</sup>. half of 20<sup>th</sup>. Century, hereditary right to govern; and justify a House with perm. Tory majority.
- L.P. I'm not keen to defend hereditary system. But an elected H/L. wd. be even more unacceptable to H/C.  
Choice therefore i) let it die ii) do something like this or iii) go at once to single-chamber govt.
- D.S. Issue is not betwn. hereditary & elected House. Nominated is real solution nowadays.
- P.M. S.B. said "Don't touch H/L." But now, if you don't, it will die.  
And we can't have single-chamber Govt.

- R.A.B. May need 10 days Parl<sup>y</sup>. time in H/C.
- H.M. Healthier for them to talk about this than about these dreary economic subjects like liquidity ratio.
- H.A. Support this because I regard it as first step towards abolition of hereditary principle.
- I.M. Can't make any scheme work without Labour Party co-op<sup>n</sup>.  
W<sup>d</sup> it be worth consultg. Attlee?
- H.M. Prs. as time goes on people will prefer to accept life Peerages.
- P.M. That is an answer to criticism of this scheme. It will make it possible to evolve towards disappearance of hereditary Peers.

Agreed : Ministers (as above) to consider details.  
Report again.

[Exit E.H.]

#### 5. Disarmament.

- S.Ll. Must have policy – before mtg. of Comm<sup>n</sup>.  
Choice : adhere to Anglo-Fr. plan. But U.S. won't put any figures in so it remains too theoretical. This won't do.  
Therefore I think we must take a fresh initiative. Limits on men and on materials – must try to work out plan with Allies. Diff<sup>y</sup>. = nuclear. Risk of 3<sup>rd</sup>. countries. On this therefore we must include somethg – e.g. as in para 3 of Annex III, wh. wd. protect our own nuclear p'mme.
- W.M. Para. 14. x/ worries me. Our cont<sup>n</sup>. to nuclear is a vital nat<sup>l</sup>. interest. We can't get our deterrent (effective no. of megaton weapons) for several years. Anxiety about 3<sup>rd</sup>. countries shdn't be allowed to thwart our own p'mme. Anything on nuclear must i) protect our own p'mme thro' time-table ii) provide for adequate control.
- L.P. Fear being comm<sup>d</sup>. too soon to limit<sup>n</sup>. or prohibit<sup>n</sup>. of nuclear – for we wd. then be exposed to R. man-power superiority.
- P.M. Don't believe R. are at all disposed to abandon nuclear. They are proud of their achievement.
- S.Ll. Firm line on control will prob. ensure pace of agreement on nuclear doesn't go too fast.
- P.M. Can't hope to find a moment for prohib<sup>n</sup>. which will suit all countries – it is like musical chairs.
- S.Ll. Seek only authority to explore with Allies possibility of

a new initiative.

P.M. Sh<sup>d</sup>. A.N. go round to capitals concerned. Won't be able to do it by notes. S.Ll. shd. consider. W<sup>d</sup>. appear to keep U.K. initiative.

6. Volta River Project.

P.T. For inform<sup>n</sup>. mainly.  
Aluminium cos., luckily, made the running in exposing diff<sup>ies</sup>.  
We made it clear we cd. accept only a limited liability : & sugg<sup>d</sup>.  
outside finance.  
Gold Coast rep<sup>ves</sup> were v. sensible. They have approached Bank, who  
will now investigate. In 6-12 months' time Bank may come back  
& we may have to consider wtr we shd. invest in this.

H.M. Our cont<sup>n</sup>. wd. be about £50M. Good to have p'poned for 12 months.

P.M. Cos. may hesitate until they see how G. Coast will do after  
independence.

A.L.B. Lee's handling of this was "beyond praise". Hope B/T. will continue  
to take lead on this.

7. Kariba Dam.

H.M. Am as upset as P.T. at result. But alarmed at sugg<sup>n</sup>. x/ in para. 3 of  
B/T. memo.) i) Bank wd. object to this. ii) They might raise  
whole ques of preferential rates, wh. we have persuaded them to  
tolerate.

x| W<sup>d</sup>. prefer to make it clear to Fed<sup>n</sup>. & to Bank tht. in our view contract  
| shd. not be awarded to a firm whose bid is better than next  
merely because of a subsidy.

It is still our broad interest to retain open tendering. It does, on  
balance, give us a cut at other people's money.

L.P. C.R.O. support H.M.'s view.  
We have good-will of Fed<sup>n</sup>. Govt. – tho' they are limited by Bank's  
rules. They will use any argument they can for preferring our  
contractors.

P.T. Submitted my memo. mainly to draw attention to attack wh. we are  
likely to have to meet. Viz., £13M. from our reserves to give  
contracts to Italy & France. We can defend un-tied loans. But  
other countries do tie loans. True U.S. give other dollars rent  
free. But those who are getting these contracts haven't done so.  
And if it's clear tht. they have subsidised tenders, we are in  
trouble in H/C. It wd. be helpful in H/C. to be able to say tht.,  
where there was subsidy, countervailing amount was added to

tender.

- H.M. W<sup>d</sup>. still prefer x/. on this.  
Willing to review policy of tied loans. But v. big issues in that.
- A.L.B. This is at least revenue-earning for sterling area. Gives power to the copper companies.
- H.M. W<sup>d</sup>. accept P.T.'s sugg<sup>n</sup>. if I thght. it wd. gain more orders. But don't want to do it solely to ease our pos<sup>n</sup>. in H/C, w'out being sure where it wd. lead us in practice.
- P.T. W<sup>d</sup>. be happier about H.M.'s plan if Fed<sup>n</sup>. agreemt. to that cd. be secured & announced.

[Enter E.H.]

8. Aswan Dam.

- S.Ll. Looks as tho' E. & Sudan will agree.
- P.M. Don't want to go on.

Examine again & find diff<sup>ies</sup>.

9. Singapore.

- A.L.B. Marshall has offered to accept our plan – provided action on reserve powers O-in-C. has to carry affirmative resolution in Parlt.  
Will see them informally to-day : will say tht. I will go on, on this basis, if they will drop all their other points. – e.g. Govr. Genl. & C.R.O. vice C.O.
- P.M. Labour Party will try to take credit for this. Don't try too hard to save Marshall's face.
- K. Sp. emergency powers for e.g. 14 days. More permanent exercise of reserve powers, or suspension of constitution, shd. need draft order for affirm. resol<sup>n</sup>. before subm<sup>n</sup>. to Queen. If Parlt. in recess, power for order to last until Parlt. resumed when its approval wd. be required.
- A.L.B. Govr. has returned to Singapore.  
Unnecessary to bring him back.

Agreed.

10. Restrictive Practices Bill.

- P.T. Strong reason that Bill shd. extend to steel industry.  
But Realisation Agency said they cdn't sell remaining large cos. if the Industries Fund were negotiable under Bill.  
Solution now found meets views of Agency & Fed<sup>n</sup>. – tho' it does not wholly please Steel Bd. Chairman, who really wants leg<sup>n</sup>. strengthening powers of Bd.  
Raises awkward ques. Better not therefore raise it too soon.  
K. is willing to take it in H/Lords.  
Steel Bd. will not resign on this. A.F. will stay for at least 6 months – & possibly for 12.
- H.M. Grateful for P.T.'s efforts.  
We cdn't have met grievances of those who have bought shares.  
I attach more importance to Bd. than P.T. does.  
We don't want successive Govts. to monkey with steel industry.  
The Bd. was a feature of D.S.'s Bill – made industry half way house betwn. nat<sup>n</sup>. & private enterprise. I want that compromise to stand, even when Labour comes in again. It may not be poss. to sell whole of industry.  
I wd. therefore have preferred tht. amendment shd. cover other agreements made under authority of Bd. Of course Fed<sup>n</sup>. don't like Bd. v. much, but they stand for unfettered private enterprise.  
For these reasons I wd. prefer to defer final decision until after Whitsun.
- P.T. If steel were taken right out of Bill, my pos<sup>n</sup>. wd. be v. diff. indeed.
- H.M. More than logic is sometimes needed. Concessions have sometimes to be made.
- P.M. I don't want a row with Bd.
- P.T. This amendment involves a considerable pol. risk to Bill.



C.M. 38(56).

29<sup>th</sup> May, 1956.

1. Parliament.

[Enter E.H.]

R.A.B. Business for next week.

2. Persian Gulf.

S.Ll. Sit<sup>n</sup>. in Bahrain v. tiresome. We are being blamed for anything which goes wrong merely because Belgrave, tho' not our servant, is a Br. subject. It wd. be better if, as in Kuwait, chief adviser was not British.

Suggest : B. shd. say he is 62 & must retire before long : admin<sup>n</sup>. shd. be overhauled before that happens : promise enquiry (by a B. s.) into the organisation.

Rulers' family in B. are indifferent – in Kuwait strong.

Enquiry cd. be done by Cummins (ex Sudan Pol Service) who did well a corresponding enquiry in Qatar.

[A.L.B. Cummins is a v. good man.] – (mistaken) – because confusion with Cummin.

P.M. Can't we recruit more Iraqis for Bahrain Police.

S.Ll. First step on re-organisation wd. be to sell this idea to Belgrave and get him to sell it to Ruler.

Agreed.

3. Cyprus.

S.Ll. Greek Cypriot priest in London. Runs fund for "victims of national struggle" in Cyprus. Makariotis: Cypriot, who is Greek by naturalisation. Camden Town. Lives in house provided by C/England, who have now advised him to moderate his sermons etc.,

Ll.G. W<sup>d</sup>. be contrary to practice to give reasons for d.o.  
Security auth<sup>ies</sup>. wd. be glad to see him go.  
Been here since '52.

S.Ll. May be reprisals from Greece.

P.M. Will be assumed tht. he is connected with threats of violence here.

A.L.B. Governor's visit (2 weeks). W<sup>d</sup>. welcome arrangemt. by which one or two senior Ministers wd. be readily-available for consult<sup>n</sup>. – as was done for Singapore Conf<sup>ce</sup>.

- P.M. Policy : we chose between i) constitutional offer ii) co-Domini plan.  
We rejected ii) because Turks were not then recognised by public to have much concern. It is now more widely recognised that they have. We might therefore revive that idea – prs. as well as procdg. with constitutional advance.
- A.L.B. Joint memo. of June '55 – H.M. must – set out this as F.O. plan. Was not purely temporary expedient.
- H.M. May be a better atmosphere for another Tripartite Conference.
- P.M. F.O. & C.O. to study this & work out a possible line before Govr. arrives in Ldn. for consult<sup>n</sup>.

[Enter Att.G., B-C.

4. Crown Privilege.

- K. Para. 8(i) : essential to admin<sup>n</sup>. But Judges aren't sound on this & much legal opinion wd. prefer tht. court shd. decide when disclosure can be made.  
Para. 8(ii) shd. go some little way to meet criticism.  
Para. 8(iv). These repts. are used for welfare work. But made by people who are not State servants therefore awkward on that a/c to claim privilege.  
Procedure. I shd. have preferred to make full statement in H/L. But Simon's amendmt. on Restrictive Practices Bill comes soon : & statement ought to be made then or before. Because of rules of order, may be necessary to have statement by Att.G. before debate. This may be only way of avoiding defeat on Bill.
- Att.G. In Scotland courts have discretion to decide. This will be pressed as argument in favour of accepting same practice in E & W.  
W.O. claim on 8(iv) c'dn't be m'tained. Can't be said tht. these are necessary to admin<sup>n</sup>. : only for welfare & morale of Forces which is not enough.
- W.M. V. gt. loss if 8(iv) documents were disclosed. It is in cases where litigation is not imminent tht. S.S.A.F.A. can do most useful work.  
Judges won't be got on right lines until K. can make a full speech on subject.
- Att.G. I wd. leave S.S.A.F.A. ques open in my statement.
- P.T. One more effort to get Simon not to move his amendment – on basis tht. K. will make a speech, and opportunity will be found for general debate, in H/L.
- E.H. & others. Simon can't be dissuaded.

- L.I.G. Some exceptional prison medical reports.
- K. Para. 22 of Kent's report covers those cases.
- B-C. Will K.'s statement leave open privilege in respect of Social Service records.
- K. I favour standing on old practice – justifiable on grounds of decency.
- J.S., B.C., W.M. A.H., Att. Gen to see K.'s statement in draft.  
To be made in course of next week (? Thursday).
- [Exit Att.G., B-C.  
[Enter H.W.]
5. Road Traffic : Speed Limit.
- H.W. Mtg. y'day with interests concerned. Priv. enterprise want me to do this in order to affront T. & G.W. Union.  
Want therefore to avoid giving firm date – so as to induce Rd. Haulage Assoc<sup>n</sup>. to go on trying to reach agreement with Union & avoid another pay claim on this a/c.  
Wdn't fix a date earlier than next spring. This wd. give time for 2 sides to reach agreement.
- I.M. Favour this. Think it is still better to give a period, e.g. "the spring of '57".
- H.W. Agree.
- Approved. [Exit H.W.]
6. Parliament for Wales.
- L.I.G. Ctt<sup>ee</sup>. on administrative devolution is now sitting.
- Approved.
7. Kariba Dam.
- H.M. Believe we may have lost contracts because our firms unfamiliar with this class of work. We haven't done too badly. But we shall be criticised for putting in money wh. will benefit other countries.  
We can say tht. we made our view clear to Fed. Govt. that firm shd. not get tender merely because of subsidy.
- P.T. Fr. & Italian practices are open subsidies.
- S. Risky to admit tht. we were negotiatg. on this with Fed. Govt. when tenders were under consid<sup>n</sup>. No harm in saying we had asked

for assurance : awkward to say they had given us an assurance.  
Can we not leave out second part?

P.T. I have bn. asked - & shall be pressed to say – what was result of our  
rep<sup>ns</sup>.

H.M. Fed. Govt. was ready to have us use whatever formula was acceptable  
to Bank. The alternative favoured by Bank is easier fr. angle of  
S.'s point. Formula : “U.K. Govt. have satisfied themselves by  
consult<sup>n</sup>. with Fed. Govt. that no contract has in fact bn. awarded  
which is lower solely by reason of subsidy.”

Agreed: Use “Harcourt” formula, which is acceptable to  
Internat<sup>l</sup>. Bank.

C.M. 39(56).

5th June, 1956.

1. Ministers : Superannuation Rights. [Enter E.H.]

P.M. Indicated nature of problem.  
Will any member of Cabinet who has such a problem give details of his case to N.B.  
Other Ministers are being asked by L.P.S. and Chief Whip.

R.A.B. Hope we can allow continuance of arrangemts. by which Minister and firm continue cont<sup>ns</sup>.

2. Foreign Affairs.

S.Ll. a) Bahrain. Going well  
b) Saar. Looks as tho' agreement will be reached.  
c) Syria. A bad new Govt. Urging Iraq to take some firm action (Nuri Said). We must work thro' him. Majority of Syrian Parliament are of pro-Iraq party.

3. Cyprus.

P.M. Worried at unhealthy state of public opinion in U.K.  
Govr : security angle going well & likely to improve.  
public opinion: of concern, both here & in U.S.  
We must consider steps to educate opinion :-  
a) In Party : we can work thro' Ctt<sup>ees</sup>. etc.,  
b) In U.K. : can facts be put out thro' C.O.I.? C.O. to consider.  
c) In U.S. : B.I.S. mght help e.g. on facts relatg. to Bishop of Paphos, now in N. York. Why shd. U.S. support French on Algeria but criticise us on Cyprus.  
Also on b) : Ministers to put facts in speeches : C.O. to promote this.

4. Somalia.

S.Ll. No future in trying to extend Italian trusteeship.  
W<sup>d</sup>. affect our reput<sup>n</sup>. on Colonialism.

Agreed.

[Enter T., R.M.]

5. Nuclear Tests.

L.P. Strontium. Now 1.2 units maximum in humans. If no more tests, this wd. rise to 4 in 10 years. But, if tests continued, to 10. At that point, not earlier, there wd. be cause for some action.

- S.L.I. U.S. have suggested p'ponement of announcement. Can't agree to that, in light of impendg. publ<sup>n</sup>. of reports.
- A.L.B. Leaked already. W. Samoa is petitioning U.N. to stop test.
- P.M. Best hope of reducg. defence exp<sup>'re</sup> is to go on with deterrent. We must go on.
- R.T. Better, however, to defer announcement until report is available. It is re-assuring.
- H.M. Awkward to announce v. soon after publ<sup>n</sup>. : that was our earlier view. But report is more re-assuring than we then thought.
- L.P. But enough in it to warrant people askg. us not to go on, if no decision taken by then.
- P.M. There is a case for limitation.  
On balance, better to announce on Thursday. Avoid confusing it with detailed argument on medical report.
- B.H. Will be accused of announcg. deliberately before H/C. knows what is in report.
- P.M. If we wait, we shall be pressed to wait until public have digested report.
- S.L.I. Offer to discuss limit<sup>n</sup>. Alternative wh. wd. annoy U.S. less : offer to consider M.R.C. report with U.S., together with results of U.S. enquiries, & will discuss with other Powers any measures for control & limitation which these reports may indicate to be desirable.
- L.P. Support that. Will enable U.S. to stall thro' Election.
- P.M. Original formula is better for us & not really v. embarrassing to U.S. : it is in terms of limit<sup>n</sup>. only.
- S.L.I. It is for L.P. to advise wtr softer answer wd. be better qua U.S. co-op<sup>n</sup>.
- H.M. Alternative wd. involve includg. specific reference to M.R.C. report & leave us open to comment tht. H/C. haven't seen it.
- P.M. On original formula : insert "either as part of a scheme of general disarmament" before "or on its own merits".
- L.P. Want to send copy of Rpt. to U.S. auth<sup>ies</sup>. in advance.
- P.M. No : too dangerous : it is Cmd. Paper. Parlt. wd. be enraged if it became known.

- L.P. Alternative formula : dislike reference to M.R.C. report.
- P.M. Ready to consider U.S. views, but not beyond the point of saying tht. we favour discussion on limitation.
- Agreed : make announcement on these lines on Thursday.  
F.O. and L.P. to settle detailed terms of announcement.
- L.P. Inform A & N.Z. of terms of announcement as soon as practicable.  
Others : 24 hrs' before.
- H.M. Tell them of para. 1. Para. 2. turns on U.S. consult<sup>ns</sup>. & we can't give text in advance because unlikely to be settled. Promise<sup>2<sup>nd</sup></sup>. para. later.
- [Exit R.T.]
6. Attendance of M.P.'s at Earlier Tests.
- L.P.S. Can we stop them going at own charges, when Austr. M.P.'s will attend?
- W.M. Strain on limited resources. Must be flown in & out at last minute. I wd. prefer to put 10 Australians in with Press : no V.I.P. treatment.
- D.S. On earlier occasion, tho' I was in Australia, I refrained from going myself: and Australian M.P.'s were kept out too.
- L.P. Can't stop that now. Menzies has made special request.
- P.M. ? Enough to say : we can't make special arrangements for our M.P.'s to visit. Physically impossible.
- L.P.S. Can't ask M.P.'s who want to go at own expense to stay away.
- P.M. Can say : no special facilities can be provided. If Crossman etc., want to go at expense of newspaper, he will have to be treated as Press men.
- [Exit R.M.]  
[Enter C.]
7. Sale of Ships to Spain.
- C. 3 cruisers & 12 destroyers: enquiry from Spain: £7½ M : now in un-maintained reserve.  
They wd. probably not buy so many as that.
- A.L.B. Govr., Gib. raises no obj<sup>n</sup>.

Agreed : no obj<sup>n</sup>. Definite proposal to be App<sup>d</sup>. by D. Ct<sup>tee</sup>.

[Exit C.

8. Industrial Disputes : Standard Motor Co.

- I.M. Had seemed likely there wd. be strike – against redundancy : an odd idea & illogical. Now seems there is little local support for this A.E.U. plan. More likely tht. they will ask me to intervene.  
Awkward : for it wd. be wrong to press Co. to take any diff. line.  
Reason = fall in demand, not automation.  
Norton's. Also against redundancy. Unofficial strike was collapsing, & co. tried to hasten it : then A.E.U. made it an official strike.  
Men themselves wd. like to go back.  
V. good leader on this in D. Mail.
- H.M. First sign of credit squeeze – fall in home demand. Unless the product can be exported, men shd. move to other work. This is what we want.
- I.M. N.I. decision on short-time. Official Ctt<sup>ee</sup>. have reported on this. If we are to act, leg<sup>n</sup>. will be needed.
- P.M. Don't want leg<sup>n</sup>. Surely when Standards dismiss, other firms will follow suit.



1. Soviet Union : P.M.'s Visit

[Enter. R., E.H.]

P.M. Consult<sup>n</sup>. with Hayter shows that Apl./May wd. be appropriate. He advises early announcement. I will concert this with Moscow.

2. Parliament.

R.A.B. Business for next week.

3. Parliament : Remuneration of Members.

R.A.B. Labour Party have now decided to press for enquiry. Can't do this now – not this session. They threaten all-Party motion. If it comes to debate, we must have Whips on.

J.S. Enquiry undignified – matter for Parlt. to decide.

H.M. x/ Enquiry likely to result in recomm<sup>n</sup> for too high a salary : prs £5.000

D.E. W<sup>d</sup>. prefer to make a modest increase quickly.

I.M. Great mistake to do it now. Mght agree in principle that it is right, but say this is not the moment. Against enquiry : agree with x/.

R.A.B. If we conceded enquiry, might get report too soon e.g. July or Sept.

H.M. C<sup>d</sup>. we decide provisionally to do 3 point project next session + Cr. Court Judges. But announce only that this must be left over until next year.

P.T. Enquiry wd. buy time. We cd. gain credit by giving less than report recommends.

E.H. Majority of our supporters in H/C. wd. oppose enquiry – or dislike it.

S. If there is enquiry, I wd. welcome its extension to H/Lds.

H.M. If it comes to debate : we cd. say we recognise need, but this is not moment for Parlt. to increase our remuneration : indicate hope that it may be poss. to deal with this next year.

4. Economic Situation.

- P.M. Can't see both employers & nat<sup>d</sup>. ind<sup>ies</sup>. before M/L. goes to Geneva on 15/6.
- I.M. Private employers is the more important. Do that first.
- H.M. I agree. "Last of series", not a new ganging-up v. workers. See that this is put across in Press.
- P.T. C<sup>d</sup>. we make it clear to farmers tht. they won't get full recoupment for wage increase.
- H.A. They never have had it, save in special review.
- H.M. Can't we make it clear to them that they won't get a special review for this occasion.
- P.T. Put that in to tribunal as Govt. view?
- H.A. Gap – cpd. other workers – is still large. Likely to get 7/= increase.

Agreed: H.M. to consider with H.A. & I.M. what, if anything, can be done.

5. Disarmament. [Enter A.N.]

- W.M. Concerned at gap before new weapons become available. Below 25 megaton & 100 Kiloton by 1960.  
Think Cab. shd. have the above in mind – tho' I don't oppose F.O. proposal. We shall need atomic war-heads also, for g. missiles.
- S. If we accept this, we must recognise that if we reach para 11 stage before 1970 or so we cnd't agree to go forward. To that extent we may not be quite ingenuous about this.
- P.M. I wdn't accept what C.O.S. regard as "minimum" stockpile. Before 1970 we shd. prob. have quite enough.
- D.S. Para. 8. Crux will be to get Powers to agree that effective control organ<sup>n</sup>. is in existence. Clear to me that B. & K. won't accept it.
- P.M. May be. But worth pursing. Somethg. else may come out of it. We shd. go on.
- A.N. Next step : consult<sup>n</sup>. with U.S., Canada & France.  
U.S. much concerned about 4<sup>th</sup>. country. They may insist on earlier stop on supply of material. If so, we shd. need their guarantee tht. they wd. provide our needs of material.

Wd. show it to R. before we tabled it in N.York.

[Enter N.B.

6. Jordan : Air Force.

A.N. Holding op<sup>n</sup>. to prevent Hussein fr. getting Migs. He is under pressure to get R. aircraft. Want to keep him in play, w'out commitment.

H.M. Course 3 is best. Gives us more time to consider whole situation. Play for time on those lines.

[Exit N.B.

7. Anglo-Egyptian Treaty : Celebrations.

A.N. Terminal date of Treaty is to be celebrated in Cairo on 19/6. This is to be Egypt's National Day, indefinitely. Diff. for us to boycott it. Propose tht. Amb. shd. attend, but to warn them we shan't care for it if they use it as anti-British occasion. Wd'nt look good if we sulked.

Rep<sup>ve</sup>. of Arab Legion has decided not to go. } But that is different fr.  
Iraq have decided not to send delegation. } attendance by rep<sup>ves</sup>. in  
Cairo.

[Enter R.T.

8. Nuclear Radiation.

S. Our genetics, report is re-assuring. But other ques. canvassed –  
i) strontium : effects on bones. Liable to cause public alarm. But not at present a serious risk.  
ii) appreciable risk from diagnostic radiology. This will need further examination.

Much will turn on presentation. Careful thought has bn. given to this. Publish 12/6: P.Q. indicatg. that it is in Vote Office. Draft submitted. No reference to strontium. Who shd. make statement? P.M. or L.P.S. P.M. to decide. Lobby Conference, with scientists on parade. Also conference with scientific correspondents.

Our report will be publicly available at 6. p.m. U.S. report at 7. p.m. U.S. Report. We have seen it. Follows ours v. closely – tho' no collusion. Strontium: they think 1.000 units for industrial risk & 100 for general. They think they shd. consider seriously at 50: we said at 10. Disposal of radio-active waste. Ctt<sup>ee</sup>. of oceanographers have considered dropping it at sea: they advise an internat<sup>l</sup>. conference because effect on fish etc., They are even more concerned about medical use – wh. in U.S. is doubling the dose : & they suggest enquiry on that.

Doubtless, a debate will be demanded.

R.T. Occupational risks to workers in A.E. establishments. Will cause anxiety.

S. They intend to stagger exposure to main risk. Will see that we are ready with an answer on this point.

R.T. Hope P.M. won't repeat title of report – that is alarming.

9. Nuclear Weapons: 1957 Tests.

P.M. U.S. have bn. makg. diffi<sup>es</sup>. over this – suggestg. it is Election issue in U.S. – tho' actually there has bn. no difference between us on limitation. On this a/c I have amended final para. New draft circulated. Can say, in reply to suppl. "This was in Anglo-Fr. disarmament plan which we tabled.... Dis. Comm<sup>n</sup>. will be mtg. again w'in next few weeks, and that is the place where it shd. be examined."

Approved.

10. Prince Ernst of Hanover.

[Enter AttG.

[Exit Att.G.

[Not heard.]

11. Education : Capital Investment.

D.E. Not heard].

H.M. Issue is wtr we carry on at average of £5 or £4 M p. month. Higher figure wd. be more than last year. Sh<sup>d</sup>. we spread the £90 M over 4 years or less? Propose as compromise : £30M/£25M to start with. But don't be comm<sup>d</sup>. to £30/30M thereafter. Say it will be at least £20/20M and [if conditions improve may be raised to £30 M.] After discussion – proposed "run on at £25 M and []." "

Approved.

1. Trinidad Oil Company.

[Enter E.H.]

H.M.

Rpt. by officials.

Two decisions needed i) what we do ii) timing & present<sup>n</sup>.

In view of emotional re-action, was wise to allow a little time for reflection.

Broadly, no room for small operators in oil – particularly because no distribution outlet. This co. must therefore merge in one other of the larger units. If we decline sanction for this, we shall have to find another protector or put up the money ourselves. Have therefore seen Shell and Anglo-Iranian. Neither co. is interested. Both are surprised Texas has offered so much : suspect real reason is to give outlet esp. in U.K. for M/E. crude oil. They have no interest in any of the co.'s activities except, slightly, the Canadian end. They don't, in particular, want any larger share of distrib<sup>n</sup>. in U.K. Anyway, they wdn't want 50% share of it with Caltex. If they wanted to go into more development in Canada, they cd. get further concessions : they have spent 90 m. there already, cpd. with 10 m. by Trinidad. Both therefore favoured allowing the deal to go through. If we veto this, we shall have to finance Trinidad Oil ourselves. If any foreign co. is to take it over, Texas wd. be most acceptable.

Complication : Shell & B.P. have joint interest with Trinidad Oil in submarine exploration – shares of  $\frac{1}{3}$  each. Shell are ready to handle this issue with & among the oil cos. "T.N.A." therefore is not quite cleared up.

H.

No Canadian obj<sup>n</sup>. to Texas acquiring it. May be adverse comment, but Govt. won't make trouble.

H.M.

Cond<sup>ns</sup>. of our agreement – set out in para. 15. Shd. have to put these to M<sup>r</sup>. Vos. a) and b) are designed to protect U.K. in interests: c) – h) are desired by Trinidad.

A.L.B.

It is not in Trinidad's interest to obstruct this. Govr. is strongly of that opinion. I am reluctantly drawn to same conclusion. Genl. weight of opinion in Island will be in favour. This on assumption tht. conditions suggested are accepted.

P.M.

On balance, I share that view.

Regret, however, tht. main source of wealth of Federation shd. be controlled by U.S.

Cdn't ask Shell or B.P. to buy this. If Imperial interests requ<sup>d</sup>. we shd. have to buy it ourselves. A way of doing that wd. be to sell some of our holding in B.P.

J.S.

Rejection wd. also damage long-term relations with U.S.

- H.M. Yes : and U.S. cd. make things v. awkward in our expansion of B. interest in American industry & commerce.
- L.I.G. Must insist on d) and c) – to prevent Texas using only the distrib<sup>n</sup>. facilities & letting Trinidad decay.
- P.M. I regret U.S. control of the Canadian end, which looks promising.
- R.A.B. Favour assent to the sale.
- Agreed : 1) Assent to sale : consider timing & presentation.
- E.H. Feeling in Party : less excited, but still uneasy. They need guidance. Cond<sup>ns</sup>. in para. 15 wd. allay anxiety. They wd. welcome a mtg before announcement made.
- H.M. I must see Vos to-day and invite his comments on cond<sup>ns</sup>. in §15. The 6 Trinidad cond<sup>ns</sup>. have bn. published. M<sup>r</sup>. Vos has told C.O. that co. wd. accept them.  
Thereafter, do we announce our agreemt. subject to these cond<sup>ns</sup>.? If so, when? Statement must be made in H/C. It must cover all conditions. Statement Wed<sup>y</sup> will be earliest opportunity. But, to avoid immediate debate on adjournment wiser to announce Friday a.m.
- [Enter A.J.]
- Agreed: 2.) H.M. to ascertain wtr cond<sup>ns</sup>. in para. 15 wd. be accepted by Vos & by Texas Oil Co.  
3.) Promise to-morrow a statement this week in H/C.  
4.) No mtg. with Govt. supporters before announcement because of risk of speculation, here and in U.S.
- E.H. Shall be pressed to set aside some of assets fr. this sale for Comm. development elsewhere.
- P.M. Cdn't ear-mark this particular sum. C<sup>d</sup>. say, however, that this sale will enable us to spread even more on C. developmt.
- [Exit A.J.]  
[Enter H.W.]
2. British Transport Commission.
- H.W. B.T.C. are workg. on requests put by me : hope to meet them : if so, we shall have reasonable case to put in proposed W. Paper.
- H.M. Raises v. big issues. Extra-ordinary, as well as ordinary, budget. Recognise, however, tht. inefficiency is encouraged if there seems no prospect at all of getting out of the red.
- R.A.B. V. diff. conception to put forth in W. Paper.

Much concerned about future of nat<sup>n</sup>. Sh<sup>d</sup>. we not consider their future. V. large issue. But believe we shall have to face it. Party is v. restive.

H.W. In transport, organ<sup>n</sup>. is now about right. But will be years before we work off results of the past.

W. Paper will contain stiff decisions for action – not a mere justification for fiddling the accounts.

R.A.B. If we can do this sort of thing w'out leg<sup>n</sup>., I wd. much prefer it.

I.M. Don't yet decide to publish : only to prepare : a W. Paper. May have to be considered by Ctt<sup>ee</sup>. of Ministers.

H.W. W<sup>d</sup>. welcome such a Ctt<sup>ee</sup>. to help me in working it out.

Agreed : small Ctt<sup>ee</sup>. to help M/T. with this.

M/Labour : M/Agric. : Fin. Secy : K. (Chairman)

First a plan, then a draft W. Paper.

### 3 Employment : Redundancy.

I.M. Uncertainty in H/C. about powers, and extent of their use. Powers exist and are adequate.

They are little used at present – mainly because emplt. has bn. full. Re-training : i) Govt. centres ii) In industry iii) Thro' educational system.

Criticism will be tht. we aren't using powers enough. Awkward moment therefore for me to close training centres on economy grounds & wd. like to discuss this further with Ty.

x/ Propose to discuss with N.J.A.C.I.

P.M. Agree with x/.

H.M. In full employmt. (general or transitional) it is duty of industry to train. They cd. undertake it – cf. their efforts to poach labour. Take a firm line with industry on this.

Will review dec<sup>n</sup>. to close training centres.

K Firms will pay 3(a)(ii) – an allowable expense for taxation.

D.E. Will discuss with M/L. wtr technical colleges cd. take over task of retraining normal able-bodied – leavg. Govt. training centres to handle disabled & ex-Service.

[Enter Att. G.]

### 4. Capital Punishment.

Ll.G. As in memo.

S.Ll. On para. 5. suspension wd. be easier qua Colonies : wd. make it easier to resist extending it to Colonies.

A.L.B. Mght be a little better from this angle.

R.A.B. We have twice advised H/C. it wd. be wiser to abolish than to suspend.

Memo. approved – subject to no action on para. 5.

Att.G. Effect of Bill on U.S. courts-martial in U.K. under Visiting Forces Act.  
Wish to have opportunity to consider.

I.M. Para. 7 is controversial. Under consid<sup>n</sup>. by Royal comm<sup>n</sup>. on Lunacy.  
May decision on para. 7. be reserved.

J.S. If someone else puts down para 5 amendment, it will be difficult for us to resist it.

[Exit Att.G.]

5. Parliament : Remuneration of Members.

Draft reply to Opposition Leaders approved.  
Date of despatch to be settled with L.P.S. & Ch. Whip.

[Enter J. Harding]

6. Cyprus.

P.M. V. great effort put into this by C.P. Ctt<sup>ee</sup>.  
My present feeling: neither of these alternatives will get us a settlement. A is easier for Gks : but dangerous for us.  
B. is easier for Turks.  
A third possibility is to confine ourselves to a-c., and go on working at possible solution.  
Still hanker after Tri-Dominium idea.

A.L.B. That mght have had a chance a year ago. But Gk. Cypriots wd. not now accept statement of Br. sovereignty.  
Of all the alternatives I prefer B. because decision it remits to outsiders is a v. limited one.

P.M. Gratitude to Govr. for selfless discharge of invidious task.

J.H. I look at these fr. angle of impact in Cyprus.  
i) w'out such promises as A contains, we can't hope to secure their co-op<sup>n</sup>.  
ii) anyconstit<sup>n</sup>. will be exploited to secure early Enosis : this alternative sets disc<sup>n</sup>. of that aside for period of years.  
Must put this & self-determin<sup>n</sup>. into cold storage before any new constitution-making is begun.



- H.A. Is it practicable in fact to lay it aside for 10/15 years.
- A.L.B. Evidence tht. Gks. wd. like to get of the hook.
- J.H. C<sup>d</sup>. also tell Gks. tht., unless they accept, we will do a deal with Turks :  
that wd. mean that Enosis wd. be out of court for all time.
- P.T. Is Tri-Dominium – independent Cyprus – unattainable?
- J.H. W<sup>d</sup>. attract no support in Cyprus.
- H. Why bring NATO into B? Is it a mere facade?
- P.M. Decides on strategic situation. Under A. decision is more free but 15  
years' later.  
After 12-15 years, Cyprus will be less necessary to us.
- J.S. Tory opinion won't like referring to N.A.T.O. an essential Br. interest.
- S.Ll. Under B. decision will be in NATO as a whole, not in St. Group only.  
Pressure for that will be impossible to resist.  
Possibly Mil. Ctt<sup>ec</sup>. with 2/3rds majority.
- J.H. a)-c) alone wd. mean tht. constitution wd. be used only as means of  
securing quick change of sovereignty.
- D.S. You cnd't enforce cond<sup>n</sup>. tht. no disc<sup>n</sup>. of Enosis shd. take place. Once  
you promised dec<sup>n</sup>. on self-determination after 10 or 15 years,  
you wd. be held to that date even tho' talk of Enosis had gone on  
m'while.
- J.H. C<sup>d</sup>. you hope, with no constructive policy, to face out mounting weight  
of public opinion, world-wide, against a policy of merely  
restoring law and order.
- R.A.B. Party will be concerned at 10 or 15 year period. Prefer a-c, plus first  
sentence of (d) : no period : & fluff the internat<sup>l</sup>. advice.  
Unrealistic to suppose you can stifle disc<sup>n</sup>. of Enosis for 10 yrs or  
15 cf India.
- P.M. x There have bn. periods since 1902 when it was quiescent.  
Fear tht., if we go too far, Turkey will be alienated.
- J.H. a-c won't suffice, unless we can reach quick agreemt. on means of  
getting self-determination out of public discussion.  
Quick Enosis is incompatible with our strategic needs.
- I.M. a-d with "some" vice "ten" years?
- J.H. All pressure then wd. be for 3 years or so.

W<sup>d</sup>. sooner say HMG. are trying to see how s-d. cd. be applied.  
Peake advised v. that.

- P.M. Agree it is diff. to hold world opinion w'out some constructive move.
- P.T. Must we rule out Tri-Dominium for a period with a vague reference to strategic determ<sup>n</sup>. later.
- J.H. "M'while efforts thro' dipl. channel to reconcile views of 3 Govts on s-d." – a formula of that kind, added to a-c., wd. suit me better : if Peake's obj<sup>ns</sup>. cd. be overcome. So long as it is clear tht. H.M.G. will try to find an answer to ques of applying principle of self-determination.
- A.L.B. Believe we cd. sell B to Tories.
- P.M. If it were a choice between A & B., general view of Cab. is in favour of B.
- S. Public opinion is greatly distrurbed.  
If we took B., we cd. even put in 5 years.
- R.A.B. Prefer B., tho' I don't want to define N.A.T.O. machinery too precisely.
- H. Don't like surrendering our decision to an outside body.
- J.S. Nor do I.
- H. Not earlier than 10 years.
- H.M. Prefer B. f) and g) conditions préalables – are v. important. Don't think it's practicable to hold it to St. Group. W<sup>d</sup>. have to be Mil. Ctt<sup>ee</sup>. of N.A.T.O. by 2/3rds. majority.
- P.M. Shall we put B. to Turks?
- W.M. Try B. without (e) and (h)?
- S. Omit para (a) in any event.

Agreed : C.P. Ctt<sup>ee</sup>. to consider again in light of discuss.  
P.M. auth<sup>d</sup>. to consult Turks in confidence.

1. Trinidad Oil Company. (cont<sup>d</sup>).

- H.M. Avoid negotiations. State cond<sup>ns</sup>. to Vos & Texas. Therefore, say nothing until 2 or 3 hrs. before announcement.

Propose therefore to see Voss at noon Wed<sup>y</sup>. & make statement that  
p.m.

P.M. Awkward day – Albert Hall Mtg.

H.M. Can I hold it until Thursday? Will consider. And wait if I can.

1. Parliament. [Enter E.H.]

R.A.B. Business for next week.  
21/6. Debate on Techn. Education. D.E. and R.A.B. with Sc. Under Secy. if required.

2. Capital Punishment.

S. Considerg. p'mme in H/L. Unlikely we can take it before 10 or 12/7. : nearing end of session. May not complete before recess. W<sup>d</sup>. create bad imp<sup>n</sup>. if H/L. left it unfinished. C<sup>d</sup>. shorten time betwn. 2<sup>nd</sup>. Rdg. & Ctt<sup>ee</sup>. if Opp<sup>n</sup>. are content. Shall approach them, if Cab. agree. Agreed.  
Shall need small group of Ministers – L.P.S., L.I.G., S. & K. – to concert a Govt. line on amendments. + Ch. Whips (2).

3. Parliament : Procedure.

R.A.B. Scope can be restricted if we add : Priv. Members' & Fin. Resolution. Otherwise may be pressure for a wider enquiry. Hope Ty. will agree that this shd. be covered.

H.M. Fin. Resol<sup>ns</sup>. If drawn tightly, avoids some amendments. So, if practice is relaxed, procedgs on Bills will be lengthened. Willing to have it discussed however. May find some compromise. Def. debates : moving Spkr. out of Chair. At mtg. with Fnce Ctt<sup>ee</sup>. y'day, Govt. supporters were evidently seekg. opportunity for annual disc<sup>n</sup>. on capital exp<sup>'re</sup>. Our procedure gives too much prominence to defence votes because dates fr. age when this was main item of exp<sup>'re</sup>.

P.M. We cd. negotiate on this in light of Ctt<sup>ee's</sup>. findings. Will not include the point about P.C.'s Questions.

4. Industrial Disputes : Steel Industry.

I.M. March : advance of 11/= accepted by prod<sup>n</sup>. side of steel industry but rejected by m'tenance men who imposed ban on overtime. Employers have offered arbit<sup>n</sup>. includg. retrospection on award. No request made to me to intervene. W<sup>d</sup>. be mistake to intervene for employers' case is v. strong & shd. not be undermined. But ban on overtime is resultg in fall of output.

P.M. 6% drop in May : will be higher in June. Must affect our economy. Can't afford to increase imports. Serious situation.

Another inter-union dispute. Cammell Laird's has also broken out again. Sh<sup>d</sup>. Govt. express disapproval?

- S. Don't speak unless we can act.
- P.M. Sh<sup>d</sup>. we make it clear tht. T.U.'s are wreckg. the economy.
- H.A. Public think we cd act, but fear to do so.
- H.M. C<sup>d</sup>. M/L. call the 2 sides together, or even separately, with a view to making it clear where blame lies.
- D.S. Consider again means of curbing restrictive practices.
- I.M. Only think likely to emerge fr. our cons<sup>n</sup>. of this will be a code of conduct. But wdn't affect this – ban on overtime is being used as means of enforcing wage demand. They want to preserve differential.
- D.S. We need a sanction v. men who decline arbit<sup>n</sup>.
- H.A. There may be criticism tht. we aren't governing.
- D.E. Yes : a note of exasperation.
- P.T. Limit to our powers is a natural limit. Can't require men to work. But intervention by M/L. wd. at least give publicity. That in itself may be valuable.
- W.M. Publicity is prob. best weapon.

Agreed: M/L. to consider intervention for that limited purpose.

[Exit E.H.]

##### 5. Central African Federation.

- H. Malvern believes tht. w'out some concession his Govt. wd. be defeated at next election & succeeded by another even less friendly to Africans.
- His dodge is to move twds. full membership by some assurance to U.K. re N. territories.
- Doubt if Fed<sup>n</sup>. cd., on that, be accepted as sovereign independent state or full C. member.
- Can't give reality because of African oppos<sup>n</sup>. Conclude therefore tht. we can offer only the trappings as in App. This won't satisfy him. He will say Fed<sup>n</sup>. experiment will be wrecked.
- We can review in 1960 : and say tht. m'while we will help to move African opinion in this dir<sup>n</sup>.

- A.L.B. Agree. This is only answer we can give. Won't satisfy Malvern. He may try to get us to hold up G. Coast m'while.
- H. The row wh. breach of pledge wd. cause wd. in fact set back the prospects of Fed<sup>n</sup>.
- S. White pop<sup>n</sup>. of Fed<sup>n</sup>. has doubled in 10 years. This reply will be taken as insult. If we can't offer more, wd. it not be better to advise M. to press his request after G. Coast has achieved Dom. status. P. opinion here wd. take it better then.  
Is there precedent under N. America Act for requiring endorsement by Parlt. here of leg<sup>n</sup>. in Fed<sup>n</sup>. affectg. Africans?
- H. Consistent with Dom. status?
- S. Believe it cont<sup>d</sup>. in Canada after Dom. status obtained.
- A.L.B. Trouble is : Africans wd. know Can. prov<sup>n</sup>. was a dead letter.
- P.M. Make it clear that M. can't have what he seeks. See wtr he wd. prefer Appendix or, as S. suggests, nothing. Don't give App. now as a firm answer.
- P.T. C<sup>d</sup>. S. Rhodesia alone be independent C. member? W<sup>d</sup>. that exclude Fed<sup>n</sup>.?
- P.M. Consider that too. [Enter B.C.  
[Exit S.  
[Re-enter E.H.
6. Trinidad Oil Company.
- H.M. Shall make statement in H/C. to-day.  
EEB & TLR saw Vos y'day : put cond<sup>ns</sup>. as provisional on Govt. decision. It is clear that Texas Co. wd. accept the "Trinidad" conditions. Wanted to know wtr they wd. accept a) and b). Vos thought there wd. be no difficulty about either.  
Will lay White Paper (Friday) on details. Shall say this to-day. May help to avoid having immediate adjournment moved.
- P.M. Unfortunate tht. Texas is part of Aramco, which [Enter J.S.  
is doing us so much harm in S. Arabia.
- S.Ll. Warn our supporters tht. too much row over Trinidad cd. boomerang on our oil interests in M/E. Awkward if M/E. countries took line which our 'Imperialists' want to take over Trinidad.
7. Government Expenditure : Economies.
- H.M. Embarked on this with Cab. support. So far, not v. satisfactory. Best I can do is to announce £79 M. as provisional first instalment.

- W.O. told me last p.m. that their cont<sup>n</sup>. wd. be less by £7 M. than had bn. offered. They over-estimated the effect in this year of cuts of £13½ M. Figure for Defence will therefore be £27 M.
- We cd. take a chance on short falls (prod<sup>n</sup>). But wd. sooner not take into a/c, unless cancellations. W<sup>d</sup>. destroy validity of my original statement. Also wd. make it more diff. to handle Suppl. Estimates points.
- W.M. Distressed at £7 M. But we might find £30 M. And I think we shall in the end achieve £34 M.
- H.M. Let us get it to the highest point which we can honourably reach.
- R.A.B. Proportion – even on memo – is unbalanced. Sh<sup>d</sup>. be more on defence.
- H.M. On second instalment, I hope to be able to get in some early results of big defence changes – or at least forecast the large economies which will result in future years.
- P.M. Can't spend £180 M. on bombers. We are planning to make, not 200, but well over 300.
- W.M. Have asked C.O.S. to consider reducg. front-line strength.
- D.S. Dpts. generally shd. be asked to plan ahead to cut exp<sup>'re</sup> in future years. We are asked always for economies in current year & can't do v. much because so much is already committed. This shd. apply to civil Dpts. as well as defence.
- P.M. Proposed N.A.T.O. initiative. Hope we can move U.S. & Canada. Tho' Steele is pessimistic. [Re-enter S.
- R.A.B. V. much disappointed at low figure for defence.
- D.S. Will be much criticism at failure to reach £100 M.
- P.M. Not if represented as first instalment.
- H.M. In second instalment we cd. bring in second ½d. on milk and somethg. on housing subsidies.
- P.T. Strategic stocks. This is questionable accounting. Doubt if this can be represented as genuine savings. It is taking credit for sales already made & put it towards servicing of stocks we continue to hold.  
Ready to discuss with Ty.
- P.M. Defence. May get something on Valiants and on R.N. oil.

- LI.G. Home Defence. We set £73 M. for this year cpd. with £70 M. (?)  
Reduced successively to £45 M. Now to £25 M. This is 60%  
cut. This is a volunteer service – dependent on co-op<sup>n</sup>, of I.a.'s.  
The £1½ M. on production relates to contracts already let  
therefore may involve compensation paym<sup>ts</sup>.
- J.S. If risk of war is written as low as this, we may be unable to keep C.  
Defence going. May need to present this as a standing-down of  
C.D.
- W.M. All of add<sup>l</sup>. £11½ M. save the £1½ M. relates to stocks. £70 M. of  
food stocks now : to improve balance etc., we wd. have to go to  
£120 M. But on strategic outlook as now, we cd. afford to make  
red<sup>n</sup>. of £6 M. At reduced level we shd. have supplies for 3/4  
wks plus 3 wks in pipeline.
- H.M. Red<sup>ns</sup>. in stocks won't affect structure of C. Defence services.
- H.A. Accept £6 M. qua food-stocks. Don't stress no. of weeks because un-  
balanced and ill-distributed. C<sup>d</sup>. make up lee-way v. quickly if  
strategic situation changed again.
- LI.G. The £1½ M. is under review.

Civil Expenditure.

- S.LI. F.O. Exp<sup>re</sup>. W<sup>d</sup>. prefer Jordan loan (¾ M.) to be p'poned until 2<sup>nd</sup>.  
instalment. Don't want it specified as Jordan in July statement.  
Consider wtr it need be disclosed in Estimate.  
Involves increase in ppt. fees to 30/=.
- R.A.B. Will O-in-C. be subject to Prayer?
- I.M. M/L. – 2.000 out of staff of 22.000. Six times the prop<sup>n</sup>. imposed on  
M/P. – a comparable Dpt. Will be apparent tht we offer less  
service at a time when unemplt. has at last begun to show itself.
- B.C. Ass. Bd. 350 staff. Diff<sup>y</sup>. with staff, who will protest.  
In my Dpt., mainly on war pensions side.
- I.M. In small town, offices for M/L. M/P. and Ass. Bd. In longer term, we  
cd. economise by amalgamation.
- C.O. Expenditure.
- A.L.B. Non possumus statement – at length.  
Can't defend any reduction in C. D. & W. – only a p'ponement.
- H.M. Kenya. C<sup>d</sup>. surrender £1½ M.



1. Government Expenditure : Economies.

- D.E. Education. Social Services Sub-Ctt<sup>ee</sup>. considered various alternatives. Tried to give relief to larger families, but cnd't secure it. Actual cost is now about 10<sup>d</sup>. Increase to 1/- wd. therefore deviate fr. past practice tht. parents shd. not pay more than cost of food. But I doubt if parents will make bones over 1/= vice 10<sup>d</sup>. : nor do I think that drop in nos. will be significant. Our party does expect some offset to other increasg. costs of educ<sup>n</sup>.
- R.A.B. Sub-Ctt<sup>ee</sup>. agreed to this – if “absolutely essential” to get the £100M. Believe choice is betwn. this & prescription charges. Latter wd. bring in less money & give more trouble with pensioners than this will with parents.  
Not a great social grievance to raise to 1/= . Save for f. allowances point. I am ready to support it, however.
- J.S. Tho' in Education Vote this is a health measure. Politically, it's awkward. Taking it out of the kids. Have defended earlier increase on basis tht. we wdn't charge more than cost of food. Good service : of gt. benefit to children : esp. in rural areas : bound to be a drop in nos.
- B.C. Linked with F. allowances. Awkward therefore to do this just when we are increasg. f. allowances – esp. for larger families, which are dropping below proper diet. Bill gives £5.4.0. : this wd. take away £7.4.0. Looks v. inconsistent. Will increase pressure for increasg. f. allowances to 2<sup>nd</sup>. child or even for giving it to the 1<sup>st</sup>.
- P.M. Saw Executive of 1922 this p.m. Asked me if we wd. get thro' on existg. policies : wtr we needed controls. Told them we cd. manage it if economies secured. They were most anxious to see big cuts in defence : even on matters where economy wd. only come in next year. Esp. for relief on industry.
- P.T. Better to cut back still further on bldg. – throughout s. service p'mmes. W<sup>d</sup>. give more relief to industry.
- H.M. Cut out the capital exp<sup>'re</sup> on school meals and increase price to 10<sup>d</sup>. (or actual cost). Agreed.  
Go back on this, if other figures drop. [Exit D.E.]

Colonies.

- A.L.B. Kenya. Loan of £2 M.  
But new expenditure of £400.000 is being borne by Kenya.  
Ready to ask them to take loan of £1½ M. vice 2 M. Will put it firmly to them.

On C.D. & W. territories have fixed p'mmes which they have announced. But ready to say £17¼ M. is maximum demand on Exchequer for this. Subject to formula put in.

H.M. Accept this – at £1¼ M. in all.

Overseas Information.

S.Ll. Gt. pressure to extend these services.  
40% is on B.B.C. services [C<sup>d</sup>. abolish Europ. language service, in acc. with Drogheda Rpt.] General overseas service in English cd. not however be scrapped w'out outcry.  
Shall have to sell this as redeployment.  
Hope therefore H.M. will wait for my general memo. on this.

S. Inconsistent with our re-orientation of policy to cut down on this blindly. If risk of hot war has receded, more need for effort in cold.

S.Ll. ⅓rd. of £1¼ M. might come from []. Not more than £½ M.

H.M. to discuss with S.Ll.

[Exit J.S.]

Conclusion: Might total £71½ or £72 M.

H.E. Will be diff<sup>es</sup>. in H/C. because £100 M. hasn't been realised. Opp<sup>n</sup>. will make the most of it.  
Imp<sup>n</sup>. in Party tht. the £100 M. was to be in add<sup>n</sup>. to b & milk.

S.Ll. Consider not starting any more new Valiants.

W.M. to discuss with C.A.S. & R.M.

Also possibility of selling aircraft abroad.

E.H. With £85 M. now & good prospect of a 2<sup>nd</sup>. instalment in autumn we might be all right.

1. Ministerial Speeches. [Enter E.H.]

P.M. Performance is uneven : some Ministers aren't doing enough.  
Hope colleagues will try to do more – keep in touch with Central Office.

2. Electricity Prices.

P.M. Citrine did this w'out any prior consult<sup>n</sup>., tho' consulted Dpt. on terms of announcement.  
What line do we take in H/C. P.Q.'s to M/F & P. Will help middle classes. Done out of reserves.

H.M. Say : this is decision of Authority, but we welcome it. "Considering what to do about nat<sup>d</sup>. ind<sup>ies</sup>. : we might nationalise them : as independent empires they give us worst of both worlds."

3. Soviet Union: Trade.

S.Ll. Malik called Sat<sup>y</sup>. : sugg<sup>d</sup>. experts visit to discuss trade & [see something of our industry]. Timing : end of next week.

P.T. Response to our sugg<sup>n</sup>. at end of B & K. visit. They have gone rather further on [ ]. But shd. welcome it.

P.M. If it's business-like, sooner the better. If it's jamboree, wd. take longer to arrange.

4. Libya.

S.Ll. P.M., Libya, is blackmailing us for more money : suggests renewal or contin<sup>ce</sup>. of Treaty depends on this. He has had offers fr. R. and Egypt. Must consider how much Libya is worth to us. We prob. can't do all he wants without U.S. help.

P.M. U.S. re-action? Wheeler Field.

S.Ll. May have to have mtg. of Ministers.

5. Cyprus.

S.Ll. Have put to Turkey plan for constit<sup>n</sup>. : reference of strategic issue to NATO after 10 years : then plebiscite on s-determin<sup>n</sup>. after concl<sup>n</sup>. of defence treaty (U.K., T. & G.). Initial re-action

unfavourable. Propose now to add that defence zones bases wd. be under permanent Br. control with facilities for use by NATO Allies.

P.M. Mght. also consider allowing T. a zone of their own. Assumption is tht., after plebiscite, Gks. wd. have rest of island : without right to military bases there.

H.A. Turks wdn't want it?

P.M. No : purely prestige point for them.

P.M. Have also put scheme to U.S. Govt. Await their comment.

A.L.B. Govr. wants men under long-term sentences to be transf<sup>d</sup>. to U.K. Partly on security grounds : partly because gives imp<sup>n</sup>. sentences won't be remitted. Unusual – indeed no precedent for Colony.

L.I.G. W<sup>d</sup>. be contrary to spirit of Act, wh. contemplated health or benefit of prisoner. Will be criticised as exile : many are under 21 yrs. Ready to agree, if Cab. want it.

P.M. Prefer he shd. hold them in Cyprus.

A.L.B. V. well: I will so inform Govr.

S. Gk. interference with Br. airliner. If facts warrant it, I hope strong protest will be made.

S.L.I. Will consider.

#### 6. Egypt : Treaty Celebrations.

S.L.I. Robertson went with F.O. approval. Some feeling has bn. caused in Party.

E.H. Moderate displeasure. Motion tabled.

P.M. Not of gt. import<sup>ce</sup>. If they behave ill, he will walk out.

#### 7. Stamp Issues. [Enter P.M.G.]

Ch.H. As in memo.

L.I.G. Won't encourage nationalism in Wales.

H. J.S. takes this view, but I don't agree. Nationalism is quiescent : this wd. stir it up.

B.H. That is my feeling.

D.S. Precedent already in coinage. Scottish shilling etc.,

S. Our anxieties re nationalism have bn. allayed by responsible Ministers.

Sel. Agree with J.S. – will draw teeth of lunatic fringe.

H.M. Once for all £½ M. But Mint fear repercussions on coinage – don't want to develop separate designs.  
Can't therefore be determined on financial grounds.

R.A.B. Don't discourage a G.P.O. initiative.

H.M. N. Ireland re-action?

Ch.H. Brookeboro's initial re-action was favourable.

K. Harmless methods of pleasing local opinion help to spike guns of extreme nationalists.

P.T. Support that view.

H.A. So do I.  
Memo. approved. [Exit P.M.G.]

8. France.

S.Ll. P.M. & I are invited to Paris for disc<sup>ns</sup>. 13/7 to 15/7.

P.M. Nothing to discuss. Merely designed to please French.

S.Ll. Jebb thinks it wd. steady opinion in France.

Agreed: Accept in principle; but dally on dates because PMM and Iraq state visit.

9. Future of N.A.T.O.

Military.

P.M. New military policy for N.A.T.O. Message read. Canada (Pearson) – initial response favourable. Dulles has replied tht. U.S. are thinkg. on similar lines but ques of method & timing needs consid<sup>n</sup>. Must also ensure tht. Adenauer's pos<sup>n</sup>. is not undermined. Fr. that angle, fuller disclosure of our views may be

less harmful than rumours. Shd. consult him on these ideas & see how he thinks they may affect his political position.

- H.M. Can you discuss with G. w'out France?
- S.Ll. Standing Group countries + Germany. Ques for disc<sup>n</sup>. with Aden. wd. be solely present<sup>n</sup>., not merits.  
Don't want argument conducted on basis of our economic weakness.
- P.M. Initial re-actions are not bad. Pentagon will be trouble.
- S.Ll. Aim : mtg. of NATO Ministers in July – followg. 4 Power prelim<sup>y</sup>.
- P.M. Monty y'day volunteered agreemt. with our ideas – U.K. cont<sup>n</sup>. wd be only 2 Divns.
- S.Ll. R. note is added complic<sup>n</sup>. Approach to 7 countries. Prob. best to send sympathetic interim reply. Then seek agreement on a western view.  
Final decision turns on rate of Eisenhower's recovery.

Political and Economic.

- D.E. C<sup>d</sup>. more be done on cultural. Pull together diverse activities.
- S.Ll. Will consider that sugg<sup>n</sup>.
- R.A.B. Avoid overlap with O.E.E.C.
- S.Ll. Yes.
- P.M. Go slow with Parliamentary side.  
Memo. approved.
- H.A. H/C. and Congress are further apart than for many years. Strong contrast to pos<sup>n</sup>. during war.

10. Government Expenditure : Economies. [Enter J.S.]

State of Play at 6.30 p.m. y'day.

- H.M. Defence £30. (4 runs disallowed.)  
H. Defence £13¼. (3¼ runs .. . But can add footnote tht. purchases for stock will be reduced by £10 M. but for technical reasons can show only £¾ M. cost of handling.)  
Social Services £3¼. (milk 10<sup>d</sup>. + delay in capital developmt.)
- D.E. Justific<sup>n</sup>. for cutting capital work was assumpt<sup>n</sup>. tht. nos. wd. fall because of increase in price. But accept decision.

- H.M. C<sup>d</sup>. be related to “minor works incldg. kitchens etc.”
- D.E. May be loan expenditure & not w’in Estimate.
- H.M. Propose to include £½ M. on Overseas Inf<sup>n</sup>.
- S.Ll. Don’t think you will get that much (because of overheads) on cutting out f. language b’casts.
- H.M. If I omit this, it is £69¼ M – showing Jordan loan.  
 Discuss with F.O. wtr Jordan loan is shown & wtr £¼ M can be shown for Inform<sup>n</sup>. Services.  
 This will give me something like £68(?).  
 Further efforts now made by M/Defence will bring it to the order of £75 M.  
 We have lost Comet offer, and I wd. sooner not have the “rounding off.”<sup>x</sup>
- P.M. Involves risk in running down Adm<sup>y</sup>. oil stocks. Cab. shd. know.
- H.M. Intolerable that e.g. M/H. shd. offer no savings at all. Must have a go at them on 2<sup>nd</sup>. round.  
 Where change is over £1 M., new Estimates will be presented.  
 x Want to e able to say tht. these are honest changes in p’mmes wh. don’t take a/c. of shortfalls. But w’out gt. changes of policy : the savings from those are yet to come.
- P.M. On bombers, I still want to see a red<sup>n</sup>. in orders e.g. on Vulcan if Victor prove satisfactory.
- R.A.B. Insufficient fr. angle of relief of resources. Won’t impress foreigners sufficiently.  
 We shd. reduce Vulcan prod<sup>n</sup>. And it cd. be done at once by executive decision if we had will to make it.
- D.S. Why have a ‘reserve’ for bomber force – if it’s a 3 day war.
- W.M. For replacement at peace-time rates.  
 Don’t want to take R.A.B. dec<sup>n</sup>. w’out considg. effect on N.A.T.O.  
 Cdn’t in fact be taken “as executive decision to-day” w’out risk of serious U.S. re-action. May lose whole of Plan K. support – \$70m. We got it on promise of front-line strength of 240.
- H.M. Those risks wd. be less if we reduced rate of prod<sup>n</sup>. (Vulcan & Victor) by 1 p. month in each case.
- P.M. W<sup>d</sup>. prefer to leave Victor untouched – better aircraft.

- H.M. Meet that point by placing no more orders for Vulcan after present batch.
- S. Not yet sure tht. Victor will prove as good as promised.
- H.M. At least delay placg. further order for Vulcans.
- S.Ll. Slowing down wd. do more harm than good qua relief to metal-using industries.
- P.M. Will work for further dec<sup>n</sup>. on bombers in July.

[Enter R.Carr.

11. Agricultural Wages.

- H.M. Discussed with M/L. and Ag. Ministers. Unions have a claim. Tradition is tht. Govt. shd. put their views to the Board. Important also tht. Turner shd. not be confident tht. large recoupment wd. follow thro' a special review.
- H.A. Opposed to incldg. this sort of thing in ev<sup>cc</sup>. to B<sup>d</sup>. viz., draft circulated to Cab.  
5 neutral members on Board. Unions have complained tht. Bd. is takg. too much a/c of general economic situation.  
Obj<sup>ns</sup>. to this proposed ev<sup>cc</sup>. to Bd.  
C<sup>d</sup>. write to N.F.U.'s ; but it wd. also be unwise to present them with firm decision.
- R.C. Increase wd. increase pressure on other wages later in year. Think we shd. do all we can – but short of direct intervention. Final sentence of H.M.'s draft goes too far, on that a/c.
- P.M. Ques of tactics.  
Like sugg<sup>n</sup>. of linking Special Review change with long-term changes in price-fixing procedure.
- H.A. Can ensure tht. substance of lr. to Turner (my revised draft) reaches B<sup>d</sup>. and Unions. Don't want direct approach to B<sup>d</sup>.
- Agreed: Approach N.F.U.'s in terms of H.A.'s revised draft.
- H.M. Then what response do we make to Bd.'s request for statistics & apprec<sup>n</sup>. of genl. economic situation.
- H.A. Factual stuff only: but include extracts fr. Ministers' speeches – which will show clearly what our policy is.
- P.T. If any comm<sup>n</sup>. is to be made, wd. welcome a more direct exp<sup>n</sup>. on lines of H.M.'s draft.



Agreed : Communication to Bd. on lines of previous communications – avoid exposing Govt. to charge of interfering with an arbitration.

12. Hong Kong.

A.L.B. Want to deport to Formosa prs. held on suspicion of complicity in Indian aircraft explos<sup>n</sup>.

Agreed.

C.M. 45(56).

21<sup>st</sup> June, 1956.

1. Cyprus. [Enter E.H., J.Harding.

P.M. We still await views of U.S. & final views of Turkish Govt.  
M'while Govr. must return. Must therefore be immediate statement :  
draft B.

H.M. Draft A. goes too far in suggesting T. veto.

A.L.B. Before that issues v. strong pressure wd. be applied to Turkey. Wdn't  
say this until we had concluded we must accept fact of T. dissent.

P.M. Must be careful with Turks : can't press them beyond a point : but we  
must be able to show publicly what proposals we have made.

S.Ll. Somethg. to be said for telling Gks. quickly. They wd. reject them.  
That mght help us with Turks.

P.M. Cdn't publish draft A w'out telling Gks. what our proposals are.

S.Ll. Disc<sup>n</sup>. at this stage with Gks. mght help us with Turks.

P.M. Let C.P. Ctt<sup>ee</sup>. meet to-morrow a.m. Replies from U.S. & Turkey may  
be in by then. Govr. to return on Fri. p.m. Say no more than  
hope statement will be made in H/C. early next week."

A.L.B. Other disc<sup>ns</sup>. with Govr.  
No ques of return of Makarios.  
Surrender terms & amnesty will be needed when a policy  
anouncemt. can be made.

[Exit J.H.

[Enter H.W., Carr.

2. Parliament.

R.A.B. Business for next week.  
26/6 : hope to complete Ctt<sup>ee</sup>. Stage. May be all-night sitting.

J.S. Valuation & Rating (Scotland). Trouble over a new clause re rating of  
unoccupied premises.

D.S. V. embarrassing to me, but I raise no obj<sup>n</sup>. Hope it may be accepted  
tht. I may have quid pro quo – & not be prevented from doing  
what is good for E & W. because it is thght to be embarrassing to  
Scotland.

J.S. Can carry gt. majority of Govt. supporters. Doubt if Labour will  
oppose it.

D.S. I will try to restrain English M.P.'s who are makg. diff<sup>ies</sup>.

J.S. In last resort I wd. accept (w'out resign<sup>n</sup>. of self or Govt!) decision of H/C. to reject this Clause.

R.A.B. 28/6. Third Rdg. of Abolition Bill.  
Shall move a lot of business on to H/Lds.

3. Imperial Institute.

R.A.B. Want, in reply to debate, to disclose latest plan. – for leaving tower as campanile w'in the new bldg. Compromise solution wh. will enable re-bldg. to go forward.  
Fine Arts Comm<sup>n</sup>. accept this.

Agreed.

4. Economic Situation.

P.M. Coal Bd. decision.  
Mtg. with nat<sup>d</sup>. ind<sup>ies</sup>. on Tues. next. Propose to follow up by mtg. of both nat<sup>d</sup>. & private employers late on Fri. p.m. Don't want this to slide away.  
M/L. to check tht. nat<sup>d</sup>. ind<sup>ies</sup>. have agreed in principle to joint mtg.  
Will give us chance to push private industries on "freeze" ques.

H.W. May be an early statement by B.T.C.

5. Road Transport Bill.

H.W. Lord Lucas has threatened to move same wrecking amendmt. on Cl. 1., wh. led to w'drawal of earlier Bill. Testing of cars.

K. Will do our best.

6. Malta.

A.L.B. Mintoff here. £4-5 M. has bn. assumed to be level of economic aid. He is proposg. measures amountg. to £8 M. C<sup>d</sup>. compromise around £6 M. Don't propose to do so. But warn Cab. tht. he will go away dissatisfied & Labour will support him.

7. Germany : Support Costs.

S.Ll. Aim at 410 m. marks (= £35 M.). Suggest we now bring it to a firm conclusion.

- H.M. Agree : best to close on this.  
 If we get cond<sup>ns</sup>. e.g. orders of equipment, I wd. favour mentioning it in announcement.  
 Suggest announcement be made by M/D. – Agreed.
8. Libya.
- S.Ll. Wants £½ M. this year. C<sup>d</sup>. prob. settle for £¼ M. For next year, he asks for £1 M. C<sup>d</sup>. stall by proposing review after 4 yrs. vice 5, viz., end of next year.  
 But he will ask also for military support. Wants 3 Services! We can't get involved in that : modern equipmt. so expensive.  
 x| Suggest we say we agree in principle to increase in his military strength, but details must be considered among staffs. Mght buy delay. But awkward because E. is giving him firm offers.
- P.M. Try to get U.S. to do more. Wheeler Base. We have Cyprus.
- H.M. Accept £¼ M. extra : examine future with U.S : make quinqu. review a year earlier x/ must be covered by review.
9. Training Facilities in U.K.
- S.Ll. Facilities for training people fr. overseas. V. limited nos. can be taken.  
 Does no more good in present circs. than expensive equipment.  
 Easier & cheaper method of m'taining Br. influence.
- D.E. Also opportunities in technical colleges etc.,
- H.M. Consider this among means of transferring resources in M/E.  
Agreed : Reading Ctt<sup>ee</sup>. to consider – military & civil sides (latter incldg. despatch of teachers to M/E. countries).
10. Internat<sup>l</sup>. Labour Organisation.
- R.C. As in memo.
- P.M. Sh<sup>d</sup>. like to see draft Wh. Paper.
- R.C. Acceptance with many reservations wd. be worse than rejection.
- R.A.B. W<sup>d</sup> prefer long written answer to P.Q. Will discuss with M/L. & F.O. wtr this is proper.

11. Industrial Disputes : Steel Industry.

R.C. No improvemt. 13 to 14.000 involved : & 3.000? now on strike.  
30.000 t. of crude steel p. wk. drop in output.  
Signs of split w'in Unions – & some also among men.  
Ind. Commr. in touch with both sides.  
Employers are right & reasonable. We shd. do nothg. to weaken their  
pos<sup>n</sup>. Steel Bd. agree.

P.T. Bd. wd. favour more publicity re effects on nat<sup>l</sup>. economy.

R.C. For the moment prefer to allow divisions w'in Unions to develop.

Standard Motor Company. Some reason to hope tht. opinion may be  
moving v. a strike.

12. White Fish Subsidy.

Not heard.

H.M. Need more time to consider.

P.M. Content that Ministers concerned shd. settle with H.M.

Again at next mtg if agreement not reached at a mtg on Monday.

R.A.B. W<sup>d</sup>. be easier if leg<sup>n</sup>. cd. be included in Session after next.

[Exit R.C.]

13. Police Pay.

L.I.G. P.Q. to-day by Ede. Proposed answer: no powers, but considg. what  
can be done to resolve diff<sup>ies</sup>. C<sup>d</sup>. avoid repercussions on teachers  
& pensions by bringing Police procedure into line with others.  
Cdn't go as far as firemen or Civil Service w'out much greater  
difficulty.

R.A.B. £2 M. involved. Stand out against it on this award, because economic  
situation.

For future, w'out concedg. retrospect<sup>n</sup>. in principle, believe we cd. get a  
compromise on lines of procedure available to teachers &  
pensions.

Support this answer for to-day : hope to find a formula for  
announcem<sup>t</sup>. fairly soon.

L.I.G. C<sup>d</sup>. w'stand demand for retrospective paym<sup>t</sup>. on this occasion.

1. Parliament.

[Enter E.H.]

R.A.B. Business for next week.  
Tuesd. Supply. Opp<sup>n</sup>. will debate economic sit<sup>n</sup>., with sp. reference to motor trade. Spokesmen : H.M. + either P.T. or I.M. according to terms of motion. May be a motion, as gesture, fr. Tory side.  
Thursday : Nat<sup>d</sup>. Industries reports & accounts – motion.

2. Germany : Support Costs.

W.M. Leaking in Bonn. W<sup>d</sup>. like to make early statement. Suggest I do it to-morrow (Friday).

R.A.B. Already have our statement for Fri. – on Malta.

P.M. May be said we are evading H/C. by announcg. Friday.

H.M. But will prob. be in Press to-morrow a.m.

Agreed : announce Friday a.m.  
F.O. to consider terms (final sentence).

3. Cyprus.

P.M. Mtg last p.m. of Govt. supporters. Ch. Whip was invited. Asked convener (Waterhouse) to see me : suggested he shd. not hold mtg because we were in negot<sup>n</sup>. : he thgt cancell<sup>n</sup>. wd. do harm. Ch. Whip therefore attended & said Govt. were not in pos<sup>n</sup>. to make a statement, but when it cd. wd. be clear tht. they had taken all steps to safeguard pos<sup>n</sup>. of U.K. & Allies incldg Turkey. M<sup>o</sup>while damage wd. be done to Govt. cause if pressures cont<sup>d</sup>. This did not satisfy mtg : Waterhouse has since written to me to say so.

What action shd. we take? At mtg. they did decide not to hold another. M.P.'s don't understand tht. negot<sup>ns</sup>. are for Executive not Parl<sup>t</sup>. Alternatives : I cd. go to 1922 Ctt<sup>ee</sup>. this p.m. and ask if Govt. has confidence of Party. May, however, be ill-attended. L.P.S. cd. explain pos<sup>n</sup>. & if he did not obtain satisf<sup>n</sup>. we cd. summon more formally a Party mtg. next week.

R.A.B. Two groups : one unpleasant : the other (larger) feeling only a vague anxiety about what is going on.

Waterhouse is feeling less certain of support than he was.  
I have to go to 1922 anyway on nat<sup>d</sup>. ind<sup>ies</sup>. W<sup>d</sup>. deal with that, and when Cyprus raised I wd. repeat Ch. Whip's statement and

x| make clear responsibility of Executive for carrying out negot<sup>ns</sup>.  
W<sup>d</sup>. sooner do this than bring in P.M. at this stage. If it goes on  
or gets worse, P.M. will intervene with greater effect.

B.H. They need a lecture on x/. Let R.A.B. do it.

H.M. Reserve P.M.'s authority until we reach point of decision and want to  
push it through.

S. If it's boiling down, wiser to reserve P.M. for more crucial occasion.

P.M. V. well. But if they don't accept L.P.S. assurance, we must have  
formal Party mtg and ask for their confidence.

4. Aden.

A.L.B. Since memo. written, Att.G. & I are seeking means of getting rid of  
belongers without international diffy. Also, Govr. now proposes  
rustication on m'land of Aden vice island. That makes it easier.  
Thus, ask Cab. to leave me to pursue this with lawyers. (Att.G.  
and K.)

Will submit memo. soon on general ques of Aden & Protectorate.

S.Ll. Consider detention. Don't want them to get to Cairo.

P.M. Forces in Aden are inadequate. Equivalent of batt<sup>n</sup>. only. I want a  
formed battalion in add<sup>n</sup>.

W.M. Will consider & report. [Exit E.H.]

5. International Tin Council.

S.Ll. A necessary evil.

Att.G. Tax exemption for individuals will give trouble.

H.M. For the organisation, no diff<sup>y</sup>. For individuals, Revenue don't think  
they can object, but H/C. won't like it.  
But to our advantage to have it here.

[Enter B.C.]

6. Nat. Insurance : Unemployment Benefit.

I.M. Consequence of 5-day week. But 4 day emplt. (losing 1 day) entitles  
him to 2 days' benefit, as tho' he normally worked 6 days.  
Anxiety mainly over highly paid : no one raised ques over cotton  
workers. Mobility isn't really affected. V. controversial leg<sup>n</sup>.

My concl<sup>n</sup>. (with B.C.) is tht., if sit<sup>n</sup>. not affected by f<sup>r</sup> coming appeal, we shd. re-consider pos<sup>n</sup>. in autumn.

P.M. It's not benefit tht. holds workers but hope of getting back into highly-paid motor industry.

H.M. V. unsatisf. sit<sup>n</sup>. Unexpected dec<sup>n</sup>. of Commissioner. Flaw in law wh. wd. ordinarily be corrected by leg<sup>n</sup>. Pity we can't put it right. Awkward just at moment when we face mobility as an issue. No prospect of leg<sup>n</sup>. before end/July. Against promising it long before we do it. Hope, however, we may agree in principle tht. this gap must be closed & leg<sup>n</sup>. be prepared. So that we be ready to act in autumn.

B.C. Much of this cd. be done by Reg<sup>n</sup>. Easier than leg<sup>n</sup>.  
Series of appeals will be heard on 19/7.

H.M. Be ready to act, wtr by Reg<sup>n</sup>. or leg<sup>n</sup>.

P.M. Avoid publicity.

[Exit B.C.  
[Enter Selk.

7. White Fish Subsidy.

H.M. My plan wd. give £3 M. subsidy (cpd. £2.3 M.) : wd. concede  $\frac{3}{4}$  of demand : shd. face consequence of run-down of ships (tho' we needn't announce that): cd. announce int<sup>n</sup>. to legislate to assist conversion to oil-burning.

H.A. V. little between us. My comment shd. be considered v. b'ground of political row of last year.  
Accept H.M.'s offer of 8<sup>d</sup>. & other points.  
Only real diff<sup>ce</sup>. betw. us is on rate of run-down. We wd. accept £17.  
But that involves total of £750.000, not £650.000.  
Prefer 1963 because loans scheme ends then.

J.S. If assured we can have £17 – wd. accept it, tho' will cause unemplt. & disloc<sup>n</sup>. in Aberdeen.  
Accept 1962 if I must.

H.M. Ready to accept £17 and leave Ty. to ascertain what total cost wd. be.  
Better to spend the money on modernisation. Get M/Ag. to go into this with Admy. Agreed.

[Exit L.I.G.

8. Malta.

A.L.B. Govr. wd. prefer compromise. I am not. For it wd. commit us to "equivalence" & mght get it written in to constitutional arrangements.



May lead to Election in Malta.

In suggesting to H/C. there wd. be no repercussions in other small Colonies I said this unlikely unless seen tht. Malta obt<sup>d</sup>. substantial early advantage in economic aid.

x| Will add to statement tht. I am ready to consider alternative proposals wh. don't commit me above £5 M. this year but wd. give more time to consider financial situation. Alternative : vote development loan of £15 M. over 3 yrs., with comm<sup>n</sup>. from U.K. to consider its appl<sup>n</sup>.

H.M. x/ wd. be taken to imply there will be more next year.

P.M. When I saw him & asked what he wd. ask for next year, he said £10M.

K. Malta expert put it to Conference at £5.1 M. Ty. estimate £5 M. We shd. resist this effort to bump it up, with no cont<sup>n</sup>. by Malta itself. Have you any thing practical in mind on x/?

A.L.B. Not on aid from U.K. But e.g. no need for 100% backing for Currency: this mght yield £3 M. £5 M. wd. be increase of £¾ M. cpd. with last year. Probable course : Genl. Election. Govr. cd. not refuse dissolution. Neither side will be helpful, in Election. Mintoff may throw over plan for integration & put fwd. claim to independence & Treaty.

H.M. We may be spending money in Malta on workshops from Canal.

D.S. Soon spend £1 M. if there's disorder.

H.A. But hopeless to do this, in face of M.'s tactics.

A.L.B. I cdn't defend it in Parlt. cf. para 2 of my draft statement.

K. M.'s face mght be saved if he re-phased p'mme so as to cost y| £7½ M over 18 mos. Involves no more for us.

A.L.B. z.| Add that during that period we will have comm<sup>n</sup>. from U.K. to go into whole ques of economic developmt.

Agreed – as at y and z.

## 9. Libya.

S.Ll. I settled (subject to ratification) at ¼ £M this year and £½ M. next year (subject to abatement of £¼M on a/c of slower progress with barracks)

On Forces, fought him off on Navy & Air Force by offering exam<sup>n</sup>. byexperts. On Army I promised assist<sup>ce</sup>. twds expansion & will

help with training facilities, equipmt & use of install<sup>ns</sup>. – again to be worked out by experts on both mil. and financial experts.  
Offer to advance periodical review mght have cost us more.  
We must review its value to us. We are spendg. a lot on it. Early consult<sup>n</sup>. then with U.S. – to get common plan for developmt. and subvention.

- H.M. Not v. good qua another Arab Legion.  
The anticipated saving of £¼ M on barracks is only a p'ponement.
- S.Ll. He has promised to consider wtr it cd. be permanent arrangemt. Then it wd. be a saving.
- P.M. Agree to x/. W<sup>d</sup>. sooner put more reliance on Cyprus & Malta & leave Libya largely to U.S.

[Enter A. Jones.

10. Grand National.

- A.J. They want to move fr. Sat. to Fri. – wd. cost 20,000 t. of coal.
- P.M. We yielded on Leger.
- A.J. Bad moment – with economic situation as it now is.  
Tried to persuade N. Hunt Ctt<sup>ee</sup>. But we have conceded all other big races.

Agreed : say we hope they won't do this for another year., & ask for estimate of their loss.

C.M. 47(56).

5<sup>th</sup> July, 1956.

1. Overseas Information Services. [Enter E.H.]

S.Ll. i) F. Language Broadcasts in Europe.

P.T. Is it wise to drop this – when G may step into vacuum.

D.S. Sh<sup>d</sup>. be weighed with defence expenditure. Mght be wiser to give up some weapon. Saves only £130.000 plus somethg. on overheads.

P.M. C<sup>d</sup>. we not consider whole ques as part of P.R. M/E. is more important, in this, than Europe. Standing strat. reserve in U.K. is now 47.000. Sh<sup>d</sup>. we not cut down on assumpt<sup>n</sup>. tht. somethg. will come out of Germany – viz., begin to run down on that assumpt<sup>n</sup>.  
Can we take it altogether?

A.L.B. Import<sup>ce</sup>. and urgency of extendg : improving services to M/E.

S.Ll. These particular services are of no gt. import<sup>ce</sup>. Drogheda recommended their discont<sup>ce</sup>. But, qua public, shd. present it as re-deployment.

H.M. We spend £12 m. on this – and £6 M. thro' B.B.C.  
But on tactics wd. delay approach to B.B.C. until we can put whole problem to them. Avoid premature row on minor aspect.  
Doubtful about value of sound b'casting. W<sup>d</sup>. prefer to put more weight into film & T.V., & getting our material into local b'casting systems. Want to see money put into somethg. whose content we can control.

P.M. Ctt<sup>ee</sup>. of officials to consider switch from uncontrolled B.B.C. to controlled propaganda by more modern methods. D. Parker in Chair. Offls. of F.O., Ty., C.O., M/D., B/T.

2. Government Publicity.

A.E. Cd. not C.O.I. direct present<sup>n</sup>. of Govt. policy.  
cf. I.T.A. recent b'casts.  
Discussion on machinery for “propaganda”.

P.M. to consider co-ordin<sup>n</sup>.

3. Parliament.

R.A.B. Business for next week.

- D.S. New Towns 9/7. D.S. & Parly. Secy. But spokesman needed for Scotland.  
 Shall be pressed to refer to future ownership of assets of new towns. Want to say tht. it shd. not be assumed that they will not be passed automatically to l.a.'s. Act provides for sale, tho' wind-up requires transfer to l.a. Don't want communities where 90% of houses are l.a. owned. Want some owner-occupiers, and also Housing Assoc<sup>n</sup>. ownership.
- S. Rent Rest<sup>n</sup>. Bill. Labour Party have declared intent<sup>n</sup>. to take over all restricted houses. Is it wise for us to reduce nos. – & incur odium of raising rents. Better to wait until after Election?
- H.M. W<sup>d</sup>. it have the right effect? If we succeed in raising prop<sup>n</sup>. of rents, the cost of expropriation wd. be that much higher – and likelihood of their being able to do so wd. be less.
- D.S. M'while houses deteriorate because owners can't repair. Diff. to excuse delay. If we go on, pol. issue will be : are Labour ready to put rents down? C<sup>d</sup>. they?
- H.M. Agree with D.S. on new towns: but is it wise to say it, so far in advance of action.
- R.A.B. C<sup>d</sup>. give a broad indication of prob. line of policy.
- R.A.B. Finish Report Stage of Finance Bill during week: also Third Reading. 12/7. Members' Salaries. Oppos<sup>n</sup>. will table motion but won't press it to division. Spokesmen : R.A.B.
4. Police Pay.
- L.I.G. Becomg. more awkward in H/C. – P.Q.'s by Govt. supporters. Want to say we are exploring possibilities of leg<sup>n</sup>. to alter pos<sup>n</sup>. in future. New feature of this wd. be reference to leg<sup>n</sup>.  
 Wd<sup>nt</sup>. legislate before October – wh. wd. embarrass M/Ed<sup>n</sup>. [Enter H.
5. Israel.
- S.L.I. Ben Gurion is spkg. of strengthening his pos<sup>n</sup>. in Jerusalem. Jordan have heard of this. Israel Amb. has bn. warned tht. Anglo-J. Treaty still stands.
- W.M. Aircraft to remove Br. personnel fr. Amman & Maфраq have bn put at 72 hrs' notice.

6. Cyprus.

- A.L.B. Informed Cab. of proposed statement – as in C.O. Tel. 1209 to Cyprus.  
No comment yet rec<sup>d</sup>. fr. Govt.  
Turks have indicated tht. they wd. accept it, includg 1<sup>st</sup>. alternative.
- S.Ll. Party Mtg y’day was in disturbed mood over this.
- E.H. Anxiety in Party will remain, even after this statement, unless i) we can reveal details of our plan or ii) it is clear tht. P.M.’s Norwich speech stands.

7. Ceylon: Defence Installations. (see below.)

7. Federation of Rhodesia & Nyasaland.

- H. Demand for full membership will be pressed in S. Rhodesia v. strongly.  
Malvern’s plan of obtaing. powers & giving them back won’t do.  
Search for alternative.  
Fed<sup>n</sup>. can’t qualify for full memb. while so many restraints. But a sufft. area of sovereignty to warrant somethg. like it.  
N’foundland was recognised as Dom. tho’ we handled her external affairs.  
Sect<sup>n</sup>. 8 of Annex. Alternative (a) is the course I recommend. I will not pursue (b), wh. wd. involve contentious leg<sup>n</sup>.  
Remaing. diff<sup>y</sup> = O.L.’s pledges. If we adhere to these literally, we shall be unable to make any move.
- P.M. Danger of S.A. drawg. S. Rhodesia twds. them, if Dom. status for Fed<sup>n</sup>. is delayed. They will make mischief over this. And at next elect<sup>n</sup>. in Fed<sup>n</sup>. may be a majority of those who favour closer link with Union.  
Hope Cab. will accept this.
- A.L.B. Don’t believe there is strong feeling on this in S. Rhodesia. Metcalfe reports in that sense., tho’ he adds tht. it cd. be whipped up in a moment.  
If we argue tht. this means little change qua Africans, we can’t give it as much of a benefit to Europeans.  
Stress para. 12 of Annex.  
Agree to 8(a)(i) – and give him seniority as from now. Also to (iii) and (iv). But (ii) is my difficulty : I can’t agree to that. Where wd. I stand in rel<sup>n</sup>. to P.M.’s of W. & E. Nigeria? They wd. have even wider self-govt. than Fed<sup>n</sup>. We have refused this status to Malta & Singapore.
- H. Malvern has already rejected offer of i) iii) & iv).

S. Real diff<sup>y</sup>. of M. is attack fr. 3 sources a) the 3 Territorial Govts. b) strong Afrikaans element c) senior Col. officials in 2 Colonial territories. Fed-Govt. is not that in full sense : its sphere of power is questioned : Fed<sup>n</sup>. isn't working. Malvern alone can make it go : doubt if Wilenski can adopt same detached pos<sup>n</sup>. Even if M. accepted i) iii) iv) now, it wouldn't last. Will Chandos' pledge prevent us for ever fr. making any move at all?

A.L.B. It was only because of the pledges tht. Parlt. accepted Fed<sup>n</sup>.

H. Do we offer now. Or wait until we get a bullying demand.

P.M. Risk tht. they mght. go their own way – cf. American Colonies.

H. Doesn't really affect Africans at all.

H.M. Give i) – iii) as factual privileges : and add tht. these together are marks of the special pos<sup>n</sup>. of Fed<sup>n</sup>. w'in the Comm. and its rel<sup>ns</sup>. with Comm. colleagues.

[Enter C., N.B.]

8. Ceylon : Defence Installations.

H. B. wants to say Ceylon has exp<sup>d</sup>. desire & U.S. Govt. have concurred. C. ready to accept that.  
U.K. Govt., recognising right of Ceylon to do so under Def. Agreement 1947, have expressed agreement.....  
Other amendments sugg<sup>d</sup>. & approved.

R.A.B. Politically, this is improvement on earlier drafts.

Agreed.

[Exit C. & N.B.]

9. New Zealand House.

H.A. N.Z. Govt. have Crown exempt<sup>n</sup>. from planning control ; but we have some control thro' bldg. lease.  
Holland is v. keen on modern bldg. Architect is willing to make some modific<sup>n</sup>. Essential, in H.'s view = a high bldg. Much to be said for tower bldg. on this site vice well bldg. We shd. also accept a degree of modernity.  
Alternatives a) reject design. W<sup>d</sup>. upset N.Z.

..... Not heard .....

[Enter Browne.]

10. Capital Punishment.

S. Agreed, in Cab. Ctt<sup>ee</sup>., tht. it wd. be better for H/L. to reject on 2<sup>nd</sup> Rdg. than to murder it in Ctt<sup>ee</sup>.

Shd. like to stress in debate tht. this issue has not bn. before will of electorate. New convention in H/L. tht. if a Bill has bn. app<sup>d</sup>. at a Genl. Elect<sup>n</sup>. we pass 2<sup>nd</sup>. Rdg. & try to improve it. If it has not, we try to delay as long as we can so tht. will of people may become known.

If it were presented to H/L. for second time, we wd. try to give a 2<sup>nd</sup> Rdg and deal with it in Ctt<sup>ee</sup>.

K. Agree.

E.H. Sh<sup>d</sup>. have to consider, after rej<sup>n</sup>., wtr Govt. facilitates a 2<sup>nd</sup>. presentation.

S. Att. G.'s sugg<sup>n</sup>. : Govt. shd. then present their own Bill to amend law of murder : and then, if Silverman's Bill were presented again, Whips cd. properly be used to reject it. We don't favour this.

Br. Bill as it left H/C. was defective qua Scotland. If it is to pass, it shd. be amended. Genl. agreement.

[Enter R.T.

11. N.H.S. Remuneration of Doctors.

R.T. Diff : & pol. repercussions. Memo. by B.M.A. : 24% increase at cost of £20 M. Sh<sup>d</sup>. like to tell them, next wk., tht. in present econ. sit<sup>n</sup>. we can't enter into disc<sup>n</sup>. of this claim.

J.S. wants to add reference to contractual rights. I think that unwise. They wd. ask us to remit it back to Dankwerts. That wd. be mistake.

Rejection on broad grounds wd. give us public support. But not for a legal wrangle.

I.M. W<sup>d</sup>. sooner turn it down on merits. If you base it on econ. sit<sup>n</sup>., they will come forward again as soon as we move e.g. on M.P.'s pay. W<sup>d</sup>. prefer to say "in all circs..."

H.M. W<sup>d</sup>. wish to seek compromise betwn. the two. Will discuss with Ministers – before Cab. on Tuesday.

[Exit R.T.

1. East-West Trade : China. [Enter E.H.]

S.Ll. Cocom ends this week. Told U.S. we wd. deal with these on principle – shd. not be on China list because not on R. list. Have received formal aide-memoire fr. U.S. Govt. m'taing. tht. proposal is inconsistent with our earlier statements of policy & dangerous to f. aid p'mme. Maintains tht. Land Rover is a strategic article. Gives notice of U.S. opp<sup>n</sup>. in China Ctt<sup>ee</sup>.  
Suggest we ask Cocom to approve shipment of 2 specific orders – 50 odd Land Rovers and 15 tractors. Say we shall do this on quid pro quo basis : state of car industry : risk tht., if we don't supply, Czechs will.  
If U.S. protest, our rep<sup>ve</sup>. can report back.

P.T. Risk that further delay will lose us the order.

P.M. Pos<sup>n</sup> generally is becoming untenable.

P.T. Both these are sold unlimited to R. bloc. Rovers are on short-time.

P.M. Pres. agreed Feb. tht. it was reasonable to equate Soviet & Ch. lists. Mentioned in communiqué.  
If we truckle to U.S. on this, it will be known & anti-U.S. feeling in car industry will be v. likely.

S.Ll. R.M. makes it clear tht. it is pol. pressure in W'ton, not reason, that is influencg. State Dpt.

2. Nuclear Weapons : Tests.

S.Ll. P.Q.'s to-day & to-morrow. Shall be pressed to say wtr we will take initiative. Disarm. Comm<sup>n</sup>. considerg. U.S. will accept a form of words on limit<sup>n</sup>. of tests : but only w'in framework of genl. agreemt. We shd. offer disc<sup>n</sup>. outside that context.

P.M. Agree.

3. Bahrain.

S.Ll. Indic<sup>ns</sup>. by Belgrave tht. he has no int<sup>n</sup>. of going have marred our plan. Do we ride out a strike? Or do we seek to persuade Ruler to make some statement indicatg. B.'s retirement will not be delayed beyond a matter of months.

S. Para. 3 of Tel. might meet case, if no announcemt. has yet bn. made.



- P.M. For last words substitute “towards end of year” – or say nothing on date.
- S. Announcement (vice talks to Ctt<sup>ec</sup>.) wd. be less likely to appear that we were giving way to pressure.
- P.M. Yes : don’t “negotiate” it with anyone.
- Agreed : S.Ll. to consider in light of discussion.
4. Parliament. [Enter Att.G.
- E.H. Business for next week.  
 F. Affairs debate on Mon/Tues. of followg. week. Defence debate in final week.  
 Various Supply Days next week : but fr. Govt. angle preferable tht. Cyprus shd. be dealt with in F. Affairs debate.  
 Debate on Members’ Remuneration : If L.P.S. unwell, P.M. to speak early in debate. C<sup>d</sup>. not reply because public dinner. Ll. G. to do this.
5. Death Penalty (Abolition) Bill.
- P.M. Silverman wants to ask P.N. Ques to-day. Speaker won’t allow it. But Silverman will get his chance to put the point on Business on Thursday. He will then ask for statement of Govt. policy.
- S. Last week Ctt<sup>ec</sup>. considg. Att. G.’s idea tht. Govt. shd. promote next session a Bill to alter law of murder & shd. then put on Whips against Silverman’s Bill if brght fwd. We were then against this. But now Samuel & Cantuar have asked us to promote such leg<sup>n</sup>. – and request put in moderate terms. Good case for putting c.p. on a basis which wd. command wider support. We have chance to re-capture initiative. This mght also recover support of some Govt. supporters who voted with Silverman. A better pos<sup>n</sup>. than a purely negative attitude.
- K. Agree with this view. In Motion we offered to amend law. With hard work in Sept. we cd. produce Bill – introduce in Lords. Take a Govt. line on this basis.
- P.M. Is it practicable? I agree it’s good tactics.
- Ll.G. We did advocate it as alternative to abolition. We shd. do our best to achieve it. Agree we shd. start it in H/L. Agree it wd. be a good face-saver for some Tories who voted with Silverman.
- P.M. Sh<sup>d</sup>. we be revertg. to pos<sup>n</sup>. wh. H/C. rejected. <sup>x</sup>/ Any add<sup>l</sup>. amendmts?

- D.S. H/L. debate is a new factor.
- J.S. Govt. shd. now take initiative. Responsibility shd. now be assumed by Govt.
- K. On x/ : we only offered to consider constructive malice & limited responsibility. I think we shd. now say we wd. deal with these. We can find a way thro' diff<sup>ies</sup>.
- Att.G. Follow up also sugg<sup>n</sup>. tht. we shd. exclude more of the cases wh. are now reprieved.
- H.M. Find a formula for to-morrow wh. will give us time to study. Nothing can be done this session. If we are to use Whips we must know we can carry it before we get committed.
- H. But aim at statement before end of Session.
- D.S. } Better, if we do have a Govt. Bill, to start it in H.C. Rather dangerous,  
H.M. } qua attitude of H/C., to start it in H/L.
- Ll.G. Bound to be asked to-morrow what facilities Govt. will give to S.'s Bill in next session.
- H.M. No oblig<sup>n</sup>. to do so. But wd. have to give it time.
- K. Parlt. Act doesn't affect procedure in H/C., as regards time.
- H.A. Indicated assent to project for govt. Bill.  
But study possibility of adding more than the 4 points.
- I.M. Implicit in this is decision to put Whips on against abolition. That I cdn't accept, for myself. Possibly other Ministers who abstained mght feel the same. If Govt. Bill commanded enough support, it is conceivable tht. Govt. wd. think it safe to allow same free vote as before on an abolition Bill.
- S. Somethg. to be said for introducg. Govt. Bill in H/L. this session even tho' it cdn't pass into law. W<sup>d</sup>. show positively what H/L. are prep<sup>d</sup>. to accept.  
W<sup>d</sup>. begin by discussg. privately with Samuel & Cantuar to see what they wd. accept.
- H.M. Alternative procedure of Resol<sup>ns</sup>: instead of farce of a Bill wh. can't pass. This is traditional procedure. Mght even do it in H/C. to test opinion.  
  
Agreed: Ll.G., K., Att. G. and J.S. & L<sup>d</sup>. Advocate to submit memo. on form of a Govt. Bill.

S. to take sounding with Samuel & Cantuar.  
M' while in H/C. offer to make statement in course of  
this session, and hope before recess. (K : because of  
import<sup>ce</sup>. of regaining initiative.)

[Enter A.H. N.B.]

6. Armed Forces: Conditions of Service in Germany.

H.M. Saving of only £1 M. – offset by increased wages to Germans. Means  
Suppl. Estimate of £34 M. odd.  
i) Rations. Relic of occup<sup>n</sup>. I want to defer inevitable change until  
end of financial year.  
ii) Batmen. I suggest U.K. scale.  
iii) Domestic servants. I suggest 2/3rds. for remainder of this year and  
be then w'drawn.

A.H. We have saved £5 M. – an earlier result of £4 M from a w. party with  
Ty.  
W<sup>d</sup>. sooner save by reducg. nos.  
i) Rations. W<sup>d</sup>. accept the delay if I can have concessions  
elsewhere. Local overseas allowance wd. cover i) and iii) : not  
given h'to in Germany because occup<sup>n</sup>.  
ii) Batmen : Major has only 1/4 batman. Lt Col. only 1/2 batman.  
Pretty austere. And in all overseas stations it has bn. offset by  
allowance for domestic servants – which U.S. & Fr. have. If we  
deprive them of the service, we must give them money to buy it.  
My offer : accept H.M.'s view on i) and ii) if I can have allowance for  
iii) included in l.o.a. – subject to review when we can review  
numbers. £750.000 until then

Agreed.

[Exit A.H., N.B.]

7. Cyprus.

A.L.B. Harding supports statement in amended form.  
Radcliffe wd. go to Cyprus on Friday.  
Statement in these terms wd. be made by P.M. on Thursday.

E.H. Para. 4. Tories may feel tht. this puts too much blame on Turks.

A.L.B. But this is main reason why we can't go on with this. H.M. Amb.  
Ankara has advised tht. T. wdn't object to this.

S. Meet this by amendment noted in ms. on my text. Agreed.

P.M. Shall decline to disclose details of negot<sup>n</sup>. – on basis tht. publ<sup>n</sup>. wd.  
freeze pos<sup>n</sup>. for all time.

- A.L.B. I still believe we shall be forced to publish because w'spread leakages of all parts save those wh. wd. re-assure Tories. That is my view : but it's a matter of tactics, not principle.
- P.M. Reason to fear tht. U.S. Govt. are going to give whole story to N. Yk. Times. May have to re-consider.
- P.T. Somethg. to be said for makg. our own statement, with full argument.
- P.M. Offl. statement wd. freeze pos<sup>n</sup>. more than publ<sup>n</sup>. by N. Yk. Times.
- S.Ll. May help us with Tories if N. Yk. Times publish.
- H. Plan wd. not be universally welcomed – e.g. in Canada there wd. be criticism.
- E.H. Considerable section of Tories, not merely extreme right wing, wd. not be re-assured by publ<sup>n</sup>. of plan.

Agreed : Statement on Thurs. in both Houses (S. in H/Lds.)

8. Remuneration of Members.

- E.H. i) Sh<sup>d</sup>. we say we don't exlude Ty. cont<sup>n</sup>. to Members' Fund if need arises Agreed.
- ii) Enquiry : R.A.B. wd. have preferred not to close door to this wholly.

J.S. I'm against it : undignified.

P.M. W<sup>d</sup>. sooner settle it in Parl.

E.H. iii) Time for concession. No indic<sup>n</sup>. to be given. Agreed.

For spokesmen – see Parliament. Minute 4 above.

[Exit E.H.]

9. Wales : Rural Areas.

Ll.G. Life can't be supported on many of these small-holdings.

H.A. This is only line we cd. take.

H.M. Applaud this.

Agreed.

10. Colonial Immigrants.

- K. As in memo.
- S. No logical reason for p'ponement. It may get worse.
- I.M. No of unemployed coloured is now over 5% – doubled – much higher (4 or 5 times) than nat<sup>l</sup>. average. Must assume it will increase.
- A.L.B. May lead to slackening of immigration.  
Endorse para. 23. But L<sup>d</sup>. Lloyd wd. support S.'s view.  
Rate of immigr<sup>n</sup>. : 16.000 last year + 14.000 in first half of '56. These figures exclude Asians.
- x| Suggest I tell Manley & Grantley Adams, seriously, about unemplt. situation. (Jamaica & Barbados).
- I.M. Not discrimin<sup>n</sup>. v. blacks. Result of last in, first out.
- A.L.B. Many Indians : 1.000 p. month by air for settlement in U.K.
- D.E. If we have to do this, by leg<sup>n</sup>., sooner wd. be better than later electorally.
- S. C<sup>d</sup>. you regulate it by temp<sup>y</sup>. labour permits.
- P.M. x/ : in disc<sup>n</sup>., not by letter. Watch sit<sup>n</sup>: no dec<sup>n</sup>. to p'pone for a year.  
At least, review in autumn.  
Report on leg<sup>n</sup>. re Eire.

#### 11. Marketing of Pigs and Bacon.

- H.A. May we publish report? Govt. not committed thereby.

Agreed.

#### 12. Nigeria.

- A.L-B. P.M. of E. Nigeria. Irregular conn<sup>ns</sup>. with his Bank. He has now bn. censured in Leg<sup>ve</sup>. Assembly : Spker. ruled it out of order : P.M. then took libel action v. former Ch. Whip.  
Is he to come to Sept. Conf<sup>ce</sup>. Opp<sup>n</sup>. won't agree unless his honour is previously cleared.  
Propose therefore to appoint Comm<sup>n</sup>. to enquire – giving him chance first to ask for it.

1. Police Pay. [Enter E.H.]

L.I.G. Under Act of 1919 no power to make an award retrospective. But violent campaign – supported by many Tories in H/C.  
First ques : shd. latest award be made retrospective? Cost £1.9 M., of which 50% wd. be on Exchequer. Pressure for this retrospect<sup>n</sup>. is v. heavy.  
Obj<sup>ns</sup> to retrospect<sup>n</sup>. That of M/P. has bn. removed. That of M/E. cd. be met if amendg. leg<sup>n</sup>. were not introduced before 1/10.  
Recommend : clear statement tht. we intend to legislate in Oct. for future retrospect<sup>n</sup>. What shd. we do on outstandg. award? Don't want to refuse if we have to give way later.

H.A. In general retrospect<sup>n</sup>. shd. not be extended too widely.

P.M. Yes : but on this procedure time-lag is v. considerable.

H.M. Support H.A. If habit grows, tendency will be to submit claims early. Two separate issues. a) Future. Diff. is refuse to Police, when some others have it. Effect on teachers : if leg<sup>n</sup>. p'poned until next session, we can get round that.  
b) Last award. We must take a dec<sup>n</sup>. we can stand on : and announce our dec<sup>n</sup>. v. soon.

L.I.G. Until flaw in law was discovered, many (illegal) retrospective paymts have bn. made in past.

I.M. Dec<sup>n</sup>. won't embarrass me. Trade Bds etc., have power to make awards retrospective – but don't necessarily use it or, if they do, make it retrospective to date of claim.

J.S. Can't make this award retrospect. w'out consultg. l.a.'s – and not certain they wd. agree.

P.M. Don't like treatg Police meanly on a technicality.

H.M. Once Bill is introduced, imposs. to resist paying this award. But avoid appearg. to push l.a.'s.

Agreed: L.I.G. to announce to-day tht. Govt. have decided to introduce leg<sup>n</sup>. for future and will consider with l.a.'s wtr it will be possible in this leg<sup>n</sup>. to provide for retrospection of last award.

2. Remuneration of Doctors. [Enter R.T.]

- H.M. Since last mtg, consulted other Ministers & agreed a formula – handed round.
- S. Can we consider genl. policy on doctor's salaries. Distorted. Consultants are doing too well in comparison with holders of University posts (medical).
- R.T. Unsatisf. But no early prospect of altering it. For can't put people down.
- I.M. Mght consider extendg. merit awards to holders of Univ. posts.
- D.E. Omit [ ]. Agreed.
- Draft approved, subject to omission of [ ]. [Exit R.T.]

### 3. Australia : Trade Talks.

- P.T. Have taken awkward turn. They ask for end of preference system – tho' wd. give our goods an "edge" thro' tariffs. In return for that edge, they want better treatment fr. us esp. on wheat: e.g. subsidy on wheat to be subj. to review by Bd. as their tariff, & opportunity for them to put views.  
Have told McEwen we don't think we cd. conclude negotiated agreemt. on this basis.  
Even if we gave them good deal on wheat, they wd. not have agreed to meet us on tariffs.
- P.M. Menzies has never sugg<sup>d</sup>. anythg. of this kind.
- H. Agree : M. told me y'day tht. he only needed elbow-room w'in existg. preference system. He may be able to call McEwen to order.
- P.T. Anyway, we must face substantial red<sup>n</sup>. in our preferences in Austr. market.
- .M. Some advantage: No chance of agreemt. in detail before M. leaves. We ourselves want a little more time. N.Z. will take similar line if A. gets away with this : and C. don't like pref. system.  
May be wiser to tell M. this opens up way to endg. Ottawa system. Before so serious a step is taken, need for time for both of us to reflect. Suggest mtg. of offls. at end/this year. Sh<sup>d</sup>. not discard only econ. link in Comm. w'out thght.
- H. .... M. doesn't want an agreemt. this week.

Agreed: P.M. to see Menzies.

[E.H. Exit

#### 4. Europe : Economic Co-operation.

- H.M. We accepted oblig<sup>n</sup>. to liberalise – on quotas. They now want to move on to tariffs. We wd. find that embarrassing. Wise preliminary to go to 90% liberalisation (cost £1-1½ M. for U.K. and similar amount in Colonies : about £3 M. in all). This wd. give us more control over rest of discussion.  
Plan for handling that is set out in C.P. 171. Get some other country to propose review e.g. Norway : then we cd. agree. Avoid appearance of important new U.K. initiative.
- P.T. Won't be so easy in Paris. I shall have to argue in opp<sup>n</sup>. to a round of m.f.n. tariffs talks.
- P.M. French may support us on that.
- H. V. ingenious tactics qua Commonwealth.
- P.T. Hope we can discuss in Cab. before Recess our general commercial Policy.

#### 5. Judicial Salaries.

- K. Two outstandg. ques i) Met. Mags. ii) Sheriffs Substitute.  
Timing : C. Service salaries are coming into force now. V. largely by stealth: minimum of announcement. Some judicial appt<sup>mts</sup>. cd. be adjusted accordingly w'out publicity. But for these people & Co. Ct. Judges leg<sup>n</sup>. is needed : & if my proposal is not accepted they will have to wait 12 mos. cpd. with the others. Propose therefore leg<sup>n</sup>. next Session with retrospective effect fr. date of an announcem<sup>t</sup>. in July.  
Lawyers in H/C. will raise this & be able to make a strong case. These people are not at present adequately paid.
- P.M. We are trying for stability. F.B.I. statement to-day, quite good.  
Followed by a joint mtg. Also turning down remuneration of M.P.'s. C<sup>d</sup>. it not wait until autumn.
- K. C<sup>d</sup>. I say to their leaders tht. we will do this by leg<sup>n</sup>. next Session. C<sup>d</sup>. be said in confidence.  
V. diff. in view of C. Service.
- H.M. On timing : where does this end? In '52 we fixed £2.500 for Met. Mag : now, despite red<sup>n</sup>. in income tax, we have to admit another £1.000. We accepted Priestley as a package – and because we sh<sup>d</sup>. have done worse at arbit<sup>n</sup>.  
We can't restore value of £ : most = hold it. Don't therefore defeat our attempt to do it.



Wdn't resist the minor points of diff<sup>ce</sup>. But on timing of action, it wd. be disastrous to do this now. Hold it, even for 6 mos. Junior Minister has much higher claims than these. Example in this is more than logic. At least say nothg until next session.

- K. C<sup>d</sup> I not then tell them this?
- J.S. V. diff. to hold position. Can't get enough people for these posts. We have bn. playing this along for more than a year.
- K. Salaries have always bn. related to C. Service scales.
- H.M. Real reason for increasg. C.S. salaries was compet<sup>n</sup>. of industry. Is the counter-attraction of Bar so formidable. What about dusty answer to doctors? How wd. that compare.
- K. Will consider ques, in light of Cab.'s discussion.
- S. In the end justice will have to be done for these. If effort at stability fails, shd. have to do this.
- H.M. C. & A.G. wd. have to be included in this.
- K. On relativities : last increase was too small. net receipt to-day is less than it was pre-war.
- [Enter R.M.]
6. Germany : Supply of Tanks.
- P.M. We agreed in Def. Ctt<sup>ee</sup>. to m'tain a factory – against G. orders.
- R.M. Yes : but in 2 mos., w'out another order, we shall have to close it.
- P.M. Then, as U.S. have got aircraft order, shd. we ask U.S. to encourage G. to place tank orders with us.
- R.M. W<sup>d</sup> give us £70-80 M. over 4 years. U.S. have offered to sell surplus tanks at a low price.
- S.Ll. Discussed in Export Ctt<sup>ee</sup>. & have instructed H.M. Amb. in Bonn. But cd. be supplemented by message to Eis.
- P.T. Plenty of other work: for steel & skilled men.
- J.S. But diff. area. Small import content.
- H.M. Bonn Tel. 522. Await result of talk?
- H. What is policy re run-down. India cd. take more.

R.M. Only few – cpd. with German order.

Agreed : Pursue German possibility on lines agreed. Don't stimulate orders from India.

7. Cyprus.

P.M. Proposed new para. 5 for Parl<sup>y</sup>. statement.

Approved.

8. Nuclear Tests.

S.Ll. Nutting in N. Yk. went much less far than Cab. accepted y'day.  
P.Q. to-day. Proposed draft reply.  
Even this may upset Americians – who want it kept w'in comprehensive agreemt.

P.M. Provided our essential def. needs are safeguarded, H.M.G. are ready to accept any disc<sup>ns</sup>. acceptable to other Powers concerned.  
Or, better, repeat my earlier statement.

1. East-West Trade : China. [Enter E.H., Low, Brooks
- S.Ll. At Cocom, all in favour save U.S., Japan and (silently) Canada. Those who favoured it made it clear they w<sup>d</sup>. regard it as precedent. Firms want dec<sup>n</sup>. by 19/7. Disclosure before Congress rises at end/July wd., however, be desirable.
- L. Firm order 151 : answer needed by 19/7. Another 150 in view. Danger of publicity comes fr. Ch. Embassy, not from R ours.
- S. U.S. opinion disturbed. Believe us to have moved further twds neutralism than we have. UK/US ref<sup>hns</sup>. are vital to Br. policy. Dec<sup>n</sup>. is v. diff.
- P.M. Ridiculous pos<sup>n</sup>. R. can supply : Czechosl. will. We cd. ourselves supply them to R. bloc and let them forward them. M'while unemplt. in industry.
- S.Ll. Nervous of support we had in Cocom.
- L. Was limited to supply to Ch. of goods that can go to Russia.
- P.M. Can we hold that pos<sup>n</sup>.  
What effect on U.K./U.S. rel<sup>hns</sup>. of re-actions here to a refusal of licence.
- S. W<sup>d</sup>. it help to tell U.S. at same time of our int<sup>hns</sup>. re China in U.N.
- P.M. W<sup>d</sup>. sooner not have that announced before U.S. Election. Attitude of a new U.S. Admin<sup>n</sup>. mght be different.
- S. C<sup>d</sup>. we give licence & defend it on basis that we limit supplies to China to what we cd. freely send to Russia.
- S.L. We asked Cocom for leave for 300. We cd. say tht. on re-exam<sup>n</sup>. we have decided to give only 150, for time being. Or less if practicable. Agreed.
- L. 50 crawler tractors. Powerful. Don't yet know latest date for acceptance of that order. Sh<sup>d</sup>. like to tell firm there is hope but can't say before Aug. They are not on embargo list at all.

Agreed : try to keep this in play.

2. Aswan Dam.

S.Ll. U.S. views are much in line with ours. We shall have to tell E. tht., given their other exp<sup>re</sup>, this wd. be beyond their resources. U.S. are fairly firm against going forward. Indic<sup>ns</sup>. that R. are not v. keen to come in on it, after all. May mean a breach with E., wh. might damage U.K. trade.

L. That wd. not be over-riding.

S.Ll. \* May have a memo. for Cab. on Thursday.

3. Legislative Programme. [Enter A.J.]

E.H. Police Pay will move up to List A. Also law of murder. Suggest tht. all these be cleared for policy disc<sup>n</sup>. and drafting (viz. A & B).

K. 15 days short of time without H/L reform. L.P.S. assumed 25 days' short with H/L. : but Bill we now contemplate wd. not take 10 days. Even so, if new Bills come in, somethg. Must be dropped fr. List A. We shd. therefore begin to make tentative selection of 5 major Bills in para. 6.

Ll.G. W<sup>d</sup>. be ready to p'pone Betting because of developmts. W<sup>d</sup>. sooner go on with Shops Hours Bill.

H.A. Agriculture may be affected by events before Q. Speech.

S. W<sup>d</sup>. welcome further disc<sup>n</sup>. on this p'mme. Cap. Pun. mght affect H/L. Reform. And better of our alternatives would require co-op<sup>n</sup>. of Opp<sup>n</sup>. – wh. cdn't be obt<sup>d</sup>. in atmosphere of bitterness.

D.S. x/ Hope Rent can go fwd. at start of Session, as previously agreed.

K. Govt. Re-Organ<sup>n</sup>: can be removed from List A. Tho' Finance may have to be dealt with. If doubts about x/, shd. like them resolved before end/July.

A.J. We shall be criticised for inaction if we do not do Electricity.

Agreed – as above.  
Resume disc<sup>n</sup>.next week.

4. Agriculture : Wage Claim.

H.A. Wrote F. Union to say tht. if wage increase, they mustn't assume either a special review or full re-coupment. Unions claim this is

attempt to intervene in wage claim. Will make a row over this – P.Q.'s Thursday.

Agreed : stand firm.

## 5. Industrial Disputes.

### Motor Industry.

I.M. Strike called for Mon. Won't bite for 3 wks because annual holiday. Unions have asked me to intervene. Issue is narrowg. down to compens<sup>n</sup>. BMC may be ready to consider that. Hope now of some compromise.

P.M. Is it wise to speak of "compensation"?

I.M. Severance paymts – not unusual or novel.

### Steel Industry.

I.M. Conflict betwn. producers & m'tenance men – latter led by AEU and E.T.U. Favour Ct. of Enquiry – tho' unlikely to end the argument. They may however call off ban on overtime until end/dispute. But bitter inter-Union conflict, after Rpt., is likely. – if there is recomm<sup>n</sup>. for joint negot<sup>n</sup>. of wages.

We are not out of the wood. [Exit Low.

## 6. Capital Punishment.

K. Reported provisional concl<sup>ns</sup>. of Ctt<sup>ec</sup>. Will continue cons<sup>n</sup>. & report further on Thursday. Ch. Whip wd. then take soundings re amount of support fr. Tory abolitionists. With a view to annoucement before recess.

J.S. will wish to reserve his pos<sup>n</sup>. re law in Scotland.

S. Shan't be able to consult Cantuar before Thursday.

K. Better to see him after Cab.

1. Australia : Trade Talks. [Enter E.H.]
- P.M. Apart fr. merits, diff. present<sup>n</sup>. A want somethg. to take home, & imposs. evolve anythg definite in time available.
- P.T. If we are to get agreemt. giving us some guaranteed preferences, we shall have to give somethg. on wheat. Diff<sup>ies</sup>. of this in M/Ag. memo.  
Time-factor. Can't do more than agree to reach some agreemt. Recognise need for them to re-enter U.K. market for wheat & are examing. methods. Draft communiqué being prep<sup>d</sup>. on these lines.
- H.A. Realise import<sup>ce</sup>. of this. Sorry to make trouble over 40m. bushels wheat. But v. real diff<sup>ies</sup>. Mustn't commit ourselves. Don't go beyond saying we are trying to find a method.  
The import<sup>ce</sup>. they attach to wheat is pol. rather than economic. Austr. Wheat B<sup>d</sup>. attach much less import<sup>ce</sup>. than A. Ministers to getting firm U.K. market.  
Want 6 wks. to study. All we cd. say now is tht. we wd. use our good offices to secure sale of A. wheat in U.K. Can't go beyond that w'out consult<sup>n</sup>. with trade & farmers.
- H.M. By one form or another we must seek sol<sup>n</sup>. of A. problem arising from loss of 50% of their pre-war exports to U.K. They want another £10M sales of wheat. Agreemt. wh. makes clear tht. we will do this tho' no commit<sup>mt</sup>. to method. He may accept pos<sup>n</sup>. if we give sincere assur<sup>ce</sup>. tht. we really mean to secure entry of this wheat into U.K. market.
- P.M. Guiding principles: i) No action at expense of our own farmers. Sudden switch away fr. cereals wd. damage out standing with them. A. have recognised this.  
ii) Choice of method. My preference is for (iii) want to take A. wheat in preference to Argentine & France.  
iii) How play the hand? If we give anything definite on wheat now, they will be tempted to w'draw latest offer on preferences. We must hang on to our bargaining pos<sup>n</sup>. over the preferences.
- H.A. Total imports 4<sup>1</sup>/<sub>2</sub> m. tons of wh. 2.7m. tons is soft or medium. 5 or 6.00,000 t. Austr. wheat. Same from France. <sup>1</sup>/<sub>2</sub>m. tons of medium fr. U.S. 400.000 t. from Argentine. Room therefore for 500.000 t. of A. wheat if we can find a method.
- H.M. Because we aren't in I.W.A., we can buy below cartel price. A. complain tht. Fr. & Argentine undercut their price by subsidy. If we make specl. arrangemt., N.Z. may want same : we may be

setting a pattern – preventg. us from gaining advantage of cheap food. Big ques of commercial policy is wtr we can gain off-setting advantages for keeping our c/l. a little higher on a/c of dear food and our costs in consequence a little higher than some of competitors.

This is why we can't finish negot<sup>n</sup>. at once. An agreement to find a means to agree.

L.I.G. Advise caution. Recall reasons for leaving I.W.A. They were askg. 1.25 cents when we cd. buy at .98 : and wdn't come below 1.05. This sort of deal with producers can be v. costly. We have done v. well by being out of I.W.A.

P.T. Produced draft communiqué.  
Agreed – subject to amendments.

[Enter Att.G.

2. Aswan Dam.

S.L.I. Dulles' statement y'day. All has gone as we wished. He has acted suddenly in order to anticipate Senate debate.  
When do we announce a similar decision? At F.O. Press Conference this a.m.? W<sup>d</sup>. mean we shdn't be able to tell Egypt<sup>n</sup>. Govt. first. Don't want, however, to say we are considerg. in lght of U.S. announcemt.

P.T. Need we be so hasty. U.K. firms were interested. Sh<sup>d</sup>. have time to consider their pos<sup>n</sup>.

S. U.S. have done what we wanted. Don't give imp<sup>n</sup>. we are shilly-shallying.

H.M. We shall be saying only we won't put money into it. Wdn't prevent firms going on.

S. Sums involved are such tht. it cdn't be done w'out internat<sup>l</sup>. finance.

P.T. Accept need for early statement, but confine it to HMG.'s participation.

Agreed.

3. Capital Punishment.

K. Para. 2. We believe this to be practicable. Some diff<sup>ies</sup>. over diminished responsibility, but can be made to work.  
Para. 4. We agree on 5 categories specified.  
Para. 5. On poisoning we cdn't agree.

[Annex : 14.6 executed: wd. be 6.9 under new system proposed.]  
Basis & logic of our plan is minimum requ<sup>d</sup>. for preserv<sup>n</sup>. of law  
and order. My view : exclude (?) poisoning because need to  
secure sufficient support.

- P.M. If poisoning were excluded, easier to exclude (b).
- K. But (b) wd. cover I.R.A. type of case.
- J.S. Also implies pre-medit<sup>n</sup>. – arming oneself.
- S. Seen Cantuar. Accepts need of c.p. as deterrent. Quite firm on that.  
But wants clear definition of categories .....
- K. Must avoid moral criterion – too difficult.
- K. Want Judges to be sounded while Ch. Whip sounds M.P.'s.  
Timing. Reslo<sup>n</sup>. at Party Conf<sup>ce</sup>. From that angle better to make  
statement before Recess.
- Ll.G. Cdn't make detailed statement – because anticip<sup>n</sup>. of Q. speech.
- P.M. Gaitskell's line : irrespective of a Govt. Bill, we insist tht. Parlt. Act  
facilities be given for Silverman's Bill.
- W.M. Poisoning : particularly shocking. Awkward to exclude it. On the  
other hand, not many are executed.
- H.A. A logical line to draw wd. be premeditation. That wd. bring in  
poisoners. Leave mercy-killers to be dealt with by reprieve.
- Att.G. You can't define premeditated murders. (b) gets at it by a diff. route.  
Favour incldg. poisoning among categories. C<sup>d</sup>. test opinion on it.
- I.M. This plan wd. suffice to attract main bulk of Tory abolitionists. But is  
there any logic in anything between total retent<sup>n</sup>. or total  
abolition.

Agreed : K. to discuss with Cab. members not on his Ctt<sup>ee</sup>.  
Adjourn decision until Tuesday.

4. N.A.T.O. Re-appraisal of Military Policy. [Exit Att.G.]

Proposed U.S. Statement.  
We can assent. But make no corresponding statement ourselves.

5. Cyprus.



B'casts from Cairo. Monitor only. No jamming at present.

6. Nuclear Weapons : Tests.

- P.M. W<sup>d</sup>. like a scheme of internat<sup>l</sup>. limit<sup>n</sup>. of tests to be prepared wh. we cd. discuss with U.S.
- S. Diff. for us to know yet how many tests we shall need to make.
- P.M. At least let us put some work in hand on the problem of limit<sup>n</sup>.
- S.Ll. Strongly support this view. We can't hold p. opinion for long. Sh<sup>d</sup>. we take initiative in askg. U.S. & R. for views.
- P.M. Don't go as far as that now. Let's work out some scheme.

Agreed : F.O. to initiate interdepartmental study.

- S. Publicity i) make it clear we test not for prestige, but to make sure our bombs will work.  
ii) distinguish betwn. limit<sup>n</sup>. and prohibition of tests.

7. Malta.

- W.M. Memo of 17/6 on M/E. dealt with Malta. Will ask them if they have anything more to say.
- A.L.B. Equivalence : stand firm on this.  
Electoral reform. W<sup>d</sup>. suit him. Can't alter it in advance of Genl. Election. W<sup>d</sup>. sooner break with Mintoff on that rather than on finance.

8. Aden.

- A.L.B. Circ<sup>d</sup>. for inform<sup>n</sup>.  
Para. 6. Jiffris. Have discussed with K. & L.O.'s & have put a different sugg<sup>n</sup>. to Govr. A law of Colony enabling a man to be put on bond & dealt with if it is breached. That law cd. be extended by O-in-C. to Protectorate.

1. Export of Arms : Germany. [Enter E.H., R.M.]

P.M. Argument tht. we shdn't urge them to have tanks while we stress deterrent. Not much in that. We shall have some tanks.

R.M. If we don't know by Sept., we shall have to close prod<sup>n</sup>. line.  
x/ Shd. I see G. Amb. here vice visit to G.

Agreed at x/ : R.M. to report result.

[Exit R.M.]

2. Bagdad Pact.

S.Ll. Havg. w'drawn fr. Aswan Dam, cd. we show readiness to do more for Bagdad Pact – to stress that we help our friends.

P.M. H.G. will press thesis tht. all aid shd. go thro' U.N. Don't want that. We give a lot thru' U.N. but must be free to help our friends, who will make good use of it.

H. Don't forget Indus waters.

S.Ll. Have in mind only techn. assist<sup>ce</sup>., as for Colombo Plan.

H.M. India's 2<sup>nd</sup>. 5 yr. Plan will be financed fr. st. balances, to larger extent than we had feared. They have £250 M. & mght draw it at 50 M. p.a.

We have no surplus to invest.

Want a Ctt<sup>ee</sup>. to decide what we can give & how we distribute it. W<sup>d</sup>. have like to tie B. Pact into that.

M'while, cd. we not say tht., while we support internat<sup>l</sup>. agencies & shall continue to do so, U.S. have system of tied aid thro' Exp-Import Bank. Then go on to say tht. in our efforts we shall try to help those who are managing economies well & avoidg. overstrain and those who are our friends : & wd. continue to see what help we cd. give to economic side of B. Pact.

S.Ll. Add : considg. what we can do to help that, esp. in techn. assistance.

H.M. Out best cont<sup>n</sup>. eventually wd. be to revive our money market – by increased savings.

[Exit S.Ll.]

3. Agricultural Policy.

H.M. Allied with Austr. talks & surge twds Europe.

i) On commercial policy hope to circulate memo., with B/T., before end of month. Avoided premature dec<sup>n</sup>. at O.E.E.C. by acceptg. studies of lower tariff sol<sup>n</sup>. and common market.

ii) Austr. problem has supervened. Not clear how we solve that.

iii) Br. agriculture.

Must have plan agreed by end/Sept. For shd. give genl. picture to  
Comm. Fin. Ministers at Bank mtg. Much work to be done – in  
Aug: Sept – thro' new E.P.C. with overseas Dpts. co-opted.

A workable plan, if we cd. achieve it, wd. be as important as Ottawa.

Prelim<sup>y</sup>. Cab. discussion early in Sept.

In this way we might turn Austr. problem to our advantage. M'while  
in any disc<sup>ns</sup>. with farmers, keep it all as open as we can. Prefer  
not to go beyond cap. grants & minimum level of commodities.  
Don't want early commitment to any fixed figure, of total value  
guarantee, wh. will leave us insuff. room for manoeuvre.

H.A. Agree with this. Must have some talks – with farmers – committed.  
W<sup>d</sup>. have one mtg. now & adjourn until Sept. Offls. will play it  
slow.

We shall need, in end, to offer a longer-term agreemt. with farmers.

I wd. adhere to the 2 points in para. 11(i) of C.P. 177. We cd. add tht.  
we are not against an undertakg. but it wd. need much disc<sup>n</sup>.

P.T. Is min. commodity guarantee consistent with mtg. Austr. on wheat?

H.A. In principle, yes : so long as we don't go into details of commodities.

P.M. V. awkw. negot<sup>n</sup>. with Austr. H.M., P.T. & H.A. did v. well.

Announcemt. to be made 3/8., envisaging resumed talks in Sept.  
Grateful to H.M. for offer of holiday work.

H.A. must play farmers slow, but not too slow.

H.M. Problem : how do we reconcile highly subsidised industry in U.K. with  
desire to trade with countries who have nothg. to export save  
agric. products.

Procedure approved : aim at decisions of principle by  
mid-September.

H.A. Labour Party may come out with tempting offers for credit. Farmers  
are borrowg. too much thro' merchants at excessive rates. Sh<sup>d</sup>.  
favour, at right moment, enquiry to see wtr facilities for credit for  
farmers are adequate. W<sup>d</sup>. like to take that up with H.M. in  
autumn. Enquiry wd. take 12 months.

H.M. Yes : later on. M'while link it, in talks, with capital grants.

#### 4. Australia : Trade Talks.

P.T. Official Ctt<sup>cc</sup>. & Ministerial. Trying to eliminate non-starter methods.  
Will keep it in touch with commercial policy.

[Enter H.W.]

5. Oxford Roads.

D.S. Traffic is ruining Oxford. Completion of outer by-passes will not cure, tho' it may relieve, problem.  
City developments plan made no prov<sup>n</sup>. for this. Govt. asked them for proposals. Their scheme was for 2 roads – across Meadows and Parks. I sought alternative – in talks in Oxford – and persuaded them to produce alternative : the green one. This was torn to bits by Univ. even more savagely than earlier. Univ. voted on alternatives & by small majority agreed tht. green was worse than red.  
10-day enquiry thereafter. All points of view fully ventilated.  
Inspr. came down firmly in favour of red road. M/T. and I have no doubt tht. from traffic angle this is best solution. As Univ. think the alternative is even more objectionable, no purpose in going further than red road.  
Advise therefore reject<sup>n</sup>. of compromise plan & telling City we favoured red road, across north of Meadow: which is far from beautiful part of Meadow.

P.M. Developmt. of shops & cinemas in Cowley, as alternative.

D.S. That is being done. I wd. like to close Magdalen Bridge & chop the town into two. But shocking outcry.

A.L.B. When M/T. I favoured completg. outer road, & seeing what that wd. do.

H.W. They won't cure traffic in High, wh. is not mainly thro' traffic. Don't think you cd. close Madgalen Bridge w'out inner relief road.

S. But a prop<sup>te</sup>. amount of thro' traffic : wh. wd. be relieved by outer ring. Local shopping traffic – shops in Cowley.

P.M. If we must have red road, can't we seal off old city.

D.S. We wd. close Magdalen Bridge. W<sup>d</sup>. make it a cond<sup>n</sup>. Approved.

S. W<sup>d</sup>. prefer to finish outer roads. Then, if this still needed, it wd. be plain that problem is due to Cowley traffic.

Approved – with regret.

[Exit H.W.]

6. Local Government Re-organisation.

D.S. Mtgs with l.a.'s over 12 mos. ago. Much pressure for publ<sup>n</sup>. L.A. assoc<sup>n</sup>. mtgs. in Sept : Party Conference – we shall be asked where it is. Must be publ<sup>d</sup>. this session : better now than Oct.

Revised & shorter version of paras. on finance.

- H.M. Why not say in para. 1 – This deals with organ<sup>n</sup>., not with finance.
- D.S. W<sup>d</sup>. have to say a little more than that. Ready to put it at beginning.  
Or an amended title to make it clear it doesn't deal with finance.
- P.M. Doubts wtr we shall be able to announce concl<sup>n</sup>. on finances before end  
of year.

- D.S. V. well : ready to omit it for W. Paper : say merely it is under consid<sup>n</sup>.

Agreed : Give title “Boundaries & Status”. Then no ref<sup>ce</sup>.  
to finance.

- S. Para. 53. In last sentence, vice “might” say “shd. wherever possible”

Agreed.

- D.S. Finance comes out.

- P.M. Discuss with L.P.S. wtr functions can come out, too.  
as Cab. wd. prefer.  
If L.P.S. objects, we can discuss in Cab. Thursd.

- E.H. No leg<sup>n</sup>. in next Session. Better therefore to publish in Oct. – new  
session. Then debate cd be averted until after Xmas.

- D.S. But qua l.a.'s much disappoint<sup>mt</sup>. We can delay leg<sup>n</sup>. debate on grd.  
tht. it wd. need to cover functions as well as organ<sup>n</sup>.

Agreed : Publish before Recess.

## 7. Economic Statistics.

- H.M. W<sup>d</sup>. like to announce Tues. P.T. to see industry on Friday.

- B. H. Have sugg<sup>d</sup>. add<sup>n</sup>. re bldg. industry – to H.M.  
H.M. Will reduce in length.

- E.H. Better on Wed.

1. Parliament. [Enter E.H.]
- P.M. Business for next week.  
30/7. Sel. Ctt<sup>ec</sup>. on Procedure : L.I.G. to spk – J.S. to be present.
- W.M. 31/7. Defence debate. Opp<sup>n</sup>. now want to restrict it to man-power.  
Will not raise wider ques of strategy or economies.
- P.M. W.M. to open for Govt. I.M. might reply, or A.H. acc. to form of motion.
- A.L.B. 1/8. on Consol. Bill : debate on Ch. Justice of Seychelles. He is a bad egg but won't take any hint to resign. I haven't instigated local enquiry : there isn't evidence to warrant it. Tho' usually tight, he hasn't bn. drunk in court.  
1/8. debate on Motor Industry. Also on Seretse Khama. Spkers (P.T. or I.M.) according.
- P.M. Dates of Recess.
2. Industrial Disputes : Motor Industry.
- I.M. 760 less men at work to-day. This is good because many are starting their holiday & wd. have expected figure to be larger. Week will end in pos<sup>n</sup>. of defeat for Unions. They have lost face & won't regain it.  
B.M.C., feeling they have won, are ready to make a gesture fr. pos<sup>n</sup>. of strength. They wd. accept talks under M/L. official chairmanship. I wd. indicate, in reply to P.Q. this p.m., willingness to have such mtg. Press is likely to reflect this view.
- P.M. Avoid imp<sup>n</sup>. tht. Govt. will intervene. Put it on basis tht., if 2 sides now wish to come together, M/L. will facilitate it.
- I.M. Only concession B.M.C. wd. make wd. prob. be offer to consult more fully in future on redundancy.
- D.S. Durg. Election people expected us to deal more firmly with industrial unrest. See diff<sup>ies</sup>. But cd. we not take this chance to act in support of right to work. Indign<sup>n</sup>. at picketing & intimidation. C<sup>d</sup>. we not have Ctt<sup>ec</sup>. of Ministers to consider this. Get a plan of action wh. cd. be put into effect at this, or some other appropriate, opportunity.
- I.M. Opinion in Unions is moving twds. greater security of tenure. Effect of this strike will be better than D.S. supposes. Some Unions are cross with T.&G.W. Union : but they wd. all stand together if we took action.

- P.M. I agree. Action by us wd. have opposite effect to what we want.
- H.M. We have done well to avoid more accusations of responsibility – thro’ financial policy. Not much dispos<sup>n</sup>. to argue they have right to work indefinitely in same job. Rest on that achievement.
- P.M. Consider D.S. sugg<sup>n</sup>. at later Cabinet. Don’t repeat mistake of T.U. Bill after 1926 strike.

### 3. Agricultural Wages.

- H.A. Attacked, as expected, for intervention.  
In ’48 Labour Govt. put in, as ev<sup>ce</sup>., R.S.C. Wh. Paper on Personal Incomes etc., wage restraint and said tht. anythg. inconsistent with that wd. not be recouped at next review. This memo. of ev<sup>ce</sup>. was marked confidential. Cdn’t quote, without laying.

- P.M. Will discuss with HA. – after Cab.

### 4. Reform of House of Lords.

- L.P. Memo. represents results of Ctt<sup>ee-s</sup> discussions.  
Alternatives : i) Bill to create life Peers.  
ii) more ambitious scheme of reform.  
We prefer ii) because i) wd. be open to serious criticism as doing nil. re b’woodsmen. Risk of Labour boycott – applies to each.  
Points on scheme ii).  
Bill wdn’t go into detail re means of appoint<sup>mt</sup>. of Life Peers. Officials think cdn’t be exp<sup>d</sup>. Mght be re-considered. Initial appt<sup>mt</sup>. of 75 = minimum selection of hereditary Peers – on personal merit alone.  
Special problems. Women.  
Payment. Exclude fr. this Bill. Don’t want rigid statutory salary. But para 3 (a) isn’t quite what I meant. Think tht. matter shd. be expl<sup>d</sup>. in public statement before Bill is introduced: a scheme shd. be drawn up & announced.  
Right of Peers in rel<sup>n</sup>. to H/C. As in paras. 22-25. There are arguments on both sides. Hence proposal in para. 25. Church of Scotland. Cdn’t have Moderator – too busy already. W<sup>d</sup>. therefore involve election by Church – a novel principle. Concl<sup>n</sup>. : do nothg. on this or on Anglican Bishops.  
Procedure. The leg<sup>n</sup>., on either basis, wd. be short & enabling. Need some opportunity to explain how it wd. be worked. Suggest debate in H/L. on resolution – to explain & give opportunity to debate. Advantage : if re-action v. hostile, cd. fall back on (i). Best opportunity : in spill-over. But means spill-over wd. have to 3 weeks : viz., one week longer than now proposed. Then a ref<sup>ce</sup>. in Q. Speech : & leg<sup>n</sup>. cd. start in H/C.

- K. Support these views. Need for real 2<sup>nd</sup>. Chamber – and prefer (ii) on that a/c.  
Members of Cab. or former members wd. be included, as hereditary Peers, w'out selection.
- D.S. Suggest P.M. shd. also have right to appoint supernumerary Life Peer to get him into Cab.
- H. Fear oppos<sup>n</sup>. to manner of selection. Alternative : 2 writs – one to speak & the other to speak and vote. This wd. avoid selection.
- D.S. Essential to do this reform. But fear scheme wh. appears to create permanent Tory majority. If we start as proposed by S., cd. we not allow vacancies in whole 400 to be filled by Crown on recomm<sup>n</sup>. of P.M. – so as to secure a House represent<sup>s</sup>. all Parties over the years.
- S. W<sup>d</sup>. mean gradual extension of hereditary principle. H/L. wdn't accept it. They wdn't even have Sc. system.  
H.'s sugg<sup>n</sup>. shd. be considered. Diffy : convention on wh. H/L. rests is tht. Queen can't govern w'out peers. Their advice is by speech & by corporate advice (vote). Contrary to original concept<sup>n</sup>. to allow individual Peer to choose betwn. functions.
- H. My plan wd. be to leave Peers to choose betwn. 2 diff<sup>f</sup>. writs.
- I.M. On anythg. beyond i) Labour Party has in effect a veto – because can boycott its oper<sup>n</sup>. What do they think?
- S. Haven't asked them. But scheme cd. be worked w'out them.  
Selection Ctt<sup>ee</sup>. wd. in fact chose Labour Peers. Labour Party wd. then come round.
- K. Wdn't be Tory majority on Sel. Ctt<sup>ee</sup>. That is a strong point.
- W.M. H/l. stands pretty high : doesn't need emergency oper<sup>n</sup>. to make it survive. Doubt if it's wise to tinker with it. Removal of swamping power may not be popular with Labour.  
Inclined to support plan (i), & avoid tinkering further.
- D.E. Doubt if labour will co-operate. They are running equality line.  
Reform of H/L. will be represented as means of strengthening 2<sup>nd</sup>. chamber. This will present Labour with chance to argue tht. we are strengthening non-elected side of Govt.
- S. Don't accept W.M.'s premise. H/L. is running on v. narrow margin.  
Whole Labour Opp<sup>n</sup>. rests on 2 Peers. Some action is needed.  
If Labour are going to be as hostile as sugg<sup>d</sup>., they won't co-operate in i). But doubt if they can afford to appear to be so negative.



- J.S. Country will support sensible scheme for reformed 2<sup>nd</sup>. Chamber if Labour haven't a better alternative. I support plan (ii). Think Peers shd. have a chance to opt for H/C. Fear Ch./Scotland dog won't lie. Point has bn. raised in Scotland. W<sup>d</sup>. prefer to see it dealt with in Bill. But at least don't discard it on basis sugg<sup>d</sup>. in para. 27. We cd. stop at Ch/Scotland because only other established Church. We cd. specify office holders or parsons of specified Churches. Need not have election.
- S. Or Ch/Sc. cd. recommend to P.M. names for 2 or more seats in H/L as Life Peers.
- K. Elders as well as Ministers wd. be awkward.
- H.A. Favour gradual extinct<sup>n</sup>. of hereditary Peers. Prefer ii). But shd. be influenced, in choice, by readiness of Labour to co-operate.
- P.T. Sympathise with W.M. & D.E. If what we want is more effective Chamber, important thing is to get more people to work the House, not to exclude b'woodsmen. Therefore prefer i). Or even creatg. more Labour Peers. W<sup>dn't</sup>. wish to provoke greater controversies over tinkering.
- L.P. Swamping. W<sup>d</sup>. be ready to consider some plan.
- P.M. I still want reform. Must, however, consider attitude of Parties. W<sup>d</sup>. come in context of action on c.p. Labour may argue tht. purpose = enable H/L. to do more such things. My guess : H.G. won't want to touch this. Wd. like to keep open the choice between i) & ii). Sympathise with D.S. view. But fact is tht. S. can't get H/L. to come any closer – and no-one else cd. have done as much. Doubt if Labour will co-operate, unless C.R.A. takes v. strong line.
- S. If you do i) – the c.p. argument isn't met. The b'woodsmen wd. remain. On that debate, some took oath in order to vote.
- P.M. Inside H/L. pos<sup>n</sup>. is not good. But outside, reput<sup>n</sup>. is high.
- D.S. No obj<sup>n</sup>. in country to i) life Peers ii) limit<sup>n</sup>. of no. of hereditary Peers. Why not do ii) and take power to do i) without numerical limit.
- S. Have said I will try to see Ctt<sup>ee</sup>. of hereditary Peers next week. I cd. sound them on x/. We cd. try i). But I would greatly regret not doing ii). W<sup>d</sup>. give us best 2<sup>nd</sup>. Chamber in World. Can't avoid a conservative majority in 2<sup>nd</sup>. Chamber
- H.M. Hereditary Peers won't vote for their own extinction. Hereditary right to govern is outmoded & indefensible. Need for a 2<sup>nd</sup>. Chamber is clear.

Wide support for principle of life Peers. Much to be said, nowadays,  
for not apptg. any more hereditary Peers.  
Principle of allowg. h. Peers to choose 50% of H/L. won't be accepted  
by public opinion.  
I wd. therefore legalise life Peers and proceed to act on it.  
Every Labour man who has recently accepted Peerage wd. have  
preferred life Peerage.  
Why not do (i). Make no more hereditary Peers.

- P.M. If we did i) – cd. we later go on to ii) when it settled down?
- L.P. May be. What I shd. regret wd. be to leave unsettled the rather  
discreditable feature of absentee Lords.
- K. Can't have effective 2<sup>nd</sup>. Chamber of 1000 or more.  
Independence of speech, v. valuable, remains now only in H/L. Can't  
have it now in H/C.
- Sal. And the independence comes in part from hereditary element.
- S. Can you easily justify paymt. w'out rest<sup>n</sup>. of membership?
- H.M. Is there any method of selection of hered<sup>y</sup>. Peers other than by  
themselves.
- L.P. About 50% of Chairmen of Banks are l. Peers.
- H.M. C<sup>d</sup>. Crown select the limited no. of l. Peers.

Agreed : Resume disc<sup>n</sup>. next week.

5. Jordan.

- S.Ll. J. have bn. offered R. arms free. Suggest we tell them that, if they  
accept, we shall have to re-consider subsidy.
- P.M. If we take this line, we must be firm.
- S.Ll. x/ Suggest we say it is violation of Treaty in wh. we cdn't acquiesce.
- P.M. Want it to be quite clear tht. they won't get the money if they do  
accept.
- S.Ll. They will then ask if we will get them arms. We cd. promise to do  
what we can.

Agreed at x/. Consider telling King as well as Govt.

6. Buraimi

- S.Ll. Must answer. Say we can't accept neutral zone or S. sovereignty : but ready to put B. higher on agenda & [to discuss access to sea.] This may bring us to Sec. Council. They won't be satisfied with it.
- P.M. Wise to mention [ ] if it's unlikely to give us result.
- S.Ll. Puts us in more reasonable light if it comes to Council. Wd<sup>n't</sup>. upset Sheikh of Qatar unduly.

Agreed.

[Enter H.W.]

7. Transport : London Fares.

- H.M. B.T.C. want to make limited increase in fares.
- H.W. Cab. authorised me to allow this. B.T.C. wanted to do it before Bank Hol. I want to allow them to do it afterwds. It is designed to remove old anomalies. No fare will increase by more than 2<sup>d</sup>. Effect on average is 7% increase. Not an overall increase. Yield £1½ M. Takes the Ldn. Transpt. out of red. They have announced intent<sup>n</sup>. to do it. It is not a general increase.
- K. C<sup>d</sup>. you time it to coincide with end of rlwy standstill of 6 months.
- H.W. Was implied in my statement & theirs tht. it wd. be done at end/July.
- L.P. Don't announce w'in few days of Parlt. rising. Better in 2<sup>nd</sup>. or 3<sup>rd</sup>. week of August.
- H.W. C<sup>d</sup>. be 16<sup>th</sup>. vice 9<sup>th</sup>.
- I.M. Support 16<sup>th</sup>. Aug.
- P.M. Better in 3<sup>rd</sup>. week.

Agreed : mid. Aug. - to begin 1/9.

8. Local Government Re-organisation.

- P.M. As in minute from D.S.

9. Capital Punishment.

[Enter Att.G.]

- K. Discussed with colleagues. They support memo. Believe it will carry a good no. of supporters who favoured abolition. Can Ch. Whip take soundings?

- P.T.            Need you have h'breaking as well as f'arms.
- K.              L.C.J. & Sc. Judge are broadly in agreement with this approach.
- P.M.            Believe this is too much to get thro'.
- K.              H.A. & I.M. thght it wd. do.
- Ll.G.            My soundings (few) support that view.
- D.S.            We must assume we lose all Labour support.
- E.H.            It's a v. narrow calcul<sup>n</sup>. - & can't be attempted w'out talking to each.  
Abolitionists are not v. co-operative.  
L.P.S. dislikes this. Feels it won't prevent Silverman going on again.  
That will consume much time in next session.
- L.P.            If we don't act, we shall lose much moderate opinion.
- H.M.            We must have some principle. Can't take moral criterion. Can we not  
build on law & order. Even abolitionists accept c.p. for treason.
- K.              This is principle on wh. we have worked.
- J.S.            This is why I have bn. against retaining it for poisoning.
- Ll.G.            This wd. reduce hangings by at least 50%.
- P.M.            Reluctant to jump in on this in last week of Session.
- E.H.            Need to be clear before Party Conf<sup>ce</sup>.
- P.M.            C<sup>d</sup>. keep it open there.

Agreed : Ch. Whip to take soundings on basis tht. we  
haven't decided.

1. Suez Canal. [Enter E.H.]

- P.M. On receipt of news, summoned Fr. Amb. & U.S. Chargé d'Affaires.  
Expl<sup>d</sup> gravity of situation. They undertook to report at once.  
Fr. Govt. have now issued statement similar to ours - but adding  
sentence tht. they will take all steps necessary to protect Fr. lives  
& interests in E.  
Statement in H/C.
- S.Ll. First need = common pos<sup>n</sup>. with U.S. & France. Pineau will be here on  
Mon. (arriving Sunday). Ask Eis. to send someone over at once.  
<sup>i.e.</sup> Suggest immediate talks, at high level – where convenient, but  
Ldn. mght be best.  
Our line : we are ready to act – mil., pol. & economic.  
Military : good chance to w'draw one div<sup>n</sup>. fr. Germany. 3  
Divns needed to police canal.  
Political : note to E. Govt : consider ref<sup>ce</sup>. to Sec. Council :  
consider mtg. of maritime Powers : get U.S. to make  
plan for oil.  
Oil U.K. wd. be O.K. for 3 wks. Sh<sup>d</sup>. need 10 m. tons  
of from America. Urgent need : to get U.S.  
planning machinery into oper<sup>n</sup>.  
Trade : little effect on our imports : but some on our  
exports, esp. to India.  
Economic : No more U.S. aid is due. £100 M. sterling balances  
– of wh. £4 M. only is due to go to them this year.  
cut-off wdn't hurt them much.  
Cotton crop : 1/3rd. to Sov. bloc : v. little to U.K. –  
tho' Eur., India/Pak. cd. cut some off.  
Stop further supplies of arms. (Agreed.)  
Canal Employers (Br.) : we shd. consider this aspect. Law  
includes penalty for w'holdg. labour. Impt. of B.  
subjects on this ground wd. give us occasion for  
action.
- P.M. Tabulate things we want U.S. to consider – for my message to Eis.  
Account of our oil pos<sup>n</sup>.  
What circle of Powers do we bring in?
- S.Ll. Ship-owning countries (e.g. Norway) : Oil producers (Iraq., Iran).
- P.M. Note from U.K., U.S. & Fr. – callg. on E. to allow Co. to resume op<sup>ns</sup>.
- H. Dom. H. Commrs. were keen to bring in users of Canal.
- K. Basing ourselves on stock-holding wd. be weak ground because Co. is  
Egyptian. Base ourselves on Conv<sup>n</sup>. – free navig<sup>n</sup>. implies i)  
managemt. must give confidence ii) reasonable dues. We don't

believe E. can be trusted under either head : as recent facts show.  
W<sup>o</sup>ut Co. organ<sup>n</sup>., no confidence E. can run Canal.  
U.K. not in strong pos<sup>n</sup>. to protest v. nat<sup>n</sup>. with compens<sup>n</sup>.

- P.M. Avoid reference to stopping traffic to Israel because that [Enter A.J.  
wd. bring other Arab States on to E.'s side.
- S. On ii) Canal is not to be run for own purpose but to finance Dam.
- H.M. Much capital needed to deepen & widen Canal. E. has taken over  
capital liability.  
Immed<sup>te</sup>. ques £102 M. blocked sterling. No new release before Jan.  
Also they have £14 M. on current a/c. Have told B/E. not to  
allow any of this to be w<sup>o</sup> drawn to-day.  
Offl. sterling is v. weak to-day.  
E. will sell all their free sterling on transferable market if they can.  
Shall have to decide wtr we mean to block this £14 M. B/E. wd. not  
regard E. as reliable holders of sterling – cd. be add<sup>l</sup>. argument.  
But mght. provoke them into unilateral action v. us – e.g. closing  
Canal to Br. shipping.  
Canal Co. have sterling & other assets in Ldn. Shall see them & advise  
them to hold on to it.  
Support K.'s view. Argue i) they can't pay (in what currency?) ii)  
can't run Canal iii) can't develop it. May be a chance to  
improve what wd. be pos<sup>n</sup>. in 1968.
- L.P. Discover what balances E. holds in U.S. or France.
- P.M. Action of E. is not unlawful – but in breach of Convention.
- P.T. Dislike unilateral action re £14 M. – mght. damage chance of getting  
other Powers into line.
- L.P. Possible sanction : oil supply line fr. Suez to Cairo.
- S.Ll. Can't bring enough pressure by economic pressures. Must face poss.  
of ultimate military action.
- H. Dom. Hgh Commrs. anxious to bring in Sec. Council. Initiative by us.
- L.P. W<sup>d</sup>. bring in R. and veto.
- P.T. E. wd. have good answer to us : no reason to believe trade wd. suffer  
etc.,
- H.M. Our genl. line : Canal = internat<sup>l</sup>. asset. Import<sup>ce</sup>. enhanced [Enter D.S.  
by oil – W. Europe. Can't be nationalised. Must be regarded as  
internat<sup>l</sup>. trust. Warn them we won't have it monkeyed with by  
E. This implies, in last resort, use of force.

- S.Ll. Sh<sup>d</sup>. we renounce '54 Agreement. They have violated it .....
- P.M. Message from Paris. This may make it easier for us to take action on £14 M.  
[Enter C.O.S.]
- P.M. Told C.O.S. econ. action alone wd. not be effective.  
Any mil. action wd., we hope, be joint – with U.S. & Fr.  
But what cd. we do – alone, if required.  
C<sup>d</sup>. we cut oil to Cairo, by occupying Suez?
- C.N.S. Br. cruiser at Alexandria.  
2 E. destroyers & 2 frigates in Br. ports. One destroyer due to sail early Aug. <sup>x</sup> / One frigate due to sail 30/7. Another in Malta. Can delay all save x/ :

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- L.P. Bring our cruiser away from Alexandria – to Malta. Agreed.
- C.N.S. Leave for Home Fleet. Due : Tuesday 2 cruisers, 2 Darings, 4 Destroyers : wh. wd. be available for immed<sup>te</sup>. re-inforcement of Med.  
Med. Fleet : 1 carrier : 1 cruiser (in Red Sea) : 1 N.Z. cruiser : 3 Darings : 7 destr. : 4 frigates : Amph. War Squadron.
- P.M. Naval act<sup>n</sup>. in Med. wd. be in concert with Fr. & U.S. No E. ships. We shd. have enough.
- C.N.S. R.N. wd. have to operate Canal & support land & air forces.  
Sh<sup>d</sup>. want to give impressive show of overwhelming force. Keep cruiser in Red Sea. Move up off Suez. Tho' a bit vulnerable to air attack. Agreed : let her go to Aden.  
Frigate due to leave U.K. Agreed :

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e.g. 24 hrs.' delay for water.

- P.M. Home Fleet leave. P'pone dec<sup>n</sup>. until first U.S. re-action obtained.  
Decision Monday.

- A.J. Oil. Supplies in U.K. wd. last 6 wks.  $\frac{2}{3}$ rds. come thro' Canal. 60 m. tons p.a. from M/E. to W. Europe + 10 m. to U.S.
- P.M. 5 m. tons of U.S. oil (p.a.)
- C.N.S. Adm<sup>y</sup>. stocks are add<sup>l</sup>. to above.
- A.J. Offl. rationing wd. take some time. Oil Cos. wd. operate voluntary rest<sup>n</sup>. of supplies : esp. to industry. Agreed M/F. & B/T. to make plans.
- H.M. Rest<sup>n</sup>. of R.A.F. training.
- CIGS. Eg. 3 Inf. Div<sup>ns</sup>. + 1 arm<sup>d</sup>. About  $\frac{3}{4}$  opposite Jews in Sinai. 500/600 tanks. 600/800 technicians (Poles & Czechs)  
 In U.K. cd. send 1 complete Div<sup>n</sup>. : 1 complete Brigade : Parach. Brig. in Cyprus cd. be brght to readiness : collect another Inf. Brig.  
 We cd. therefore get 3 Div<sup>ns</sup>. + 1 fr. Germany.  
 C<sup>d</sup>. complete fighting with 1 Div<sup>n</sup>. W<sup>d</sup>. need 2 to clear up in E.  
 Limiting factors wd. be : requisitiong. shipping & directg. labour. W<sup>d</sup>. take some weeks to complete admin<sup>ve</sup>. plan : for opposed landing at Port Said.  
 10<sup>th</sup>. Arm<sup>d</sup>. Div<sup>n</sup>. in Libya – a large arm<sup>d</sup>. brig. group. We cd. also use some fr. Cyprus : but must assume EOKA wd. step up.  
 Want to be directed to make plan v. worst case.
- C.N.S. Unknown quantity = wtr f. technicians wd. help E. troops.
- CIGS. Libya : limit 25,000. But wd. have to declare re-inforcemts. sent.
- C.A.S. Durg. build-up of land forces, we cd. build up bombers ringing Egypt – from various bases. We cd. attack E fr. U.K. with med. bombers. El-Adem too near. W<sup>d</sup>. move fighters to Cyprus.  
 Transports. 1 wk. to collect whole force. But vehicles wd. have to go by sea.  
 Are we to use a. bombs. W<sup>d</sup>. simplify it for us. They are available.  
 Get bombers in pos<sup>n</sup>. When Army is ready to move, we cd. say publicly tht. if landing is resisted we wd. use our air power.
- C.N.S. Rescue of Br. community in Egypt?
- L.P. Our objective wd. be to unseat Nasser, not to guard Canal. Wd. be better (?) to strangle E. rather than launch mil. op<sup>n</sup>. wh. wd. unite them behind Nasser.
- P.M. Pay tribute to Services for their readiness.  
 If we have to back diplomacy by mil. action, are we ready to go on – even alone. I believe Fr. wd. be with us : & as on prev. occasions U.S. wd. follow our lead if we took it.



- L.P. Yes : failure to act here wd. pave way for greater disaster later.
- H.M. V. grave dec<sup>n</sup>. But essential to our future. Can't settle this on narrow fin., or techn. grds. Whatever it may cost, we have no alternative. Agreed.
- P.M. Mil. plan to be prep<sup>d</sup>. on worst basis – viz., action alone. Object : elimination of N.
- S.Ll. Plus basis of managemt. of Canal wh. wd. be permanent. Agreed.
- W.M. Includg. plan to evacuate civilians fr. Canal Zone Base.
- S.Ll. F.O. to consider removal of Br. community in E. ?Any advice by Br. Embassy.  
Fr. this & other angles early indication from C.O.S. of a time-table.

Agreed : Estimate by Tuesday.

#### Finance.

- H.M. £7 M. with ordinary commercial Banks. Order wd. be needed.  
£7 M with B/E. who won't delay delivery for more than few hours.  
B/France will follow us in tough line.  
Politically (U.K.) wd. be good to do it. Risk : unilateral retaliation v. us. Difficult balance. Don't want to provoke them until we are ready.  
Basis of action : in view of “nat<sup>n</sup>.” until pos<sup>n</sup>. is clarified.

Agreed : block this if Fr. will do the same. (at least B/E.)

1. Parliament. [Enter E.H.]

R.A.B. Debates : Wed. – on Adjournment. Suez Canal : 2 hrs. 4 p.m. to 6 p.m.  
Business for week after resumption : 23<sup>rd</sup>. Oct.  
In Statement, ref<sup>cc</sup>. to existg. power to recall Parlt. if necessary in  
public interest. \*Prorogue 29/10. New Session 6/11.

L.P. Debate in H/L. on Suez must be on day followg. H/C. If pressed for it,  
will offer it for Thurs.  
On \* you mght need another week if procedure proposed for H/L.  
reform were finally approved.

P.M. Need you announce date of new session now, as situation is fluid?

2. House of Lords Reform.

L.P. Cab. criticism of “self-selection” of h. Peers. Alternatives : selection  
by Ctt<sup>cc</sup>. of Pr. Council. Less good because less knowledge of  
capacities of Peers. Statutory powers to H/L. to limit  
membership (Swinton Ctt<sup>cc</sup>.) e.g. exclusion on criterion of non-  
attendance: but that wd. not be best criterion, and wd. also leave  
decision to the House. Two writs : officials are examining but I  
am v. doubtful about it. My concl<sup>n</sup>. therefore is tht. my plan is  
better than any other advanced. Real alternative is to reverse  
Wensleydale dec<sup>n</sup>. & leave h. Peers untouched. But I can’t  
recommend that, for I am on record many times as holding the  
view tht. h. element shd. be reformed. I cd. not therefore propose  
reform limited to life Peers. Cab. must either drop idea of reform  
or find someone else to propose the shorter version.

I have to see my supporters in H/L. this p.m. C<sup>d</sup>. I put my plan on  
x| basis that Cab. are not yet committed to it.

P.M. Can’t take final decision to-day. Can we go as far as x/. I think we cd.  
And then we can review our pos<sup>n</sup>. during Recess.

R.A.B. I support L.P.’s view. W<sup>d</sup>. support “longer version”.

P.M. Ministers with strong views may send them in.

E.H. Procedure. Resolutions tabled in spill-over. Debate in H/L. on them  
while H/C. is on Debate on Address. Mention in Q. Speech wd.  
be adjusted accordingly.

L.P. That wd. be acceptable to me.

[Enter Att.G.]

### 3. Capital Punishment.

- E.H. Am not yet in pos<sup>n</sup>. to estimate wtr we cd. get a majority.
- P.M. 1922 Exec. were uncertain.  
Not enough support for me to announce intent<sup>n</sup>. before recess.
- L.P. Will lose much support if we don't regain initiative.
- R.A.B. Believe we cd. carry this, with Whip. But I cdn't put Whips on against Silverman. If that were then carried, the first wd. be waste of time. Believe there is still majority in H/C. for complete abolition.
- P.M. This wd. mean 2 Bills : gt. bitterness because flouting will of House.
- E.H. Silverman cd. devise amendmt. to our Bill wh. wd. have same effect as his Bill. C<sup>dn't</sup>. then vote that down, with Whips.
- L.P. H/L. would throw out that clause.
- P.M. Opponents of abolition press me to say that in that event all members of Govt. wd. vote against Silverman amendment. C<sup>d</sup>. I do that?
- P.T. When a Govt. Bill is promoted, pos<sup>n</sup>. is different. Easier to be firm with supporters.
- P.M. Reluctant to create gt. bitterness in H/C. in a diff. intern<sup>l</sup>. situation.
- L.I.G. Last Gallop Poll : 29% in favour of retent<sup>n</sup>. for some murders : 40% in favour abolition : 30% in favour of retention.
- H.M. Govt. cannot have an open ques. Weakens Govt. All precedents show it. In last resort we must decide either to put in our Bill or to accept abolition.  
But we can't settle it before recess.

Agree : no statement before Recess.

[Enter R.T.]

### 4. Hospitals : Capital Expenditure.

- R.T. Disagreemt. on m'tenance expenditure. Ty. wants to come down from £12 to £10. This means telling Bds. we are going lower than we promised in Feb. '55. Appalled at cond<sup>ns</sup>. – esp. in m. hospitals.
- I.M. It was long delayed. V. serious trouble if we go back on it now.
- H.M. £580 M. on N.H.S. In £100 M. p'mme no cont<sup>n</sup>. at all from M/H. This illustrates diff<sup>ies</sup>. of nat<sup>l</sup>. economy. No method of reducg.

expend<sup>re</sup> wh. doesn't hurt. We are spending more than we produce & thus creatg. inflation.

- P.M. Can there be no off-setting economies elsewhere in N.H.S.
- R.T. Have tried: but can't do it.
- L.P. Proper solution is for people to make larger cont<sup>n</sup>.
- P.M. Approve this memo: £11 M. But consider off-setting economies. And in autumn drastic review of civil expend<sup>re</sup>.

[Exit R.T.  
[Enter A.J.]

5. Open-cast Mining.

- J.S. My E. Lothian sites must be reserved pro-tem.
- H.A. Link improved compens<sup>n</sup>. with continuance of p'mme – in any statement.
- H.M. D.R. – consider with genl. problem of land legislation.
- D.S. No approach to l.a.'s until my Dpt. and M/F & P. have looked again at 7 sites in Yorkshire.
- A.J. V. well.

Memo. approved.

[Exit A.J.]

6. Rent Restriction.

[Re-enter S.Ll.]

- L.P. H'to strongly in favour of doing this before Election.  
But now. Little credit fr. supporters. We shall have odium of raising rents. Labour, if they win, will be able to take over with little further increase of rents.  
Part of Labour plan that special valuation will be made for take-over. Is this still wise?
- L.P.S. No doubt of economic need to act.  
But will it give enough money to enable repairs to be done? will our supporters stand it? Affects 4 m. houses. Party organ<sup>n</sup>. are v. doubtful.
- J.S. Sc. housing being re-valued betwn. now & 1960.
- D.S. Party : my imp<sup>n</sup>. is tht. they want this done & quickly. Housing Ctt<sup>ec</sup>. of H/C. met w'out me, at my request, and with one exception all were in favour.  
Resolutions fr. constituencies urging action.

We shd. follow policies consistent with our views. Action is needed. Take it relatively early in session.

- H.A. Diff. to justify running away from this 3 years before Election.
- H.M. Injustice to tenants. i) Gross disparity betwn. rents of new & rent-controlled houses ii) shortage of houses to let : because all controlled houses coming free are sold, not rented.
- P.M. D.S. shd. spk. to Chairman of Party.
- L.P. Don't press my point.
- D.E. Favour doing this. But hope we shall then avoid increase in rates.

Agreed : Re-affirm decision  
D.S. to spk. to Chairman of Party  
L.P.S. to watch the point re rates.

[Exit E.H.]

7. Films.

- H.M. As in memo. To avoid purchase of U.S. films.  
Ques : a voluntary or a statutory levy. Believe latter is necessary.
- R.A.B. Leg<sup>n</sup>. wd. be needed – and will involve some controversy.
- I.M. V. diff. Bill for Tories : & likely to crowd out more desirable leg<sup>n</sup>. But won't press arguments used in E.P.C.
- P.T. "It is impossible to apply principle to the film industry".
- R.A.B. There is a case for this Bill. Don't oppose its inclusion in p'mme.

Agree in principle. RAB to consider how to fit it in to Leg. P'mme.  
Authorise P.T. to announce intent<sup>n</sup> to introduce methods necessary to finance film production, incldg. a reference to stat. means of continuing existg. Fund.

Suez Canal.

[Enter E.H.

- S.Ll. F.D. wishes to help & support. We have got to make Nasser “disgorge”. Also agrees –internat<sup>l</sup>. consortium for long-term. He agrees tht. we must have a conference. But v. nervous over re-action on Panama Canal.  
He is v. anxious to include R. in conference because signatory of 1888 Conv<sup>n</sup>. Hope it may be in Ldn. on 13/8.  
Invitees : 8 of 1888 signatories (R., Sp., Turkey, U.K., France, Holl., Italy, Egypt, U.S.).  
5 principal users by tonnage N. Swed. Denm. U.S. & W. Germany.  
6 vital interested. Ind., Pak, Cey., Austr., N.Z. & Japan.  
Management – on basis of Jap. Peace Treaty. Procedure.  
At Conference rail-road thro’ a scheme of internat<sup>l</sup>. control.  
Communiqué of this mtg. Good condemn<sup>n</sup>. of Nasser. Affirm<sup>n</sup>. of internat<sup>l</sup>. control. Dec<sup>n</sup>. to call a conference.  
D. is robust v. assoc<sup>n</sup>. with U.N. Gratifying.
- D.S. V. encouraging.
- P.M. They thght we were going to launch oper<sup>n</sup>. w’out internat<sup>l</sup>. discussion. Scared about that – effect on U.S. opinion. Eis. also scared about long-term mil. diff<sup>es</sup>.  
We have said we will make serious effort to get agreemt. at conference – not a mere façade. But we have also made it clear that, if we can’t get results out of it, we must act militarily.  
Don’t like invit<sup>n</sup>. to R. But cd. they come to a mtg whose purpose is proclaimed to be to reverse an act of nat<sup>n</sup>.
- H.M. If they don’t come, we shd. be free to go ahead?
- S.Ll. Yes : and it wd. help to resist their claim to be on consortium.  
Conference. List omits Canada & S. Africa. Canada doesn’t matter. S. Africa (U.S. say) more interested in Cape route. Basis of appl<sup>n</sup>: Austr., India etc., life-line argument.
- R.A.B. Against R. particip<sup>n</sup>. But accept it, if it’s a cond<sup>n</sup>. of U.S. support.  
Tories wd. like it better w’out R. [Enter A.L.B

[Enter A.S., H.W., A.H., E.H.]

1. Suez Canal.

S.Ll. Conference: compos<sup>n</sup>. in return for U.S. co-op<sup>n</sup>.  
London. Not more than one week.  
M'while large dipl. exercise. Divided countries to be approached.  
First step: C.R.O. to approach Doms.  
F.O. Norw., Sw., Denmark, Portuguese.  
French : Italy & Ethiopia.  
U.S. : Japan, Saudi (?) & others.  
At Conf<sup>ce</sup>. : pass short resol<sup>n</sup>. in favour of internat<sup>l</sup>. control. Put this to  
friendly countries in advance. Will be ready on Monday. Avoid  
disc<sup>n</sup>. of detailed scheme at this stage.  
Risk : Egypt may accept principle & delay disc<sup>n</sup>. on detail. But that wd  
be humiliating in itself. And, if long delay apparent, we mght be  
able to insist on restorat<sup>n</sup>. of status quo m'while.  
May be able to work out with French an outline scheme wh. cd be put  
to E. at same time as we present ultimatum, with resolution.

H.M. Or put into resol<sup>n</sup>. as much of the scheme as it will bear.

S.Ll. Have tried this. W<sup>d</sup>. like to discuss both documents with colleagues to-  
day. U.S. & Fr. have assented to draft resolution.  
Re-actions in other countries are not too bad.

P.M. Outline of mil. plan approved. Will be costly.

H.M. Signs of nerves – on exchanges – purchase of Canadian securities etc.,  
May have to use some reserves to prevent rate fr. falling too far.

2. Procedure.

P.M. Ministers not concerned with Egypt Ctt<sup>ee</sup>. shd. take leave in Aug.  
K : can go to Denmark, even tho' Att. Genl. in America, if Solr.  
Genl. is available to advise as needed.  
A.L.B. : can go to Med.  
P.M. will see Radcliffe.  
P.T : has cancelled trip to Italy. Will be w'in call.

P.M. A.J : May be wanted here. Fuel rationing.

S.Ll. Better to go, but not stay as long as planned.  
A.J. sh<sup>d</sup>. overlap with Nasser.

S.Ll. Will get Hayter's view on this.

P.M. Shdn't meet Nasser.

P.M. No mtgs of standing Cab. Ctt<sup>ees</sup>. save Egypt Ctt<sup>ee</sup>.  
Suez ques will be settled by E. Ctt<sup>ee</sup>. Unless this, or other emergency  
business requires mtg of Cab. – to be attended by such Ministers  
as are available.

R.A.B. Let this be mentioned, if you see Editors.

[Exit A.J., H.W.]

### 3. Building Controls.

H.M. Avoid taking definite line on this in public.  
Will submit my considered views in autumn.  
Believe there may have to be some dirigisme in modern times –  
imports, investment etc.,  
Suez crisis may make it even more necessary.

B.H. My memo. indicates gt. practical diff<sup>ies</sup>. of operatg. bldg. control.  
Effect of credit squeeze. Architects – first to feel its effects – have  
now said tht. it will result in marked falling-off in bldg. work in  
next few months. This trade is slow to move: but it seems to be  
moving now. Employers' side are beginning to show their teeth.

H.M. I am operating various “controls” like Bank Rate, which can't be  
m'tained indefinitely.

P.T. V. big distinction betwn. control wh. stops a man borrowg. more  
money & one wh. stops him using his own.  
It wdn't save you fr. dear money & financial controls.

B.H. It wd. have to be a v. low limit – £3.000 – to be effective. Even then it  
can be evaded by bldg. in instalments.

D.S. Gt. diff<sup>ies</sup>.

J.S. i) I.A. bldg. in Sc. will be down by 25% fr. peak year.  
ii) M'tenance is large element : can't be controlled : is useful.

I.M. Signs on labour side that unemplt. is beginning to increase.

R.A.B. W<sup>d</sup>. like to review this in conn<sup>n</sup>. with commercial policy. Import  
control acts much more quickly.

Agreed : no public commitment meanwhile.

### 4. Agricultural Wages.

Award of 6/= – universal regret.



R.A.B. Combined with bad harvest.

[Enter Deedes, E.H., H.B

1. M<sup>r</sup>. Menzies.

P.M. Welcomed.

2. Cyprus.

a) Evacuation of Prisoners to U.K.

A.L.B. 17 hard-core terrorists : terrorising Cypriot warders.

D. Agree : hope none under 17 will be sent.

ALB. Will check on that.

[Exit Deedes

b) Education.

A.L.B. Action needed before next term opens in Oct.  
Modified plan now proposed by Govr. Seek auth<sup>y</sup>. for this action.

S.Ll. Prefer to get it out of the way before any U.N. disc<sup>n</sup>.

P.M. | Hope Gov. bodies won't always be officials. Avoid that. Also one  
x| Body for various schools.

Agreed : subject to x.

3. Suez Canal.

a) Conference.

S.Ll. First business – procedure. Rules designed to prevent obs<sup>n</sup>. – but may be agreed because based on U.N. procedure. One day for these. Then Dulles will put fwd. tripartite plan. Two p.m. sessions, with none in a.m. Meet Sat<sup>y</sup>., not Sunday. Shall need to consider wtr we adjourn (before a vote) to obtain views of E. Govt. India will urge that. Mght adjourn conf<sup>ce</sup>., after vote, for E. reply: if sufft. robust attitude by Scandinavians. Don't want inconclusive adjournment.

Sc. countries will ask how we propose to enforce a resol<sup>n</sup>. Must say no commit<sup>mt</sup>. involved by supportg. resol<sup>n</sup>. If it's passed. we shall do out utmost to bring it about w'out use of force.

P.M. Conf<sup>ce</sup>. might : or members of it might: agree to pay no more dues to Nasser. He now gets about 35% of all dues (5% only of ours). If almost all agreed to pay into some blocked a/c until intern<sup>l</sup>.

system establ<sup>d</sup>, N. must accept humiliation or act (stop ships) in a way wh. gives ground for action by us.

- D.S. Procedure. W<sup>d</sup>. it admit of amend<sup>mts</sup>. – e.g. reference to U.N., or no use of force.
- S.Ll. Can't rule out amend<sup>mts</sup>. U.N. ques will damage us. Wd. like to announce soon tht. we favour some link with U.N.
- H. Req<sup>n</sup> + annual report.
- S.Ll. Yes : not specialised agency – for all 76 can share in disc<sup>n</sup>.
- L.P. Atoms : technical agency – merely reports. This also is technical.
- H.B. Internat<sup>l</sup>. Bank?
- S.Ll. Then open to all who contribute. Wdn't do.
- S.Ll. Chairmanship. U.K. as host. India wd. support that. Procedure provides for election of Chairman.
- P.M. U.N. complic<sup>n</sup>. U.S. wd. be opposed to that.
- L.P. Art. 33 covers our conference attempt.
- M. U.S. attitude over last 24 hrs. – conflicting reports. What is the plan for internat<sup>l</sup>. authority?
- S.Ll. U.S. Press report of intern<sup>l</sup>. controllg. authority with E. operatg. auth<sup>y</sup>. below it. Not out of court, so long as technical side adequate. So long as real control (not advice) comes fr. internat<sup>l</sup>. body above it. No indic<sup>n</sup>. that F.D. has changed view. Menon says E. Govt. will accept a body mtg. once or twice a year to wh. ques of dues wd. be “referred”.
- H.A. It must have powers.
- P.M. Also the point tht. E. can't technically run it alone.
- P.M. Labour Party. Talk this a.m.
- L.P. i) Parlt. ii) Force. Imp<sup>n</sup>. we meant to use it anyhow. Saw effect of a threat, in b'round. But cdn't support line – accept concl<sup>n</sup>. of conf<sup>ce</sup>. or fight. W<sup>d</sup>. like that made clear in advance. iii) Intern<sup>l</sup>. auth<sup>y</sup>. : but shd. be set up by U.N. But a further act (interference with shipping) wd. create new situat<sup>n</sup>. in wh. force wd. be justified. Latest “U.S.” plan (Press) wd. involve surrendering management to an E. Co.

- M. Management & control shd. not be ceded to E.  
Ownership cd. be.  
Prefer perpetual lease (recognises E. Sovereignty) – but which  
internat<sup>l</sup>. lessee wd. be clearly respons. for control & oper<sup>n</sup>. Near  
Panama model.  
Apprehensive re annual report to U.N. Much disc<sup>n</sup>. by irresponsibles.  
Similar trouble in U.N. already – e.g. Trusteeship. W<sup>d</sup>. prefer  
some more tenuous link with U.N.
- S.Ll. W’out that link, worse debate by inscribing Suez on Assembly’s  
Agenda each year. Choice of evils. cf. Cyprus.  
Say, pro. tem., “some link” w’out more definition. Must make some  
bow in U.N. direction.
- M. N.A.T.O. has no “link” with U.N. Reg<sup>d</sup>. with U.N. – but no reports.  
Suez wd. be a comparable “regional” organ<sup>n</sup>. Avoid oblig<sup>n</sup>. to report.
- S.Ll. Agree on merits. But in battle for publ. opnion, must make a bow to  
U.N. F.D. accepts some link: prs. reg<sup>n</sup>. only.
- P.M. Some link, but no interference.
- P.M. Mil. Preparations. Necessary because we must be ready. Labour Party  
accept that. But N. may act further – employees : Br. community :  
stopping ships. Tho’ we can’t hold our prep<sup>ns</sup>. in readiness  
indefinitely.
- W.M. In planning, seeking greatest flexibility possibility. By reducg. time of  
prep<sup>ns</sup>. & considering how long oper<sup>n</sup>. cd. be held poised.
- P.M. We have completed plan. Have enough force to deal with situation. Fr.  
cont<sup>n</sup>. makes it more than enough. But occasion to use it!
- I.M. Attitude of T.U.C. Tewson is v. feeble. Thinks U.K. more isolated  
over this than we are. Rt. wing motions on f. affairs can’t pass  
T.U.C. w’out link with U.N. T.&G.W. Union, now under  
Cousins, cd. be decisive. All we can do is ensure resol<sup>n</sup>. &  
debate is as little embarrassing as poss. – e.g. defer publ<sup>n</sup>. until  
after conference. F.O. mght also brief T.U.C. leaders.
- P.M. Better for me to do that.
- I.M. V.well. – with me.
- P.M. Consequences. If we lose M/E, we are finished.  
Sh<sup>d</sup>. that be brrht home more clearly to public?
- L.P. That is best ground on which to stand.

- S.Ll. cf. Nasser's own book.  
U.S. at last understand this.
- L.P. Combine 2 arguments by saying : either internat<sup>l</sup>. control or leave it to dictator – & we know what dictators are. Plug the second part of argument. For we must bring N. down.
- P.M. Doubt if we shall bring him down, w'out force.
- M. U.S. attitude to force. U.S. will be heavily on our side. i) They understand effects, not only on Canal, but as M/E. ques. ii) They don't want U.N. – intolerable delays. They will stand to a good positive resol<sup>n</sup>. iii) They are beginning to think of econ. sanctions. If U.S. will apply them hard, it tends to bring them on twds. force. They don't want that now, a) because Election b) if they stand out of it, R. mght stand aside too. But, if strong resol<sup>n</sup>., followed by sharp econ. pressure (e.g. dues) – other measures may come in, for N.'s popularity may wane: if large line-up against (includg U.S.) & no revenue fr. Canal. Dictator's stock, when it begins to fall, falls fast.  
Favoured that in W'ton because imprt<sup>ce</sup>. of getting U.S. thoroughly involved.
- S.Ll. Agree. That's why I hope F.D. will move resol<sup>n</sup>. in conference.
- K. No weakening on internat<sup>l</sup>. managemt.
- A.L.B. Impose sol<sup>n</sup>. by force – p. opinion will back it.
- W.M. W'out some provocative act by N., doubt if opinion will back use of force. Must watch this.
- I.M. Agree with A.L.B. – believe we may have more support than appears. Must secure N.'s defeat. That turns on U.S. involvement. And I doubt if they realise yet how much this means for them.
- P.T. N. holds Canal by force. That is itself aggressive. After conference, some sort of ultimatum will be needed. Base further action on a refusal of that.  
Not sure how quickly financial sanction wd. work. E. has much in blocked accounts.
- P.M. Who sends ultimatum?
- P.T. 3 convening Powers, if possible.
- S. Believe publ. opinion thinks us isolated. Iraq statement. Diff<sup>ies</sup>. with U.S. magnified.  
They don't see same reason for haste.  
They don't like further stages – occup<sup>n</sup>. of E., flare up in M/E.

They wd. sooner see a provocative act by N. Tho' they will rally if they see tht., if N. isn't stopped here, he will get worse.

S.L.I. Ultimatum, in crude form, wd. get us into internat<sup>l</sup>. diff<sup>ies</sup>. Much easier if mil. op<sup>ns</sup>. followed action by N. Better therefore to try stopping all dues, & wait until he stops a ship.

M. We must carry p. opinion. Believe, in last resort, we must use force if other means fail. But shd. make public understand what is ultimately at stake. Must develop that understanding.  
Manche. Guardian article re cleavage of opinion in Austr. Cab. That is untrue. One diff<sup>ce</sup>. was 2 Ministers criticised mobil<sup>n</sup>. of forces in advance of conference: the others supported this action. They all agreed tht. N. must be stopped. Tho' we wd. all prefer to secure this short of mil. action.

#### Parliament.

P.M. Had believed it mght be best (before Labour Party sugg<sup>d</sup>. it) to convene Parlt. immediately after conference. May help us to avoid ref<sup>ce</sup>. to future action.

#### 4. Malta.

A.L.B. Mintoff is trying blackmailing tactics.

P.M. Wise to take him a little in confidence.

A.L.B. Daren't tell him too much – leaks.  
W<sup>d</sup>. like to get Financial Comm<sup>n</sup>. accelerated. Ty. obj<sup>ns</sup>. to t. of r. are less important than speed + good membership.

A.L.B. If we don't meet M. on that, we shall have a row on [Suez – worse] bad terms.

Agreed : C.O. & Ty. to meet this p.m. & settle : if necessary by reference to H.M. ( 'phone).

#### 5. Syria.

Agreed : no subsidy.

[Enter C., E.H., - Menzies

1. Suez Canal.

- S.Ll. Decl<sup>n</sup>. tabled. Pak. will move some amendmts. wh. are acceptable to U.S. and us. If these accepted, Pak., Iran and Turkey will adhere: and we shall have 16.  
Method of presentation to Egypt. 'Asians' prefer a Ctt<sup>ee</sup>. to present as basis for negotiation. We wd. prefer present<sup>n</sup>. askg. for acceptance : but this is unlikely to meet with sufft. support in conference. Hope ques of present<sup>n</sup>. will be discussed separately & subsequently fr. decl<sup>n</sup>.  
If they adhere to this plan, the decl<sup>n</sup>. shd. be adopted by Wed. at latest. by 16 countries. Some others may adhere, subject to reservations.  
Presentation. Genl. support for view that there shd. be a Ctt<sup>ee</sup>. incldg U.S. Venue wd. be for Ctt<sup>ee</sup>.
- P.M. Better if Ctt<sup>ee</sup>. cd. send document & offer to meet if needed for elucidation. Don't want them to go to Cairo.  
Germans, Fr., Norwegians all expressed to me the hope tht. Menzies as well as Dulles wd. be members of Ctt<sup>ee</sup>. – plus Scandinavian and possibly Persia. Their support for this method was cond<sup>l</sup>. on its being done by Ctt<sup>ee</sup>. incldg. U.S. & Austr. Hope we can avoid long negotiation.
- M. My Parlt. meets on Thurs. of next week for Budget. But if Austr. Govt. asked by U.K. to allow me to do this, and agreed I wd. be willing to go.
- P.M. Saw Menon this a.m. Made it clear tht. our pos<sup>n</sup>. was adherence to decl<sup>n</sup>. Asked him to refer to Delhi a request for India's support for decl<sup>n</sup>. – even subject to reservation.
- S.Ll. Bagdad 914. V. encouraging.
- P.M. What about Parlt?
- R.A.B. If summoned for Tuesday, will tend to reveal cleavage of opinion. Wd. like to keep ques open until Thursday. That wd. leave time to get them back on Tuesday.
- L.P. Agree. H'to had favoured early mtg. But, Labour likely to make diff. speeches, that might prejudice Nasser's reply – and weaken world opinion.
- P.M. See force of that. But later mtg. will be awkward fr. enforcemt. angle.

Agreed : Review this at mtg. of Cab. Thursday.

- R.A.B. Do we know what Dulles' attitude wd. be in next stage – enforcement.
- S.Ll. If he has thght ahead, he has revealed nothg. of his attitude.
- H. He is so closely identified with firmness that he can't drop it suddenly.  
Prs. hasn't thght.
- P.M. Sure he has thought : but he says nothing. Regret his unwillingness to agree now to a financial sanction on dues.
- H.M. Dues paid in Paris are available to Co. Those paid in Ldn. are not – for W'minster Bank are unwilling to pay. They ask me for indemnity. If I give it, I have to inform Parlt. This wd. imply tht. I had doubts about validity of Co.'s position. Co. may now sue U.S. shipping co. for dues. Am trying to hold this position – w'out legal action.
- S.Ll. Norwegian ship wh. switched paymt. fr. Cairo to Ldn. has now been allowed to pass thro' Canal. Significant.
- H.A. Russian tactics?
- S.Ll. V. quiet.
- P.M. Have told R. that decl<sup>n</sup>. is minimum demand – can't compromise on it. He gives me impress<sup>n</sup>. tht. R. don't want to get mixed up in this. May be tht. U.S. & R. are both safer on the side-lines.
2. Export of Arms : Turkey.
- C. T. want a large no. We cd. supply. Spain & Peru also in market, & prob. able to give higher price. We doubt T.'s ability to pay : & fear private firms mght not take a T. order.
- H.M. Don't believe T. cd. pay. £2M. down and total of £10-12 M. They can't even find the £2Mm. It wd. in any even mean delay in settling their commercial debts to us.  
Contractors cnd't get E.C. cover. Heavy expend<sup>tr</sup>e on refit (£6 M) before we cd. give the ships.
- S.Ll. T. have asked us not to tell U.S. No hope fr. that source.
- W.M. x/ Want to help. C<sup>d</sup>. we forward loan of 3 frigates: mght cost £1M.
- P.T. W<sup>d</sup>. prefer gift – for sake of commercial debts.
- C. Can't give to Turks, when we made Pak. pay.
- C. x/ Loan of serviceable ships, under N.A.T.O. plan.



H.M. Preferable.

F.O. and Admiralty to concert reply on lines of x/.

3. R. Navy : Time-Expired Regulars.

C. As in memo. Is it politically acceptable to make use of powers under 1950 Proclamation.

P.M. Terms of Proclamation wd. be v. alarming. Another for Marines.

K. We have told Parlt. this covered R.N. We cd. reasonably use 1950 Proclamation.

W.M. I recommend that course.

R.A.B. C<sup>d</sup>. inform Parlt.

P.M. Not unless asked.

[Exit C.

4. Cyprus : Surrender Terms.

A.L.B. Tel. 1676. Govr. doubts if there will be much response, but thinks it wise to make some such move at this time. I wd. at same time say something about Radcliffe's work on constitution – promised acceleration with a view to visit to Cyprus in next few weeks.

S.Ll. Why not give them option to go to any country.

A.L.B. We want to make it clear tht. many of these terrorists are Greeks.

Agreed: K., L.P.S., Ll.G., A.L.B. & F.O. rep<sup>ve</sup>. & S. Genl. to consider this p.m. in detail. 2.30 p.m. in H/L. & report to P.M.

[Exit S.Ll.

5. Bamangwato Reserve.

H. Both v. restive. Both have now renounced claims to Chieftainship – on behalf of selves & children (Seretse) Negot<sup>ns</sup>. with them may leak to Press. Offers a chance to get S. & T. back w'out difficulty.

1. Suez Canal.

- S.Ll. 18 countries now likely to adhere.  
Trying to persuade Scandinavians not to suggest unanimous conc<sup>n</sup>.  
May, however, be desire for unanimous communiqué.  
Subsequent procedure : N.Z. will propose tht. U.S., Austr., Ethiopia,  
Iran Sweden with M<sup>r</sup>. Menzies as Chairman to ascertain wtr E.  
will be ready to negotiate on basis of conference declaration.  
Much turns on M.'s Chairmanship.
- P.M. Gratitude to M. for his help.  
Tried to get Dulles' personal particip<sup>n</sup>. He himself asked for M.'s  
Chairmanship, even tho' he served on it himself.
- M. India & R. are clouding disc<sup>n</sup>. by pretending tht. minority view is to be  
concealed. It will not.
- P.M. Uneasy interview with Menon this a.m. Means of ending conference.  
i) communiqué : 18 actg. thereafter ii) 2 proposals be sent to E.  
iii) 18 to act alone, not on behalf of conference. Believe he wd.  
accept it i).
- S.Ll. Want it on record of conference tht. the 18 favoured this procedure.  
Expect to complete conference to-day.  
Ctt<sup>ec</sup>. of 5 will then meet at once – with Dulles in person.  
Hope Chairman will resist any sugg<sup>n</sup>. of Cairo venue.
- M. First task : ascertain wtr N. will meet us.  
May Ctt<sup>ec</sup>. meet in Lancaster House?
- P.M. Yes.
- P.M. Will then be mtg. to consider action after an E. rejection?
- S.Ll. Yes : to-morrow. Some of the 18 – who have power to influence  
action. Inldg. Norway. U.S. have agreed to meet. May be  
preceded by U.S./U.K./Fr. – this p.m. or early Friday.
- H.M. If N. agrees to meet for elucidat<sup>n</sup>., he will ask what is meant by fair &  
equitable treatment for E. Work done on this. E.C. 32.  
Useful propaganda effect.
- P.M. Mght be leaked. Copy to go to Menzies.
2. Parliament.
- P.M. Diff. to decide to recall Parlt. when N.'s answer remains in doubt.

R.A.B. Agree. W<sup>d</sup>. like to review this from day to day.

Agreed : E. Ctt<sup>ee</sup>. to decide, w<sup>'</sup>out further ref. to Cabinet.

1. Suez Canal (resumed).

S.Ll. Pilots. H.W.'s view. Pineau sugg<sup>d</sup>. tht. M.'s Ctt<sup>ee</sup>. mght ask them to stay on.

H.W. W<sup>d</sup>. help if some on leave wd. volunteer to go back. Morale of men on duty is dropping.

L.P. Favour giving them freedom to leave as soon as N. rejects offer.

H.M. Useful if M.'s Ctt<sup>ee</sup>. cd. say tht. U.K. & Fr. Govts asked them to stay until end of Conference & they had now, after consultg. those Govts., to ask them to stay until end of next stage.

M. In terms of foreign employees, not merely pilots.

S.Ll. On further stays, we don't yet know U.S. attitude. But we do know tht. their prestige has now bn. deeply involved.

P.M. Gratitude to S.Ll. and M. for success of conference.

M. Especially S.Ll.'s patient work behind scenes.

1. Germany: Training for Fleet Air Arm. [Enter C., E.H.]
- C. As in memo.
- H.M. Fr. financial angle, diff. to calculate because involves abandoning some economies we intended to make. We can however ascertain exact amount to be recovered.
- P.M. Don't charge so much for training as to imperil the order for aircraft.
- [Exit C.]
2. Suez Canal.
- a) Diplomatic Exchanges.
- S.Ll. E. reply will be with Menzies by noon to-day. Am urging M. to accelerate departure – to see Nasser.  
E. are likely to receive Ctt<sup>ee</sup>. : but no indication yet tht. E.'s attitude is weakening.
- P.M. M. will probably be willing to go to Cairo. But he will speak firmly to N. Probably means exchanges will be quicker.  
If N. accepts – a negotiation will follow. 6 Powers incldg. U.S., U.K., France.  
If he rejects – we don't exclude reference to U.N., if Allies are solidly in favour of quick action. Veto by 2 Communist Powers wd. not hamper action.
- D.S. Is it quick?
- H.A. Morally it wd. be a great help to us.
- B.H. Do you envisage possibility of mil. action w'out reference to S.C.?
- P.M. U.S. may be unwilling to go to S.C.
- H.A. What wd. U.S. reaction be to a rejection?
- P.M. Hope we may persuade them to stop paying transit dues in Egypt, if so they have linked this with freezing E.'s assets.  
Dutch & Germans will prob. do this, in concert with others.
- b) Company's Employees.
- S.Ll. Co. want to bring them out on 7/9 unless N. has accepted. Paid up to 31/8 by old Company.

- D.S. C<sup>d</sup>. we not make point tht. any responsible Govt. wd., before acting, have satisfied himself tht. he cd. continue the undertaking.
- S.Ll. Advice of H.M.G. to Co. – as approved by Egypt Ctt<sup>cc</sup>. : ending : hope, however, they will be willing to remain until final reply from N.
- P.M. If made public, wd. sooner see last para. put first. F.O. statement, in view of misunderstanding, at approp<sup>te</sup>. time.
- c) Consequences.
- P.M. If N. gets away with this – economic consequences, also on Arabs in colonies incldg African.  
Public opinion pretty steady. Expects us to exhaust all other means before resort to force. S.C. may help fr. that angle.  
But Fr., who are ready for force, have less diff<sup>y</sup>. with their p. opinion. If any appearance of undue hesit<sup>n</sup>. on our part, they wd. be quick to raise the cry “trahi”.  
Commonwealth divided. A & N.Z. support & wd. provide some token forces. Canada hesitant. India & Ceylon, of course, against.
- P.M. Canadian attitude is argument for putting it to N.A.T.O.
- d) Economic Consequences.
- Copies of E.C.(56)35 handed round.
- P.M. Shows how v. serious long-term outlook is if we don't handle N.
- H.M. Our 20<sup>th</sup>. century economy depends on oil. We may therefore have to choose betwn. immediate risk & slow strangulation.  
Aug. will show loss of over \$100 m. on reserves. We expected it. Can explain much of it. In 1955 \$223 m. in July/Aug : in '56 only about \$80 m. Trade gap is likely to be reasonably favourable, too. Will need careful present<sup>n</sup>.  
Diff. to set out all these horrors w'out destroying confidence in sterling. But if we say nothing, public don't realise gravity of situation. Diff. to lead p. opinion in advance of dec<sup>n</sup>. – tho' cd. use these arguments to justify decision when reached.
- A.L.B. Producers will be ready to sell oil : but we can't afford to have it on sufferance & liable to interference on political grds.  
Gloomy views of Col. Govrs. Aden : Somaliland : Kenya. Non-colonial Arabs will re-act even more strongly against U.K. incldg. Kuwait & Bahrain.
- W.M. Threats of sabotage v. oil : but no intelligence of actual plans for it.
- S.Ll. Iran regards N.'s move as challenge to their regime.

- P.M. Longer the delay, greater danger of trouble in Arab world because E. are intriguing to bring it about.
- e) Defence Plans.
- W.M. Can't disclose details. Genl obs<sup>ns</sup>.  
 Considerable forces – part of wh. is in pos<sup>n</sup>.  
 Help from French – in volume of troops & in planning. We have therefore enough force to carry our plan thro' with success.  
 Have worked towards earliest poss. date. Have not yet done anythg. on pol. grds to delay it.  
 Further flexibility will be difficult, on dates.  
 Agree tht. N. can't succeed : & that force may have to be used. But see dilemma. If we go on with mil. op<sup>n</sup>., we may have much world opinion v. us incldg. some Comm. opinion and prs. a divided opinion in U.K.  
 Easier to invade than to be sure of means of extricating ourselves. Arabs will do reckless acts of sabotage, even v. their own interests. But diff<sup>es</sup>. on other horn are even greater. We must therefore ensure tht. N. doesn't succeed. But hope we shall exhaust all means of ensuring that short of force: & that no opportunity will be lost of securing settlement by agreement.
- L.P. Any course is open to risk – and a gamble. But seen this sort of thing before. If you don't enforce law when you have power to do it, it costs you much more later. cf. experiences with Italy & Germany.  
 If we decide that action is essential to our future, we must act. But that doesn't mean tht. we shdn't do all we can to secure our objects by peaceful means – or to enlist support for mil. action if we have to take it.  
 U.N. = means to end. And end is, not merely, preserv<sup>n</sup>. of peace, but preserv<sup>n</sup>. of justice. If it fails in latter, it has failed.
- K. Agree. "Force is a last resort". Yes : but it is a resort. And "last"?  
 With intern<sup>l</sup>. org<sup>ns</sup>. too often water flows into sand. And once satisf. tht. intern<sup>l</sup>. org<sup>n</sup>. won't produce justice, we must be ready to take other steps.  
 Quoted with approval concludg. argument of Goodhart's letter to Times.  
 E. has de-internationalised what was internat<sup>l</sup>. body.  
 Our case is right. If it can't prevail by other means, we must make it prevail by force.
- D.S. Worst danger of all wd. be to let N. succeed. That is certainty. Other dangers are not so certain.  
 Military plan. Don't ask for details or dates. But what is scope?  
 Bombing? Casus belli?
- P.M. i) Large scope is inevitable. If anythg, we are using too much force.

ii) Bombing. Migs must be neutralised. Most airfields are remote.  
iii) Casus belli. Considering. French are keen on that.  
Warning : we may have to take rather more provocative measures e.g.  
requisitioning passenger liners.

R.A.B. National cons<sup>us</sup>. must prevail.  
But qua Parl. & Party we must be able to show we have taken all steps  
x| short of force before we resort to it. Hence my preference for  
going to S.C., despite its risks – provided it can be done at F.  
Minister level.  
There will be some Tories who stress x/ v. much. If satisfied on that  
we shd. have united Party behind us.  
Diff. for Parl<sup>y</sup>. democracy to go to war with divided p. opinion. So that  
is bound to be difficult.  
Recall of Parl. P'pone dec<sup>n</sup>. until we know results of Ctt<sup>ec</sup>. of Five.  
Assume about end of next week.

H.M. If M/E. oil fails, we shall collapse. We must therefore stop N. fr.  
succeeding. We must stand firm on internat<sup>n</sup>. But because of  
world opinion, U.K. opinion, we shd. first exhaust all means  
short of force. Favour ban on transit dues. Sure we shd. go to  
S.C. But m'while our mil. prep<sup>ns</sup>. can go on. And, if S.C. fails,  
we must use force. Can we get any further internat<sup>l</sup>. contrib<sup>n</sup>. to  
use of force? If not, get moral support from some of them?

S.Ll. On last point Holland & Belgium.

1. Suez Canal.

- S.L.I. NATO mtg. For. Ministers attendg. Spaak & Pearson both said: we shd. deny act of nat<sup>n</sup>. and go to S. Council. Perm. Rep<sup>ves</sup>., w<sup>'</sup>out instruct<sup>ns</sup>., said nothing (inclgd. U.S.).  
French are dubious about S.C. – fr. angle of Fr. opinion not necessary. But recognise others' need for it. They want, however, to get first some assurances fr. Dulles – i) no departure fr. Ldn. Conf<sup>ce</sup>. resol<sup>n</sup>. at all. ii) no weakening of our pos<sup>n</sup>., by manoeuvre on his part.  
Diff<sup>cs</sup>. : i) when shd. we announce ii) can we avoid undue delay.
- P.M. Menzies' answer.  
Opp<sup>n</sup>. are mtg. this a.m. – will ask for recall of Parlt. & ref<sup>ce</sup>. to U.N. I therefore suggest we announce to-day recall of Parlt. for Wed.  
We can't announce to-day our intent<sup>n</sup>. re S.C. unless we don't wait for D.'s assurances : & ii) is v. important.  
Also 1(b) of M.'s answer is valid.  
Our announcemt. cd. cover Parlt. – & then go on to say tht. Govt.'s future course of action must turn on outcome of M.'s mission.
- R.A.B. Alternative : recall Parlt. Tues. & spend that day on Cyprus. But I wd. prefer Wed<sup>y</sup>.
- P.M. Wed./Thurs. For Suez : and take Cyprus on Friday, with extra hour. Only diffy : certain ships shd. sail on Wed. if D. Day is to be unchanged. W<sup>d</sup>. prob. mean putting back D. Day by one day.
- A.H. They start sailing Mon. Mght put those back. But after Tues. a delay wd. mean corresp. delay in D. Day.
- P.M. Was anxious to get Parlt. to endorse addl. precautionary measures. These wd. be the first M.T. ships to go.  
W<sup>d</sup>. like to move minimum before Parlt. meets.
- H. M. also willing to b'cast. C<sup>d</sup>. do this on Tues. p.m.
- Agreed : Recall Parlt. for Wednesday.
- P.M. Views of U.S. Govt. Message from President read.
- S.L.I. Read message from Dulles.  
Practical diff<sup>cs</sup>. in D.'s plan. But it does show tht. U.S. are thinking in terms of denying dues on N's refusal. We shd. get that into oper<sup>n</sup>. at once – and go on discussing plan for constituting a new authority based on 1888 Conv<sup>n</sup>.
- P.M. Shows tht., when we are tough, U.S. move.



- S.Ll. French take that view too.  
Aim : by Tues. get U.S. into line on dues.
- H.M. Agree : the other economic sanctions hurt us too much. And the dues have a political, as well as economic, significance.
- P.M. Read draft reply to Eisenhower.  
Suggestions a) Add : Korea was another example – p. 2. b) A reference to next steps. The dues etc., This draft deals wholly in terms of war, as final step. Amendment : pp. 2-3.
- D.E. Have we worked out consequences? Much opinion here is v. use of force : this means that, if we use it, we must be quick.  
Moreover, have U.S. promised to support our gold reserves. The sterling rate wd. collapse otherwise.
- P.M. U.S. will provide oil.
- H.M. But prob. won't provide it free. At least they won't promise it.
- D.E. With World opinion divided, run on sterling seems inevitable. Unless mil. op<sup>n</sup>. can be v. short, it is surely risky to embark on it w'out U.S. underwriting our financial position.
- Hail. Canal mght be closed for 3 mos., after mil. op<sup>ns</sup>., on worst case.
- P.M. \* Oil : circulate E.C.38 to Cab. – see and return.
- H.A. Procedure after end of Menzies' mission?
- S.Ll. Quick request for mtg. of S.C. Try for mtg on 12 or 13/9.
- D.S. Is it certain tht. we can stop its being delayed?
- S.Ll. We shd. be taken there at D-5 : can't have it then : must therefore take initiative in going ourselves. For. Ministers cd. go – and leave if it appears to be dilatory.
- W.M. Ref<sup>ce</sup>. to S.C. wd. also help qua public opinion.
- S.Ll. From this angle we need a statement by M. on Sat<sup>y</sup>. tht. his mission has failed.
- W.M. Shd. not allow our pol. dec<sup>n</sup>. to be determined by mil. plan.  
But, on present plan, we shall be moving troops at time of S.C. mtg.
- S.Ll. May be other things to set off v. that – e.g. washing of pilots, block-ships etc.,

R.A.B. W'ton Tel. 1812 – further elaboration of scheme for new authority to run Canal.

P.M. W<sup>d</sup>. like “dues” denial to come into force before we go to S. Council.

H.A. i) Keep leading D. on.  
ii) Don't allow mil. consid<sup>ns</sup>. of time-table to swing pol. decision.

D.S. Hope Cab. can be told more of mil. op<sup>n</sup>. Diff. to assess decisions w'out knowledge. We share responsibility.

P.M. Nos. larger than we had estimated because Fr. Div<sup>ns</sup>. Total of 5 div<sup>ns</sup>. with 24 Val. 60 Canb. apart fr. Fr. and naval aircraft. First phase : neutralise E. air-force. But, so far, we have v. little of what is needed in Med : & if date is to be kept M.T. ships must soon sail from U.K. The follow-on force must sail from here – for landing.

A.H. 10 days p'ponem<sup>t</sup>. of present op<sup>n</sup>. is possible. After that, another op<sup>n</sup>. wd. be needed.

I.M. Share D.S. view. W<sup>d</sup>. have liked to have more inform<sup>n</sup>.

B.H. I feel like that, too.

P.M. I will consider how that point of view can be met.

Ll.G. We shd. at least see the tels. – on diplomatic exchanges. Agreed

H.A. How do we extricate ourselves?

P.M. A new Govt. in E.

D.S. On what pretext do we go in? – to avoid shock to World opinion.

P.M. It will be a shock. But we are trying to provoke E. to fire first shot.

Hail. Anxious to prevent situation in wh. time-table of this specific oper<sup>n</sup>. itself dictates pol. decision.

1. Parliament. [Enter E.H.]

R.A.B. Meet 2.30 p.m. 12/9. Will hold debate on adjournment on 1<sup>st</sup>. day :  
wd. leave it open to S.L.I. to move on 2<sup>nd</sup>. day a motion of  
confidence.

Debate on Cyprus on Friday.

Govt. spkers : Suez : P.M., S.L.I., P.M.

Cyprus : ALB., Hare.

L.P. In H/L. : I will open : K. will wind up on 1<sup>st</sup>. day with statement on  
legal pos<sup>n</sup>. – wh. may help H/C. on 2<sup>nd</sup>. day.

2. Gold Coast.

A.L.B. Statement of May – annex A.

i) Opp<sup>n</sup>. in G. Coast is strong & vehement. Dep<sup>n</sup>. here now – told  
them they must assume we go forward. Requirements we set  
have bn. met – election, substantial majority. Can't meet opp<sup>n</sup>.  
desire for federal state – too small – but shall do our best to  
persuade Govt. to arrange regional devolution.

Not a happy sit<sup>n</sup>. : but no choice but to go forward.

ii) Corruption : have urged publ<sup>n</sup>. of report & N. has publ<sup>d</sup>. it, in full.  
N. has given public assurance of greater Parl<sup>y</sup>. control over such  
public bodies.

iii) Togoland. Termin<sup>n</sup>. of trusteeship agreement will be opposed by  
local interests : but T. Council approved it with only one  
dissentient vote, & may be assumed tht. Assembly will endorse it.

iv) Announcement can be p'poned until next week. Better timing in  
view of Parl<sup>y</sup>. procdgs in G. Coast on (ii).

v) Legislation. If March '57 is date, Bill must be passed before  
then. Must now become firm part of leg<sup>ve</sup>. P'mme.

vi) N. has sugg<sup>d</sup>. U.K. Govr. Genl. for some years ahead. Appt<sup>mt</sup>. of  
5 years. Hopeful sign.

Seek approval for para. 18 recomm<sup>ns</sup>. except for iv).

D.S. May be inevitable, but deplorable.

G. Coast is quite unready for Parl<sup>y</sup>. govt.

Throwing together 3 quite separate Communities – giving power to  
merchants on the coast over the tribal elements inland and the  
Moslems in the north. N.'s party has nothg. like majority in the 2  
other areas – which are most likely to be friendly to Br. Emp.

Not convinced tht. federal system wd. not work.

L.P. This has gone too quickly – but can't reverse it now.

Concerned, however, about para. 15. – Protectorate status.

In Fed<sup>n</sup>., we were told we cdn't take away this status – it wd. have to be voluntarily surrendered. If we now take this tougher line in black country, it will appear tht. our policy is biased against white settlers.

H. Agree. This will make it imposs. for us to hold this line in Rhodesia.

A.L.B. We aren't in pos<sup>n</sup>. to carry out our oblig<sup>ns</sup>. under Treaty. We asked what safeguards they wd. like. After long delay obt<sup>d</sup>. some sugg<sup>ns</sup>. fr. them. Have assured them we will do out best to get these built in to the constitution. Believe Chiefs have accepted this sit<sup>n</sup>., as inevitable result of unitary State.  
All the same this will force us to get coherent policy re protected States for all territories.  
Federal system won't work – for 5m. pop<sup>n</sup>. 6 areas wd. be needed.

D.S. Still not satisfied.

P.M. But we made our statement on May. We are committed to that policy.

H.M. These people seem to have every qualif<sup>n</sup>. for democratic Govt. They appear to be incompetent, cruel, divided and corrupt. I wish them a happy future.

On Ty. points. i) No assurance they keep C.D&W. Fund share.  
ii) They have £100 M. If they chose to swing it out of st. area reserves, it might be last straw.

A.L.B. On ii) they have shown no sign of trouble. Best way of precipitating it wd. be to delay constitutional reform.

H. We have gone too far to draw back.

Approved.

### 3. Bechuanaland : Bamangwato.

H. Suggest announcemt. here at end/Sept. Seretse's personal renunciation Oct.

Risk : S. mght go back on his renunciation. But T. wd. be against that & R. thinks it unlikely.

L.P. On balance I think this is right. Gives chance of settling whole ques.

H. His return wd. not arouse passion in Union.

H.M. He gets £1375 p.a. while living outside. W<sup>d</sup>. be willing to continue this so long as he keeps his word.

H. to consider.

- J.S. Support that. Cdn't rely on him once he is back.
4. Suez Canal.
- S.Ll. Three courses : mil. action/S. Council resol<sup>n</sup>. supportg. proposals of 18 & callg. on E. to restore rights under 1888 Conv<sup>n</sup>./users club. U.S. against 1<sup>st</sup>. : unco-operative over 2<sup>nd</sup>. : & under pressure have produced 3<sup>rd</sup>. If it works, well & good : if not, incidents are likely which wd. provide occasion for mil. action. Waitg. to hear wtr U.S. agree tht. AE. shd. announce 3<sup>rd</sup>. plan in H/C. incldg. arrangem<sup>t</sup> re dues. Practical diff<sup>y</sup> will be to organise traffic thro' Canal w'out control over land. But, if adopted, wd. entangle U.S. & deprive N. of 80% or more of dues. Then we wd. merely "inform" S. Council – so that, if incidents occurred, we shd. have entry to S.C. wh. we cd. use simultaneously with mil action. D. has agreed there shd. be no negot<sup>n</sup>. with E. before plan is put into operation.
- L.P. Will be necessary to say in Parlt. tht. this is a U.S. plan.
- H.M. Para 6 of 4136 (FO) covers that?
- P.M. If U.S. decline to agree to our saying this in H/C., we shd. have to go to S.C. Little risk tht. in last resort U.S. wd. not support us.
- H. Old Dom. H. Commrs. favoured takg. that little risk.
- W.M. W'ton 1866 explains D.'s attitude. Good grd. at S.C. if we based ourselves on 1888 Convention.
- P.M. Fr. agreed to-day tht. we shd either try users' club (+ dues) if U.S. will back it & allow us to announce it to-morrow or, if they won't, go to S.C.
- I.M. U.S. involvement is most important thing. [Enter 3 Serv. Ministers  
On that ground I favour it.
- H.A. I agree.
- S.Ll. Canal Co. will help to operate users' club.
- H.M. V. dangerous sit<sup>n</sup>. Admire. P.M.'s handling – determin<sup>n</sup>. Believe, however, we shall soon have to take mil. action. We must succeed in this. If we don't, better let those take over who will never use force.

This is a manoeuvre to put us in good posture to use force.  
 It is a step by wh. we means to enforce our rights.  
 E. cdn't accept it as permanent system nor wd. it be practicable.  
 Absence of U.S. mil. intervention may make R. interv<sup>n</sup>. less likely.  
 If we succeed quickly, we shall restore confidence in sterling.  
 If we allow it to drag on too long, we can't meet the cost e.g. of U.S.  
 oil etc.,  
 If therefore we go on with users' club, we must do so with clear idea  
 tht. we mean to bring issue to a head w'out any long delay.  
 Reference to S.C. is for P.M. to judge – risks. Mght be enough to say  
 we will go to S.C. if users' club is interfered with.  
 We shd. ask Parlt. for right to go on to enforce – and resign if we can't  
 get it.

W.M. Don't wish to use these as steps to a war wh. we want. W<sup>d</sup>. prefer to  
 gain intern<sup>l</sup>. control of Canal & to bring N. down by means short  
 of war.  
 War wd. mean gt diff<sup>tes</sup>. in M/East. Also gt. loss of support in world  
 opinion – esp. if we acted w'out support of U.S.A.

K. Discharge of our intern<sup>l</sup>. oblig<sup>ns</sup>. is basis of all this. Charter of U.N.  
 puts more detailed emphasis on preservg. peace than on preservg.  
 intern<sup>l</sup>. oblig<sup>ns</sup>. But later is plainly stated in preamble.  
 Fait accompli presents greater internat<sup>l</sup>. & nat<sup>l</sup>. diff<sup>tes</sup>.  
 We must maintain intern<sup>l</sup>. oblig<sup>ns</sup>. We have duty to seek peaceful sol<sup>n</sup>.  
 We have tried – intern<sup>l</sup>. conf<sup>ce</sup>. & M. mission. This will be  
 another. If it fails, & N. declines it, I am ready to use force.  
 Either : i) if N. uses force to prevent users' club : answer – force  
 & simultan. ref<sup>ce</sup>. to S.C. ii) If U.N. prevents righting of this  
 internat<sup>l</sup>. wrong, there is continuing oblig<sup>n</sup>. on us to right it. Only  
 hope of peace in M/E. is to follow our duty & establish our pos<sup>n</sup>.

L.P. Support K. Ultimate dec<sup>n</sup>. can be based on either i) sit<sup>n</sup>. in Canal or  
 respect for intern<sup>l</sup>. oblig<sup>ns</sup>. I wd. prefer to rest on ii) For you  
 can't have peace w'out ii). Seek support of S.C. for that  
 principle. If vetoed by R., we shd. be able to say we have done  
 all we can, & if U.N. incapable of enforcing its preamble we  
 must take our own steps to enforce respect for intern<sup>l</sup>. oblig<sup>ns</sup>.

S.Ll. Visiting card. Mght involve us in debate in S.C. U.S. don't want it.  
 But sooner we do it, the better. On balance therefore I favour it.  
 If D. agrees to our announcg. users' club, I wd. "notify" S.C.

R.A.B. Party in H/C. won't favour force unless satisfied tht. all other means  
 have bn. fully explored.

P.M. Fr. are resolved on action – before their Parlt. meets on 2/10. In  
 France, Govt. is criticised mainly for not having acted at once.  
 There is no division of Fr. opinion.

Effect of this has bn. to create resurgence in France. Mollet y'day recalled W.S.C.'s offer of 1940 & said tht. France wd. now favour it. Reverted to it this a.m. – in a form in which I shall have to answer it.

On general issue : alternatives are v. serious. If N. gets away with this, we are finished in M/E & Africa. Diff. to judge when he has got away with it. May be divided from French. If we do take mil. action, risks are great. But if N. gets away with it, it's not risk it's certainty.

### Military Plan.

- W.M. Change of plan. More flexible plan now adopted. C<sup>d</sup>. be operated as early – but also at any later date. For this plan, enough land forces already in M/E. : no need therefore to take up liners or sail stores ships. Fr. contrib<sup>n</sup>. remains as large. Involves more use of air attack & pol. warfare. C.O.S. are now produc<sup>g</sup>. detailed plans. French agree in preferring 2<sup>nd</sup>. plan.
- P.M. First plan – too large forces : too heavy civilian casualties. C.O.S. & Keightly have done v. well in this planning.
- I.M. Meeting here before Brighton Conf<sup>ce</sup>., with Geddes. He believed he cd. get T.U.C. Ctt<sup>ce</sup>. to put fwd. resol<sup>n</sup>. advocatg use of force, if needed. He failed. Motion passed was weak. Neden's judgemt. : attitude of T.U.'s wd. turn on rapidity of action (lack of ultimatum etc.) Trouble likeliest in mines & docks. Will ask Geddes, at approp<sup>te</sup>. moment (after debate), what his view is.

1. Suez Canal.

S.L.I. Read W'ton Tel. 1926. Suggesting mtg. of 18 Powers in London :  
19/9.

For. Min. level. Dulles will come : arriving Tuesday.

Agreed : F.O. to issue at once invit<sup>n</sup>. to conference.

[Exit S.L.I.]

2. Commercial Policy.

P.T. Dec<sup>n</sup>. to-day, tho' important, is not final. Want leave to canvass idea  
with Comm. Fin. Ministers & to report again to Cab. in Oct.  
Two features of our comm. policy – i) Imp. Pref. ii) Elsewhere m.f.n.  
We have thus enjoyed best of both worlds. But both are  
crumbling. On i) Austr. have taken initiative : they want to  
abolish pref. on cap. goods : we have to negotiate dift. settlemt.  
N.Z. will follow. On ii) Messina countries are seekg. to form  
customs union – with tariff v. rest of world, incldg. U.K. It may  
fail, but somethg will emerge to our disadvantage.

Thus, we can't easily stay put.

Object of our plan : turn these developmts. to our advantage. By  
securg tradg. area in wh. we have free access – large enough to  
compare in scope with U.S. & S. Russia – and at same time  
keepg. specl. rel<sup>n</sup>. with Comm. Summary in C.P. 208.

Advantages : i) tradg. area of adequate size. Industry now needs mass  
markets – & none now available to us.

ii) provides for increasg. compet<sup>n</sup>. with Europe. We  
must face that anyway – to keep export markets.

iii) must have sound internal economy – but we ought to  
have that anyway.

iv) if we take lead in Eur. now, we can shape their  
policy.

v) not merely commercial consid<sup>ns</sup>. involved : this wd.  
tie Germany into West.

Political questions. a) Diff<sup>tes</sup>. of course. But likely to win support of  
best in Br. industry. b) C<sup>d</sup>. carry Tory Party on it. Motions on  
these lines are tabled by Tories & by Socialists. c) Pol. diff<sup>tes</sup>. of  
doing nil are by no means easy. Shall be forced into series of  
separate negot<sup>ns</sup>. with Comm. countries – & shall emerge with  
lower preferences.

H. Increasg. tendency of Can., A. & N.Z. to look to U.S. Risk that this  
will be accelerated if U.K. seen to be turng. to Europe.

Most C. countries are developg. 2<sup>ndary</sup> ind<sup>ies</sup>. : & on their products their  
pref<sup>ces</sup>. here, as cpd. with Eur., will disappear after 10 yrs. To  
make this plan at all palatable to them, we must give them more  
on primary products – wh. isn't easy.



If it's good for U.K., we shd. try to sell it to C. countries. But until we are sure of this, we shd. make only a v. tentative approach to them. For unless we can do much more on primary products than I can see at present, I wd. have to advise v. this.

- H.A. Positive policy wh. will benefit U.K. Unless we are competitive with Eur., we are done : this will force us to be. Therefore I favour trying it out on C. If we can convince them tht. it will strengthen U.K., we may sell it to them. Qua Tory Party, vital tht. C. shd. support it.
- Farmers. Will be suspicious. i) We must be firm on excludg. foodstuffs fr. the outset. ii) No int<sup>n</sup>. of varying agric. policy or, in particular, encouraging red<sup>n</sup>. of output. iii) See no spectacular concession we can make to C. on food imports.
- W<sup>d</sup>. be dangerous to promise perm. free entry to C. manufactures because low future prices fr. Asian Doms.
- R.A.B. Collective approach. We put it to U.S. early in '53. In early stages we benefited by others' belief tht. we were movg. to a one-world trade & sterling as world currency. That fell off twds. Elect<sup>n</sup>. Agree we need a new initiative to graft on to coll. approach – but don't abandon one-world philosophy.
- Coll. approach faltered because i) internal measures were not strong enough ii) imports got out of hand. Right therefore to look for new impulse.
- Diff<sup>ies</sup>. of this plan. a) G. compet<sup>n</sup>. will involve internal measures even stiffer than those wh. we have h'to bn. unwilling to face. E.g. doubt wtr full empl. policy cd. be m'tained: for we shan't soon get mobility of labour thro' Europe. b) Cotton, dyestuffs & other industries will suffer – fr. greater imports – and “big new facilities for exports” are not in sight.
- H.M.'s feeling for more “dirigisme”. May need it. But will be v. unpopular in Tory Party.
- This plan will involve dec<sup>ns</sup>. for Cab. more diff. than those involved in coll. approach plan.
- Tories will press, in return, for control of imports.
- On draft lr. to C. countries, it looks as tho' U.K. will take main knock. Agriculture : clear there wd. be no increase in our prod<sup>n</sup>. Our farmers won't like that. Nor will they appreciate need for big concessions to C. agricultural products. If we have to make those, instead, at cost of Argentine, that may not benefit either sterling or one world trade pattern.
- For these reasons I recommend only the most tentative approach to C. countries.
- Remember b/p. – and effect on it of increased imports.
- R. Qua f. policy, this is attractive. A lead to Europe. Helps to safeguard Germany.
- May be drawn further into Eur. affairs, to prejudice of our wider interests. Shall need to watch that.

- D.S. Imaginative & inspiring plan. Need a new look on econ. policy. W<sup>d</sup>. have preferred an Imperial one : but must recognise tht. isn't practicable. Imp. Pref. is on its way out.  
 This plan is full of dangers – to empl., sterling & T. Party. But those are with us anyway. We must be competitive & are becoming less so. Threat is there already. This will give us a jolt : but we need it.  
 This offers great opportunities.  
 We are too small a unit. We must find larger sphere. Choice – U.S. or Eur. In first we shd. be minor partner. In second we cd. lead.  
 Hope we shall have courage to go fwd. on these lines.
- D.E. Support D.S.  
 If Can., Austr. & N.Z. are turng. twds U.S., it is because their capital resources are so much greater. If we want to keep them, we shall have to increase our resources. Investment is becomg. more important than preferences on current trade.  
 Managemt. is getting more powerful in rel<sup>n</sup>. to ownership. Power is increasingly with managemt. Plan G., played cleverly, wd give us managemt. Channelling thro' Ldn. the savings of Europe for investment outside Europe – v. attractive. Operatg. thro' consortia : with Ldn. as issuing centre for prospectuses. Shan't achieve tht. unless we are in their free market.  
 We can't secure full empl. w'in tariff barriers.  
 This is turning point for us.  
 Gt. risk in allowg. G. to dominate common market of 200 m. people in Europe.
- I.M. Support the plan. But formidable labour diff<sup>ies</sup>. – & on these I agree with R.A.B. Mobility of labour, tho' right economically, may be impracticable humanly. Can't believe T.U.'s will welcome this. Obj<sup>ns</sup>. will be clearer to them than the advantages. Redundancies, esp. in cotton & cars, & in dev. areas.  
 Diff<sup>ies</sup>. of fixed time-table for reducg. tariffs etc., If there are strikes, it will be hard.  
 Even so, I think I shd. do it.  
 But because of these diff<sup>ies</sup>., I doubt wtr H. is right in recommendg. a tentative approach to Doms. Wdn't be right to be tentative with T.U.'s. If we are to put this over, we shall have to speak as tho' we believed in it. I wd. sooner put it across from a pos<sup>n</sup>. of strength.
- H. A.L.B. has pleaded for time to consider. Has also said tht. agric. measures wh. I suggest for Doms. wd. have to extend to Colonies.
- L.P. Worried over pol. aspects of this. Great centrifugal tendencies in Comm. Canada, despite loyalty, is detached. India & Ceylon are neither loyal nor attached. So, prob., is S. Africa. Pak., tho'

- loyal, has v. diff<sup>t</sup>. b'ground. A & N.Z. alone are 100% loyal & even they are drawn to U.S.  
 We in U.K. put our C. relationship v. high. C. "family."  
 If we now enter a new "family" & seek pol. leadership of Europe, this must weaken C. bonds. Will encourage A & N.Z. to look twds U.S. economically : and U.S. will encourage that, for they won't like a large common market fr. wh. they are excluded.  
 W<sup>d</sup>. wish therefore to be more convinced than I am of its econ. benefits.  
 Approach to C. countries shd. therefore be tentative.
- Sel. Most of emphasis here is on manufactures. Is it not likely tht. materials will be more crucial in future than markets. How wd. this plan be affected by such a developmt.  
 Attitude of U.S. They dislike our preferences : will they like this?
- L.I.G. Our rel<sup>n</sup>. to Eur. is comparable with that of Can. to U.S. At least Can. cdn't object to our havg. closer rel<sup>n</sup>. with Europe.
- P.M. This problem has bn. approachg. for some time. We near the point where we must take a view.  
 How shd. we m'tain our pos<sup>n</sup>. if common market got going w'out us & invaded 3<sup>rd</sup>. markets with added strength?  
 W'out us, Eur. union wd. be dominated by G. But, if we joined, cd. we stand G. compet<sup>n</sup>. in U.K?  
 If food were excluded – concessions to Doms. sugg<sup>d</sup>. in H.'s memo. will not be enough to balance this. Is there no more we cd. do, on things we don't grow ourselves?
- H.A. There is no more we can do – in add<sup>n</sup>. to existg. preferences.
- RAB. Final sentence of para 6 of Annex II. of C.P. 208. C<sup>d</sup>. that be excluded?
- P.T. Object wd. not be to swing up tariffs v. U.S. This is all it means.
- RAB But, if we are going into Regional group, I shd. want to discriminate.
- P.T. We shall in fact be discriminatg. Shall retain right to use E.R. in b/p diff<sup>ies</sup>.  
 U.S. Econ. Minister in Ldn: "much less interested in rules v. discrimination than in making Europe strong enough to be multilateral."
- R.A.B. U.S. haven't done much to help.
- H.M. P'ponemt. wd. be a dec<sup>n</sup>. against. If we felt risks were too great, our course wd. be to work for break-down of Messina effort. But that wd. not serve our long-term interest, for it wd. Balkanise Europe.

When we do decide, we can't present it as balanced argument. We must advocate it whole-heartedly.

Doms. H. exaggerates – unless he is thinkg. mainly of moral not material as is L.P. For imports of manufactures fr. Doms are v. small & w'in those the vulnerable ones are negligible. And, if they are fearful of future, ..... On the moral argument, we shd. have to say we were link betwn. Europe & Doms.

At home, of course, we are v. vulnerable. Our democr. system is ideal for preventg. Govts. fr. doing what they shd. When our economy gets out of line, we take it on reserves – instead of adjusting our standards or acceptg. unemplt. That can't last. We shall have the crisis, unless we adjust. But if we do Plan G., that will get the blame for adjustments. On other hand it may make it easier to make them.

Protection won't suffice to support a non-competitive economy. This plan will bring pressure on economy to become competitive.

T.U.'s on that a/c will dislike it. But their international traditions may make it hard for them to oppose it.

But as crises are inevitable – there is somethg. to be said for having a policy. At present neither Party has a theme. Gt. advantage, politically, in having one.

Recognise tht. arguments are balanced.

x		May we have auth <sup>y</sup> . – on basis that this Plan offers a basis for
x		disc <sup>n</sup> . with Doms. on understanding that Cab. must consider this
		again in the light of their reactions. I must at least be able to put
		it as something I'm disposed to support.

- L.P. Don't go beyond : this is the way our minds are moving.
- H. I'm content with x/.  
But if we eventually go fwd. with it, we must sell it to them. And I doubt if we have enough (on food concessions) on which to persuade them.
- P.T. Remember how little A. is offering to us in return for taking 1 m. tons of wheat.
- H.M. Not much “family” feeling about McEwen!
- H. But our pos<sup>n</sup>. depends on our leadership of C. And we must therefore carry C. with us.
- R.A.B. On draft letter a) last sentence of para 3 obviously untrue. b) Add para. (qua U.K. as central bank) to effect that Cab. realise tht. this will mean stiff internal measures here.

Agreed : Despatch letter : clearg. draft with Dpts.  
Resume Cab. discussion on Tuesday.

1. Police Pay. [Enter E.H.]

L.I.G. L.a.'s consulted, have agreed to retrospect<sup>n</sup>. – save for A.M.C., who wd. prob. not be surprised if their dissent was over-ridden. They know they will have to accept.

H.M. Ready to go fwd., provided that A.M.C. are not violently opposed.

D.S. Don't believe they are. They won't pursue it vigorously.

L.I.G. I will try to soften them further.

Memo approved.

2. Commercial Policy.

A.L.B. a) Colonial angle. [Serious doubts about politics.] W<sup>d</sup>. not have serious affect on trade of Colonies – wh. enjoy no preference (e.g. rubber, copper) on main items. They fear ceilings on exports more than compet<sup>n</sup>. fr. Europe. But this sit<sup>n</sup>. won't remain. W<sup>i</sup>n a generation several Colonies will become interested in preference for manuf<sup>d</sup>. goods – as they develop industries. Genl. view in Party tht. existg. restrict<sup>n</sup>. wh. wd. limit concession to 10% shd. be removed.

Essential tht. all f<sup>r</sup> stuffs be excluded. That wd. help to meet present anxieties of Colonies.

Are dependant territ<sup>ies</sup>. to be included w<sup>i</sup>n Eur. Customs Union? If so, shall we be able to give same advantages to Colonies qua raw materials.

If we compensate Doms, we shd. give it also to Colonies : Malaya W. Indies are interested in commodities under c) & d).

Even so, diff<sup>ies</sup>. qua Colonies are not so great tht. I shdn't institute conf<sup>d</sup>. enquiries. Have asked a large no. of Colonies for views. They shd. be taken into a/c. The rest of Colonies shd. be consulted also before any announcemt. made.

If Eur. dependencies come into C. Union, our Col. shd. have option to enter free-trade area.

b) Politically – serious doubts. Shall have to find i) some compensatg advantage for Canada ii) some agricultural concession to Doms. generally.

V. diff. to take this line w<sup>o</sup>ut disrupting Commonwealth.

GATT. has tied us down to courses wh. have precluded closer ties with Doms. If this fails, shd. we not loosen GATT oblig<sup>ns</sup>.?

K. Assent to this course. For – if we don't  
i) Face formidable bloc in Europe.  
ii) Gt. diff<sup>y</sup>. in m<sup>t</sup>aining Imp. Preference.

But a) Plan G. rep<sup>d</sup>. – as cont<sup>n</sup>. of existg. policies : paras 50. 51. 54. of rept.

b) Para. 75. of rept. Measures for closer co-op<sup>n</sup>. in Europe shd. be matched by efforts for closer co-op<sup>n</sup>. with our other partners.

But 11 major points of unpopularity – Objectionable to U.S : may have to force France in : diff<sup>ies</sup>. over Social Services (harmonis<sup>n</sup>. with France) : Commonwealth – Canada, Austr. will be opposed. Asian Doms. will seek re-negot<sup>n</sup>. of trade agreemts. In U.K. unyielding opp<sup>n</sup>. fr. T.U.C. and dissatisf<sup>n</sup>. of cotton, chemical & car industries. Pol. obj<sup>ns</sup>. : Tory Imperialists – dislike of controls – supporters of agriculture – risk to full emplt.

We need to know how these diff<sup>ies</sup>. cd. be minimised.

x| Timing. Sugg<sup>d</sup>. mtg. of Comm. offfs. next month. Do we allow it to arise naturally from O.E.E.C. w. party Dec. : or do we take initiative earlier.

Agree with H.M. & R. tht., if we go for this, we must seem to have confid<sup>ce</sup>. in it. But easier if we can present it as natural developmt of past policies.

H. On x/ unlikely to get Dom. re-actions before Oct.

P.T. Agree with ALB this plan has no adverse on Col. trade as at now. Indeed to extent tht. Eur. is prosperous market it wd. help Colonies.

True tht. some Col. may become more industrialised. But tht. wd. be diff. for us, quite apart fr. Plan G. – we cdn't afford to accommodate much more imports by cheap Col. labour. But clear they wd. undercut compet<sup>n</sup>. in European as well as U.K. markets.

Ques. wtr Col. come in, on free trade area, is for consid<sup>n</sup>. on merits. Genl. dangers are here already. Austr. started this - & not for GATT reasons. Basic reason : they have pushed 2<sup>ndary</sup>. ind<sup>ies</sup>. & we have expanded our agric & the old pattern doesn't suit them any longer. N.Z. will soon realise same is true of them.

“Opinion” in U.S. – not ascertainable : but offl. U.S. policy has always bn. in favour of this sort of approach.

France will have to be pushed into this.

Canada – trade is balanced now wholly in her favour : she can't expect more than she gets now.

T.U.C. – internat<sup>l</sup>. aspect will have an appeal.

Our own agriculture – we can't expand it further.

Greater dirigisme – will turn on merits : this Plan won't make it any more necessary – perhaps less so. Separate ques.

Time-table. No commitment at this stage. Talk first with Doms. Not wedded to mtg. of Dom. offfs. Interests of separate Doms. are different – series of bi-lateral talks mght be better.

R.A.B. Objective of authors was to take initiative. They are concerned about U.K. economy. Their remedy : take a plunge wh. involves most drastic consequences. Is this wise, at this moment. B/P. diff<sup>ies</sup>. &

imports – will they be improved by this? Will it increase “confidence”.

Trend of the Plan – to increase imports & increase severity of internal measures. Latter is necessary on any view. Is former wise?

Will Messina go as quick as is feared? If not, can't we play it slower? Pol. diff<sup>ies</sup>. with Party & T.U.C. will be v. great. Is this the moment to encounter them.

Despite these doubts, I agree we shd. discuss with Doms. [It] will in any event be discussed in O.E.E.C.

H.M. Not [ ]. But genl. issue of Messina will.

But don't ask Cab. to decide now, in advance of knowg Dom. views and wtr Messina 'risk' is really imminent.

B.H. What are need of time-table?

P.T. We shall soon have chance of shaping Eur. policy on lines acceptable to us. If we allow Eur. to shape their plan first it may be more diff. for us to come in.

But no precise time-table for dec<sup>ns</sup>. is needed.

H.M. OEEC. w. party will study means of assoc<sup>n</sup>. betwn C. Unions & others. In early stages they will be considerg. wtr it is possible – not desirable. Quite a complicated issue. Will take whole of Oct. Prob. no need for us to take a line there until Nov. But w. party is due to report in Dec. (on wtr Customs Union and Free Trade Area can be run together).

L.P. Clear we must discuss. But likely tht., once raised, we can't go  
y| back quite to where we stood before.

- P.M.
- i) Views of J.S. Effect on Comm. connection – Empire unity etc., Damaging results on Tory Party in U.K. as well as Comm. links.
  - ii) Agree with y/. By this approach we shall have created a new situation. What is risk of leakage?
  - iii) Awkward dilemma: agree with K. tht. no sign of any alternative. No real chance of developg. on lines of closer commercial link with Doms – cf. attitude of Austr. Southern Doms & Canada are bound to draw closer to U.S. – Asians are unreliable. Tho' this Plan is hard for U.K., alternative may be “going it alone” wh. wd. be even harder.
  - iv) Fr. sugg<sup>n</sup>. of closer union. We ought to consider what steps we cd. take – e.g. defence & economic – to draw us closer to them irrespective of rest of Europe. We shd. be a formidable partnership. Mght have some bearing on wider ques. \*Ctt<sup>ee</sup>. of officials & Ministers.
  - v) If it's true we can't stay still, then an imaginative initiative wd. have an appeal to younger element in Tory Party. Somethg. on lines of Plan G., linked with iv), mght do. What of a Comm.

Union which included France, Benelux & Scandinavia but dropped Asians?

- L.P. Diff. to keep up with evolutions in world. But is world being ranged into 2 groups – 1 headed by U.S. & other by R. In mil. matters this is modified or reflected by N.A.T.O. Sh<sup>d</sup>. we not look for same grouping in economic matters too?  
Doubt wtr Europe is the right unit.
- P.T. Agree : choice is betwn. dependence on U.S. or framing of some other trade area large enough to be viable. U.S. have urged on us the latter.
- R.A.B. But sterling is a world currency. How do we guard that, in combination with a regional trade grouping?
- P.M. W<sup>d</sup>. France join sterling area?
- D.S. West/East grouping is inevitable. But is this inconsistent with it? It doesn't involve our w'drawg. support for U.S. and the West. Not inconceivable tht. some Eur. countries mght. enter Commonwealth. Scandinavians – Greece – Turkey.  
Better for us to be leaders of Europe than to try to stand alone.
- D.E. Effect on sterling & full emplt.  
Formerly, held tht. econ. policy shd. serve one end – e.g. £. Now it is full emplt. – and £ has suffered crises as result. But we don't m'tain full emplt. generally by tariffs : but by managing infl./defl<sup>n</sup>. We don't now want tariffs for ind<sup>ies</sup>. wh. compete in world markets. We cd. use them for ind<sup>ies</sup>. wh. don't export.  
Sterling is now v. vulnerable because of emphasis on f. emplt. This (not future of their secondary ind<sup>ies</sup>.) is main anxiety of Doms and Colonies. Their bankers shd. see tht. we wdn't adopt Plan G. unless prep<sup>d</sup>. to put £ before full emplt. as primary objective. And unless we are so prep<sup>d</sup>., we can't m'tain st. area. And if that breaks can we hold Comm. unity?  
Tho' we can still present this w'out avoidg. charge that it is designed to create unemployment.
- H.M. Events of last 6 wks.  
We must win our objective over Suez – or get out. Assume therefore for this purpose that we shall.  
Believe we are at a turning-point in our history. We are losing Comm. old style. We may be able to create another. Basis of modern industrial market must be big enough to carry its overheads. Home market alone, in U.K., is not now enough. We now need a v. high vol. of exports in order to feed ourselves. Old theory of Imp. Pref. assumed manufacture in U.K. & primary prod<sup>n</sup>. in Doms – now outmoded.  
Recognise diff<sup>ies</sup>. and risks.



We must consider this. All I can ask now is auth<sup>y</sup>. to discuss with  
Doms. Can't be a surprise to them that we shd., for it's already a  
subject for speculation etc., in Press.  
Suppose that, instead of one H. Kong hitting one Lancs, we had several  
– free entry cdn't stand.  
“Do somethg. for Canada” (H). They are much stronger than us. All  
we cd. do is to ensure that our market is strong enough to absorb  
their products.  
Means of present<sup>n</sup>. to Doms. A plan to strengthen £ : to strengthen  
market for their primary products : to strengthen power of old  
world to provide capital for the new.

[Enter H.B., E.H., Att.G., Strathc.

1. Bechuanaland Protectorate.

H. Satisf. agreement reached : will be announced to-day. Seretse will be free to return in 2 wks. Hope there will be no trouble in Reserve. Renunciation having bn. made, quick settlement will be best assurance of peaceable receipt<sup>n</sup>.

2. Ministers' Speeches.

R.A.B. Chairman of Party will m'tain contact with Ministers outside Cab. & Junior Ministers. Wishes a member of Cabinet to do this for Cab. Ministers. I am ready to do this. Will be ready to give such advice as is needed & to arrange necessary publicity.

3. Capital Punishment.

K. Arguments pro & con. are in memo. Bill prepared in readiness : its provisions summ<sup>d</sup>. in paras 2 & 3 of memo. Suggest we consider merits separately fr. space in P'mme. Main arguments in favour.

P.M. S.Ll. wd. support Govt. Bill & wd. abstain on Silverman Bill.

I.M. So would I. But some Tory abolitionists wd. be ready to vote against Silverman Bill.

E.H. Of 15 seen, 12 said they wd. support Bill & refrain from supportg abolition amendment. 2 said they wd. expect freedom to abstain on Govt. Bill. 1 is undecided. On Silv. Bill later, they recognised it wd. be foolish to support that when Govt. Bill is thro'.

R.A.B. i) Sorry to add this to P'mme – already full.  
ii) No bad faith ought to be alleged if this Bill is introduced. But  
iii) If Tories can be told tht. any contrary vote is pure conscience, others will support us & Bill will be carried. Opp<sup>n</sup>. etc., will be cross : but that can be met by saying we won't block or whip on Silverman Bill. We needn't give it time: but that will be their only grouse.

Ll.G. Remember that alternative = Silverman : & Govt. are opposed to complete abolition.  
H.O. pos<sup>n</sup>. will be increasingly embarrassing. Lucky we have bn. able to reprieve on merits so far. Can't be sure that will continue. Must be able to take a line at Party Conference.

- P.M. W<sup>d</sup>. defeat involve resig<sup>n</sup>. of Govt?
- L.P. Diff. & rare constit<sup>l</sup>. pos<sup>n</sup>. Diff<sup>ce</sup>. of view in country & view in H/C. If we don't act, c.p. will be abolished – & majority opinion is v. that. Originally doubted Govt. Bill because wd. appear to by-pass H/C. But now it has bn. asked for by middle opinion. We gave free vote so that H/C. cd. give unembarrassed view. But, as opinion is so evenly divided & has bn. so shown, duty of Govt. to produce compromise. That is an honest pos<sup>n</sup>. wh. we cd. call on Tories to support. If we have taken responsibility of producg. compromise, that is a ground for resistg. Silverman Bill: with Whips or, if need be, without.
- Ll.G. If Govt. Bill were carried, cd. defeat S. Bill w'out Whips.
- P.M. I wd. hope for that.  
But cd. we refuse Parl<sup>y</sup>. time for it?
- R.A.B. Give him a day for 2<sup>nd</sup>. Rdg. if he proceeds under 10 min. rule. Time for 2<sup>nd</sup>. Rdg. of S. Bill fulfils all our pledges. He can't get either Bill before H/C. before January.
- P.M. Party conference. Don't make announcemt. anticipatg Q. Speech.
- A.L.B. In 5 Colonies, law follows U.K. law automatically. But in others leg<sup>n</sup>. wd. be needed. Some wd. not be able to follow lines of this Govt. Bill. E.g. firearms are less common than pangas. Unavoidable therefore tht. local law shd. accord with local circumstances.
- E.H. Nine Ministers abstained on Silv. Bill. Can't hold back-benchers to this plan unless Ministers will do so.
- P.M. L.P.S. shd. see Ministers concerned.
- Agreed : Proceed with Govt. Bill.  
L.P.S. to adjust P'mme accordingly.
- [Exit Att.G.  
[Enter H.W.
4. Transport Commission : Railways.
- K. As in memo.
- H.W. Table on p. 31 shows prospective financial position. Based on facts not optimism. Gives Govt. a firm hold over B.T.C. Leg<sup>n</sup>. needed : but wd. be necessary anyway because out-run borrrwg. powers. Sh<sup>d</sup>. have to debate plan : mght get 2<sup>nd</sup>. Rdg. of Bill on same day.

H.B. Ty. are impressed by plan. Offers reasonable hope of profit in '60's fr. which repaymt. can be made. Proposals in memo. are Ty. proposals designed to avoid appearance of subsidy.

R.A.B. Ingenious. But paras. 22 onwds. are equivocal & may be ridiculed by Economist.  
Content with H.W. sugg<sup>n</sup>. on Parl<sup>y</sup>. procedure.

H.B. Drafting amendmts 22-5.

Approved.

## 5. Suez Canal.

P.M. i) H.M.'s talk with Dulles – who is willing to stop U.S. dues & to try to influence Panama & Liberia – if U.K. & France confirm that they want it done. He seems to fear E. re-action – tho' I don't see why. U.S. flag only 2½% : 11% only if Panama & Liberia included. Propose, from Paris, to ask him to do this. Will satisfy French.

ii) No-one in E. seems to know that N. is getting less than 50% of dues. Can this not be put out thro' B.B.C.

R.A.B. H.W. speakg. to Shipping Assoc<sup>n</sup>. Friday. C<sup>d</sup>. get that plugged.

P.M. Also : pipeline Iraq/Turkey. Survey in progress. Talk about that, not the other thro' Israel. Stress that this is going fwd.

R.A.B. with F.O. to get publicity for these.

S.Ll. iii) Suggest we don't oppose inscript<sup>n</sup>. of E. item on Agenda. Prefer to oppose it in substance. Agreed.

iv) Terms of resol<sup>n</sup>. Re-affirm free navig<sup>n</sup>. : call on E. to restore rights of users : endorse decl<sup>n</sup>. of 18 Powers: calls on E. to negotiate & m'while to co-operate with users' assoc<sup>n</sup>. This is agreed with French : will now communicate to U.S.

v) Skua Conference. I will open. Beeley to carry on – H.W. in reserve if needed. Exec. group : Menzies Ct<sup>ee</sup>. (Norway vice Sweden) plus U.K. & France. Appoint administrator & settle H.Q. Study : add<sup>l</sup>. members : dues: .....

vi) Pilots (in reply to D.S.) – now in suspense : but must prepare an organ<sup>n</sup>. & hope it will be needed. Pro. tem. E. can handle traffic.

H.W. No. of ships diverted is v. small. We are offering heavy traffic. But some f. ship-owners are diverting. Doing our best to subject N.'s organ<sup>n</sup>. to maximum pressure.  
They are recruiting f. pilots – incldg U.S.

- S.Ll. 2<sup>nd</sup>. conference got as far as poss. Several countries hadn't power, & others hadn't will, to compel ships to go thro' & pay dues to Skua. Cdn't get therefore a stiffer formula. Still worth while to get assoc<sup>n</sup>. going, while we go to Sec. Council. If we get no results then we may have to use assoc<sup>n</sup>. as means of forcing issue. Voting in S. Council : 4 hard : Iran wobbly : Cuba and Peru & China shd be O.K. If so, vote of 9:2. But can't be sure of keeping that vote on amendments. Will be hard to keep solid front & we shan't be able to resist pressure for negot<sup>n</sup>. in some form. What form – we shall now discuss with French.
- P.M. Discussions in Paris. Will be difficult. Want to aim at followg:-  
 a) Statement on Anglo-French relations. Approved.  
 b) Adhere to negative principle : ensure tht. future system provides for free navig<sup>n</sup>. : agree tht. we can't decline all negot<sup>n</sup>. & must consider most acceptable form. We don't exclude force if we fail to get satisf. solution thro' U.N.
- L.P. Stress sanctity of internat<sup>l</sup>. oblig<sup>ns</sup>., & rule of law. It is safer ground to stand on. Not wholly on effective op<sup>n</sup>. of Canal.
- I.M. W<sup>d</sup>. be happier if I cd. know more of military plan.
- P.M. Gave general outline of mil. plan. [Exit H.W.]
6. Reform of House of Lords.
- L.P. Alternative proposals thrown out in earlier Cab. disc<sup>ns</sup>. have bn. considered – by me & offl. Ctt<sup>ee</sup>. – and found unsatisfactory. Choice for Cab. – no Bill : short Bill : longer Bill. Payment of expenses. At least as urgent as reform. H.M. has put to me a plan by wh. Peers cd. claim £3 relief from tax for each day of attendance in H/L. I wd. accept that plan. W<sup>d</sup>. wish this brrt in before plan of reform put fwd : but wd. be ready to agree to havg. it put fwd. as part of that plan. But it cd. not be deferred until later.  
 If we are to go forward, we must decide v. soon. It cd. not be done in this Parl. unless done next Session.  
 On choice betwn 2 Bills, I shd. find it v. diff. to commend shorter.
- P.M. C<sup>d</sup>. be p'poned for one year?
- L.P. It cd. still be issue in Election.
- P.M. If Election is not until 1959 autumn, time to die down.
- R.A.B. Favour going on - & with longer Bill. But a heavy p'mme : c.p., H/L. and Rent. We cd. just manage all 3, if other leg<sup>n</sup>. pruned.

- D.S. Doubt if public will accept scheme involvg. perm. retent<sup>n</sup>. of 200 hereditary Peers.
- L.P. H/Lds. wdn't accept eventual elimin<sup>n</sup>. of hereditary element.
- A.L.B. Nor wd. I. Don't want Monarch to be only survival of heredity.
- H. Prefer longer – & sooner the better.
- B.H. Support longer – & sooner.
- D.E. Disagree. Shorter version – accords with merit, not heredity which is outmoded. Conflict re organ<sup>n</sup>. of society (suffrage, wealth) is largely exhausted. W<sup>d</sup>. be renewed by allowg. hereditary element in const<sup>n</sup>. to strengthen itself. W<sup>d</sup>. be unwelcome to many members of our Party.  
Support plan for payment. That wd. strengthen H/Lds.
- L.P. We are Tory Party & stand for keeping what is good. There is good in hereditary element in H/L.
- D.E. As a mystery, it mght persist. If you introduce element of selection, you wd. have to justify it.
- I.M. I want to keep her. principle because of Crown. But no genl. recogn<sup>n</sup>. tht. reform is necessary. Short Bill + payment wd. suffice.
- B. H. If you leave b'woodsmen, you leave to Labour the excuse for abolishing it.
- I.M. This Bill will force Labour into definite policy for abolition.

Agreed : Resume discussion at next mtg.  
L.P.S. to consider m'while wtr P'mme cd. stand  
3 Bills.

[Enter E.H., P.M.G., A.N.]

1. Opening of Parliament: Television.

P.M. I and L.P. agree this is undesirable. B.B.C. want it.

R.A.B. Increasg. separation of Parlt. from people.

L.P. W<sup>d</sup>. have to omit the Speech, because appearance of bringing Sovereign into politics. But w'out it, the rest isn't worth it.

B.H. Technical diff<sup>ies</sup>. also in Chamber.

PMG. I.T.A. & newsreels wd. have to come in.

Agreed : Reject.

[Exit P.M.G.]

2. Cyprus.

- A.L.B. i) Recrudescence of terrorism. V. bad effect of p. opinion in Cyprus. Sugg<sup>n</sup>. tht. Marine Commandos are on 24 hrs' notice. Prob<sup>y</sup>. not true : even if it were, see no reason why it shd. explain deteriorat<sup>n</sup>. in p. opinion. Can't really explain it.
- ii) Radcliffe – left twds end/Sept. (25/ix.) and is still there. His proposals are shaping in dir<sup>n</sup>. unacceptable to Turks – unicameral system with Gk. elected majority. Island is too small for bi-cameral. Safeguards for T. minority are prs. adequate while B. sovereignty remains : and his scheme applies only for that period.
- Govr. wants re-statement tht. no constit<sup>n</sup>. will be introduced while terrorism continues – or cond<sup>ns</sup>. for free elections don't exist. He also wants us to ensure T. co-op<sup>n</sup>. in constit<sup>l</sup>. reform. Also a positive statement on s.d. Tel. 1992: Anglo-T. Treaty.

P.M. All this, under (ii), shd. be considered by C.P. Ct<sup>ee</sup>.

A.L.B. iii) U.N. Procedure.

W.M. Sure it won't prejudice our genl. pos<sup>n</sup> on “internal admin<sup>n</sup>”.

A.N. Yes : quite sure.

C.P.(56) 226 approved.

[Enter B.C.]

3. War Pensions.

B.C. Follows earlier Cab. disc<sup>n</sup>. Consid<sup>n</sup>. of ageing pensioners led to concl<sup>n</sup>. tht. best method was allowance for worst cases. Other proposal is for unemployable category of younger pensioners. These 2 classes are most deserving on merits. Also attract most public support. Concessions here wd. make it easier to hold general front.

H.M. W<sup>d</sup>. wish to discuss with B.C. a 2/3 year view on pensioners generally (inclgd. o.a.p.). Don't want to deal with these ques piecemeal.

P.M. V. well. But it will be hard to wait on all this.

Agreed : H.M. to meet with B.C. & I.M. as proposed (H.B. intervening) and to report before Parlt. re-assemblies.

[Exit B.C.]

4. East-West Trade : China.

P.T. Bldg up quite a reasonable little trade with Ch. in tractors & land-rovers. But not v. large.

A.N. But there has bn. quite a landslide since our announcemt. in July of more use of exceptions procedure : increase of £2 M. U.S. have given indic<sup>n</sup>. tht. they will agree to more liberal procedures later in year. Hope therefore tht. m'while we can avoid provokg. them.

P.T. We can, by admin<sup>ve</sup>. means, delay things under after Election.

P.M. Don't damage our trade. U.S. promise is no more than was given to me, months since.

A.L.B. "Pie in the sky" again. I can't ask Malaya etc., to back-pedal.

P.T. Limit it to admin<sup>ve</sup>. action in U.K.

A.N. U.S. have a good case on "peeled off" items.

P.T. No : they protested v. our sendg. 30 tractors – wh. cd. have bn. supplied by R.

H.M. Strong advice : pay no attention to U.S. on this. Election will be fought on domestic issue, mainly agriculture.

P.M. Say we have no intention of doing more than now before end/year.

Agreed.



5. Tariff Policy: Meat.

[Exit E.H.]

- H.A. Now Argentine trade has ret<sup>d</sup>. to priv. enterprise, prospect of increasg. supplies fr. there. Pre-war experience suggests tht. A. will sell, whatever price : this suggests meat prices will fall over coming years.  
A & N.Z. are concerned at this prospect. Diff. therefore for us to hold free import pos<sup>n</sup>. (save 4% on real). GATT prevents use of quotas. Propose therefore to use tariffs, as we did on bacon. Doubt if 10% will do : shall need to go to 15%. Even that won't keep A. beef out – for they will reduce their prices to get into market. In 2 yrs. therefore we mght have to resort to quotas. Negotiators (officials) wd. wish not to have discretion to go above 10%.
- P.M. Affects genl. policy – c/living as well as comm. policy. Why not quotas.
- H.M. First, GATT. Thereafter, need to revert to State trading to manage quotas.  
Tariff of 10% wd. ultimately increase c/living by 0.6 points. Unless A. reduced price in order to get in competitively. But wd. help to meet current Austr. diff<sup>res</sup>. – & psychologically wd. impress U.K. farmers.
- I.M. Scarcely one basic cost in index wh. hasn't risen this year as result of Govt. action. But, on balance, think we must negotiate as proposed.
- H.A. On bacon, we don't expect price increase despite tariff.
- H.M. W<sup>d</sup>. propose to do this, if authorised, as part of deal with Australia.
- P.T. Stress fact tht. this is designed to preserve Comm. advantages under Ottawa Agreemts. [There was then a quota.]
- H. W<sup>d</sup>. save much money under Austr. Meat agreemt., wh. is v. expensive for us.
- R.A.B. Bad timing – soon after increase in bread.
- P.T. But inevitable – Austr. talks can't be p'poned.

Agreed : negotiate with liberty to Ministers to go to 15% after officials have tried for 10%.

6. Australia : Trade Talks.

- P.T. Millers have bn. helpful.
- P.M. Para 6(c) will dismay U.K. farmers, whom we have bn. urging to grow wheat.
- H.A. Tho' we have reduced price at last review in order to encourage switch to other grains.
- H.A. Alarmed at compounders' idea. Will annoy Canada: & doubt if we can defend it.
- P.T. Don't rule it out. Wheat is key to these talks (not meat). But believe we shall have to go over 850.000 t. in order to get retent<sup>n</sup>. of 10% on our manufactures. Think we may have to go to 1m. Urge therefore tht. compounders' scheme be worked out in readiness – Ministers can decide later wtr we shd. do it, despite diff<sup>tes</sup>., to get agreement.
- R.A.B. Hope no leg<sup>n</sup>. will be needed – on compounders' scheme.
- H.M. W<sup>d</sup>. like to enquire into that. Wasn't aware of it.

Memo. approved : Compounders' scheme to be worked out & Ministers to be told, esp. wtr leg<sup>n</sup>. is needed.

7. Christmas Island.

- A.L.B. No strategic or econ. import<sup>ce</sup>. to us. No ties with us. Admin<sup>n</sup>. by Singapore is a matter of convenience only.  
If Singapore Ministers object or ask for compens<sup>n</sup>. from us, we cd. re-consider.  
If Cab. agree in principle to transfer, I can consider means.  
Pop<sup>n</sup>. 2.000, of whom 80% are Chinese. Main livelihood is from phosphate factory, wh. is Australian.
- D.S. Don't see why anyone shd. pay compensation.
- H.M. Singapore gets royalties fr. Austr. company - £130.000 p.a. They will demand compens<sup>n</sup>. for that.
- H. Austr. cd. agree to pay that so long as phosphates are worked less the cost of admin<sup>n</sup>.
- H.M. Agree : Singapore shd. not have it. And shd. enjoy royalties net of cost of admin<sup>n</sup>. while phosphates are being worked.

8. Morocco.

A.N. We surrendered these rights in Fr. Morocco. Can't keep them here, now M. is independent.

[Re-enter E.H.

9. Meeting of International Bank. & Fund.

H.M. Reput<sup>n</sup>. created there by R.A.B.  
Suez has bn. continuing strain on our reserves. Conclude, however, tht. we must stand it out – for it reflects only 'confidence' not unsound basic cond<sup>n</sup>. of our economy.  
Fund. C<sup>d</sup>. provide \$500 m. in such circs. – of which \$350 m. wd. be our own contrib<sup>n</sup>. On this a/c I thght it right not to resist small Egyptian w'drawal.  
Bank. Has lost no money. We have made more out of it in contracts than we have contributed to it. This has done us better so far than alternative of tied loans – tho' I am now considerg. latter. Bank has now decided to finance private, as well as Govt., projects. Also decided that only members shd. be able to contract (?). This was opposed by Jordan and, disgracefully, Canada abstained.

[Enter K.

10. Commercial Policy.

H.M. Explained course of consult<sup>ns</sup>. with Comm. Finance Ministers in Washington.

P.M. W<sup>d</sup>. wish it to be explained now a) consult<sup>n</sup>. was auth<sup>d</sup>. by Cab? b) it was consult<sup>n</sup>. on a project not a decision c) views of C. Govts are not yet known.

R.A.B. Concerned tht. Party Conf<sup>ce</sup>. shd. seem to have bn. misled if facts affectg. U.K. are not disclosed now.

H.M. Read extracts from statement to be made at Press Conference.

R.A.B. If asked at Conference, I shall say no Cab. decision has bn. taken on this.”

H.M. I shall say to-day : “Govt. have not yet arrived at a concl<sup>n</sup>. on this vital matter” “We can't until all these disc<sup>ns</sup>. are completed, at home & abroad – with Comm. & with Europe.”

P.M. We auth<sup>d</sup>. H.M. & P.T. to take soundings so that we mght be in a pos<sup>n</sup>. to take decisions.

[Exit RAB., A.N.

11. Suez Canal.

- P.M. Paris disc<sup>ns</sup>. went well in end, but after gt. diff<sup>ies</sup>. on first day.  
Because Fr. believe this situation is a threat to whole life of Europe, not merely oil or Algeria. They think tht., if N. succeeds, other Arab rulers will fall – and R. will move in. This wd. mean tht. Europe wd. be at mercy of R.  
Fr. are v. anti-American in this : they have written them off. U.S. statements are such as likely to encourage R. to move in, believing there is no real danger. They may at any moment offer guarantee to E. I wd. still favour action, but it wd. then be much more dangerous – and much more frightening to public in U.K.  
Indian initiatives. Nehru has now admitted that Menon got nothg out of N.  
If N. continues obdurate, it will be easier for us to move quickly. If they offer any negot<sup>n</sup>., diff<sup>ies</sup>. & delays.  
Mollet has again raised common citizenship & offered in that event to enter Comm. Shows their mood.  
Effect of D.'s speech in France will be v. bad. May be hard to hold them. They are likely to blame us.  
Users' club has made moderately good start.  
We face a v. diff. 2 wks. – not made easier by D. or H.G. But no alternative but to play U.N. hand through.
- H. Unless we can get negot<sup>n</sup>. on acceptable basis, we must go thro' with force.  
But not sure Menon's scheme plus sanctions wdn't meet our needs.
- D.S. Wdn't do if Nasser remained.
- P.M. N. may even bring about coup before Suez settlement – e.g. in Saudi Arabia. May be revol<sup>n</sup>. at any moment there or in Libya. And everything U.S. say makes that more likely.
- H.M. U.S. Govt. put v. high the diff<sup>y</sup>. we shd. have, because divided opinion, in launchg. mil. op<sup>ns</sup>.
- I.M. Cumulative effect on labour of T.U.C., Lab. Party Conf<sup>ce</sup>. etc., wd. be to cause serious industrial trouble here, in key places, if we launched a mil. operation.
- P.M. I wonder. Our candidate at Chester-le-Street said tht. miners there were in support of our policy on Suez. Same re-action from Edelman.
- I.M. Wdn't prevent docks & rlway leaders from bringing men out.

1. Queen's Speeches: Prorogation. [Enter A.N., E.H.]

Points in discussion.

Para. 9 : C.R.O. point.

Para. 3. ? omit final phrase because effect on U.S. election. Refer to P.M.

Paras 6 and 7 : reverse order.

Para. 13. L.I.G. C<sup>d</sup>. we say we "continue to foster C.D. Services."

Agreed : add phrase recognising their voluntary effort.

Para. 10. Delete "unhappy".

Approved subject to drafting amendments to be submitted.

2. Capital Punishment.

a) Voting by Members of Govt.

R.A.B. Raised ques on lines of my brief. P.M. thinks Ministers shd. support a Govt. Bill & not therefore be free to abstain on a Silverman amendment.

E.H. Back-bench abolitionists will be influenced by conduct of Ministers.

H.A. Had assumed we shd. be free to abstain. But I see that if amendmt. were carried we shd. be in diff<sup>y</sup>. I wd. prob. feel that, if I supported Bill, I must resist a wrecking amendment.

I.M. I wd. hope tht. those with v. strong feelings, as I have, I shd. be allowed to abstain. Believe most Ministers wd. be able to vote against on H.A.'s argument. If there are only a few of us in that position, it might be O.K.

B.H. If it's known that any Ministers are to abstain, rot will set in.

A.N. Wrecking amendment – logical to vote against it.

I.M. W<sup>d</sup>. like time to consider position.

b) Silverman Bill.

- R.A.B. i) If the abolitionists moved reasoned amendmt. to Govt Bill and lost it, they wd. be precluded from going on with their Bill.  
ii) They might be in same position if amendmt. to Cl. 7 were lost.

- H.M. If ii) were correct, and we warned them, a) might never arise.
- R.A.B. Must get considered opinion fr. Clerk to H/C., before we finally decide a) or wtr Bill is introduced.
- [Enter Hail., A.J.]
3. Legislative Programme.
- R.A.B. Malta. A.L.B. Agreed to omit, subject to re-instatement in emergency.
- Hail. Naval Discipline. Ctt<sup>ee</sup>. has finished its work. Draft Bill, with only one controversial Clause. H/C. will be restive if no mention in Queen's Speech on grd. tht. Adm<sup>y</sup>. are being obstructive, even now Joint Ctt<sup>ee</sup>. have done the work. W<sup>d</sup>. be 12 mos. anyway before it came into effect.
- R.A.B. May have to exclude fr. Speech on grd. tht. report hasn't yet bn. presented to Parl.
- J.S. Support that – if report not yet seen.
- Hail. Believe it will have bn. presented before Speech is made.
- R.A.B. Ch. Whip to ascertain facts re date of present<sup>n</sup>. of report.
- Electricity Bill.
- A.J. Urgent need to press on with n. power p'mme – even more because Suez. For this, reform of structure of industry is necessary.
- L.P. Agree in principle. But I consistently rejected, in my leg<sup>n</sup>., attempts to get on A. E. Bd. rep<sup>n</sup>. on special interests e.g. electricity.
- A.J. Mining Subsidence. W<sup>d</sup>. prefer to include in Speech, and accept crowding out because lack of time.  
El. industry can't see any way of improving pos<sup>n</sup>. w'out leg<sup>n</sup>.
- H.M. Ty. wish to discuss terms of Bill to ensure proper financial structure.
- A.J. Pressure to disclose intent<sup>ns</sup>. re Herbert report. Uncertainty in industry.
- D.S. W<sup>d</sup>. a firm statement of policy meet that.
- D.E. If need for reconstr<sup>n</sup>. is made out, leg<sup>n</sup>. is urgent.
- J.S. Cdn't we get on with what can be done w'out leg<sup>n</sup>.
- A.J. But central proposal is establ<sup>mt</sup>. of generating auth<sup>y</sup>.

- R.A.B. Shall be in diff<sup>ies</sup>. over Sel. Ctt<sup>ee</sup>. if we have taken no action for 10 mos. on Herbert Rpt.
- H.M. A good bet politically because electricity & atom are forward-looking.
- Film Bill.
- P.T. Unless I can go on with this, no money will be f<sup>r</sup>coming for the industry.
- House of Lords Reform.
- L.P. Fr. disc<sup>n</sup>. on 26/9 there emerged serious doubts on diff. grds by  
 D.E. : doubt perpet<sup>n</sup>. of hereditary principle.  
 I.M. : too dangerous.  
 W.M. : better to do life Peers only.  
 Have since discussed with senior colleagues – main diff<sup>y</sup>. seems to be selection by H/L. predominantly Tory. Sugg<sup>d</sup>. tht. selection Ctt<sup>ee</sup>. shd. consist of equal nos. of 3 Parties + cross-bencher. Charm of original plan for H/L. was tht. Selection Ctt<sup>ee</sup>. and its selection were non-Party. Ready to discuss this with Peers. But, if they agree with me, Cab. will have to choose wtr to go on or not: long Bill, short Bill or none.  
 Don't think much in I.M.'s point. Labour Party will one day wish to abolish H/L. & it will be more diff. for them if H/L. have m'while been made more effective.
- D.S. I am not opposed to hereditary principle. But prefer to leave it unchanged & put fwd. only shorter Bill.
- I.M. That is a view which I cd. support. It is longer Bill wh. would force Labour Party to harden into policy of abolition.
- H.A. I am now of that opinion.
- K. Support long Bill. Admit short Bill wd. prevent H/L. dying on its feet. But want an effective 2<sup>nd</sup>. Chamber. Labour rules out anythg. wh. wd. compete with H/C. Forced therefore to build on existg H/L. At present only 400 take oath. Why not improve on present pos<sup>n</sup>.  
 Not much politics in this now. But, even if Labour didn't co-operate at first, they wd. come in – & anyway we wd. have effective H/L. W<sup>d</sup>. Labour Govt. abolish H/L.? Our m/govt. wdn't work w'out 2<sup>nd</sup>. Chamber. We shd. make a good one. Reput<sup>n</sup>. of Govts enhanced by grasping nettles.
- A.L.B. Favour longer Bill. Must get rid of backwoodsman charge.
- J.S. Agree. Labour didn't abolish H/L. in '45. Endorse A.L.B. point : that is dangerous weakness.

- B.H. Agree. Short Bill fails to deal with most dangerous weakness. And this may be last chance to do anything effective.  
No harm – only good – in inducing Labour Party to define their policy.
- R.A.B. <sup>x</sup> Leg<sup>n</sup>. next session wd. be too late.  
S. alone cd. get this thro'.  
Hope he will investigate compos<sup>n</sup>. of selection Ctt<sup>ee</sup>.
- L.P. On x/ : if left another year, mght well become Election issue.
- E.H. Back-bench opinion : some think it shdn't be touched : some that powers shd. be tackled.
- Hail. Now or never. And unless S. will introduce & back a plan, no leg<sup>n</sup>. will be practicable.  
C<sup>d</sup>. suggest to S. a short Bill which wd. preserve hered<sup>y</sup>. princ.
- H.M. W<sup>d</sup>. not wish to overthrow H/L. But dangers in touchg. it. It will gradually evolve. Purpose of short Bill is to allow life Peerages to swamp rest, if that is general will.  
Practical problem: how to make it work? Life Peers plus allowances. How do you select those whom you will pay. Pay those who happen to come. Or pay those selected to sit.  
My worry over selection is system of doing it. Self-selection. If we can't make that more easily defensible, we may have to confine ourselves to short Bill + allowances.
- L.P. But main charge v. H/L. is tht. v. large nos. can come & vote when they will. If you pay those who come only once a year abuse will seem greater. Or if masses attend, to be paid.  
V. diff. for Govt. to defend short Bill as reform of H/L<sup>ds</sup>.
- H.M. But if we present this as real reform can you justify not dealing with Bishops etc.,  
Hope L.P. will consider sugg<sup>n</sup>. re method of selection. All-Party Ctt<sup>ee</sup>.
- D.E. It is the method of selection wh. worries me most. The “one-nation group” is against touching this.

Agreed : L.P. to make soundings re compos<sup>n</sup>. of Selection Ctt<sup>ee</sup>.

### Rent Restriction.

- R.A.B. Major & controversial measure.  
M/H. wants to add immed<sup>te</sup>. de-control of  $\frac{3}{4}$  m. houses.
- D.S. Power to lower ceiling. Not a good plan to rely on this only because some time before we have more inform<sup>n</sup>. on wh. to do so. Hence,



to show teeth, prefer as well to de-control a slice immediately.  
Must be substantial to create consumer-resistance to high rents.  
Considering  $\frac{3}{4}$  m. or  $\frac{1}{2}$  m. Pre-war move was 600.000. Ctt<sup>ee</sup>.  
want to consider amount.

- R.A.B. W<sup>d</sup>. add to Bill.
- H.M. Support new proposal.
- J.S. Earlier de-control was based on Interdpl. Ctt<sup>ee>s</sup> findings. W<sup>d</sup>. need to consider Scottish position. Ridley Ctt<sup>ee</sup>. stipulated no decontrol unless shortage of accomm<sup>n</sup>. had bn. overcome. I cdn't say that of Glasgow : doubt if D.S. cd. say it of some towns in E. & W. Can't drive people out of houses by rent increase if alternative accomm<sup>n</sup>. is not available.
- D.S. Bill may have to be confined to E & W. J.S. is reserving his pos<sup>n</sup>. on v. many points as well as this.
- K. On Leasehold : our remedy was to give Rent Act tenancy. Hope that won't be prejudiced.
- D.S. Special Clause in Bill to deal with this.

Agreed : 1) add an element of immediate de-control subject to J.S. reservation of Sc. position.  
2) D.S. to agree with H.M. What he says on this subject at Party Conference.

#### Conclusion.

- R.A.B. Most of my candidates for exclusion look like coming in.  
We may therefore have to drop one major Bill.  
Otherwise shall have short recesses + spill-over. Party won't like that.  
y/ Must therefore drop a big measure or 3 small ones.
- I.M. Shops (Closing Hours) mght be kept for later session – popular.
- R.A.B. P.M. gave a near assurance to T.U.C. Criticism by L.C.J. & L.C.C. on unsatisf. state of law. Cheapest of Gowers Bills.
- E.H. Also cd. be taken in Ctt<sup>ee</sup>.

#### 4. Queen's Speeches : Opening.

- R.A.B. Read this draft with y/ in mind.  
Believe myself we shall have to omit one major Bill.
- J.S. Omit paras. 4 and 6. Anglo-U.S. rel<sup>ns</sup>. are not happy at present.

- L.P. They remain “of first importance”.
- J.S. Then omit last phrase.
- A.L.B. Para. 7. Why “free institutions”.
- L.P. Better than “constitutional advance”.
- A.L.B. Prefer to omit last phrase.
- A.L.B. Paras 9 & 10 can be omitted. 9 is premature. 10 may be avoided.
- RAB Para 14: to be considered in rel<sup>n</sup>. to present<sup>n</sup>. of report.
- H.M. Para 17. Some further reference to Plan G. may be needed.
- R.A.B. Can’t 20 be omitted?
- P.T. On pledge of this leg<sup>n</sup>., financial commitments are being accepted. If omitted, doubts are bound to arise. with auth<sup>y</sup>. I have said we will do this.
- H.A. Para 21. Omit last sentence. May be able to substitute a sentence on eggs.
- H.M. Para. 23. Rlways, unlike roads, are not Govt. responsibility. W<sup>d</sup>. prefer to omit last sentence. Agreed.
- R.A.B. Para. 24 may stand – pending final dec<sup>n</sup>. on p’mm.
- D.S. Para. 26. If leg<sup>n</sup>. is to be confined to shops etc., I will produce a diff<sup>t</sup>. draft. If genl. leg<sup>n</sup>. is contemplated, this reference to shops is out of balance.
- R.A.B. Prepare draft on assumpt<sup>n</sup>. tht. there won’t be time for large leg<sup>n</sup>.  
 Para. 28. Inclined to think this shd. be limited to E. & W. J.S. W<sup>d</sup>. welcome Cab. Ctt<sup>ee</sup>. under K. on this ques.

Agreed K : D.S., J.S. & Fin. Sec<sup>y</sup>.

1. Agricultural Policy.

[Enter E.H., A.N.]

Special Review.

H.A. N.F.U.'s warned they must not expect to be recouped for wage increase. 6/= awarded to E & W : none so far in Scotl. or N.I. They have asked for special review. Full year wd. be £10 M: this period wd. be £5-5½ M. We have twice held sp. review for figure of this order – and often have rejected. It is small relatively to farmers' incomes. Recommend we refuse sp. review.

But, if we do, we shd. put beef prices into defensible pos<sup>n</sup>.

J.S. If we held sp. review, there wd. be immed<sup>te</sup>. renewal of wage claim in Sc. I support H.A. Agreed.

Beef Prices.

H.A. Last spring i) owg. to imports of chilled, prices dropped : we shall under-recoup farmers by £13 M. This will cause charges of bad faith. They will get this amount in the end : we shd. give them as much as we can in current year. If we don't they will press, at annual review, for increases generally – & we shd. pay twice over. I am £5 M. or so in hand : but shall need a Supplementary. Suggest recoupment of betwn. £11 and 12 M.

H.M. Last year they were over-paid, but didn't offer it back.

H.A. Largest part of overpaymt. came fr. market, not Govt. Ours was guaranteed minimum : we told them tht., if they cd. get more from market, they could. We shdn't therefore expect to get it back.

H.M. System isn't working as an average over years.

R.A.B. Agree : will have to be adjusted : farmers don't understand it.

Approved – subject to amendment of statement.

D.E. When can the tariff be announced? Wdn't that help?

H.A. P.M. was anxious tht. it shd. be delayed.

P.T. Anyhow it's part of Austr. talks – can't be brrht out in isolation.

[Exit E.H.]

2. Unemployment Benefit.

I.M. This is abuse of Fund. Has some effect in limiting mobility. Para 6 proposal wd. stop it – by making a man lose 2 days of his normal working week before he qualifies for benefit.  
Politics of it are difficult. Will be regarded as blow v. motor industry & others now in diffy. It has bn going on in Lancs. for some time w’out comment – short-time in cotton being common. We shd. have trouble with T.U.’s.  
Prs. we shd. accept in principle & put in draft Bill, but defer final decision to January. W<sup>d</sup>. transform Bill into v. controversial measure. This is course favoured by P.M. – judging in Jan. acc. to temperature of rel<sup>ns</sup>. with Unions etc.,

B.C. Accept that course.

H.M. So do I.

R.A.B. Suits me. May not be room in P’mme for such a controversial Bill.

B.C. Our supporters wd. like it, and may press for it.

[Exit B.C.  
[Enter A.J.]

3. Open-Cast Coal Mining.

H.M. Proposals for better compensation justified because relatively much greater value (economic) of getting coal.  
Outstanding ques : shd. they be retrospective. Wiser not –

R.A.B. C<sup>d</sup>. go back to May 10.

H.M. Yes : but no further back.

H.A. See genl. obj<sup>ns</sup>. to retrospect<sup>n</sup>. But whole object here is to win goodwill. : wd. do it, if it was our thing to make everyone happy.  
Ready, however, to start with payment fr. date of announcement.

A.J. No logical date to wh. to go back. Prefer to start fr. date of announcement.

Agreed : paymt. fr. date of announcement.

[Exit A.J.]

4. Somaliland & Horn of Africa.

A.L.B. Must get agreed policy – if only because Somalia ceases to be trust territory in 1960.  
Sit<sup>n</sup>. has got worse since memo. for Ethiopians have refused to honour agreements. Disorders prevented only by efforts of Drysdale.  
Suggest we remit this to Ctt<sup>ec</sup>. of officials to sort out differences.

F.O., C.O., M/D., Ty. under Cab. Office Chairmanship.

Agreed.

[Re-enter E.H.]

5. H/Commons : Redistribution of Seats.

- L.I.G. Cl. Davies' point can be met.  
Labour Party sugg<sup>ns</sup>. are unacceptable. Suggest J.S. and I be  
authorised to continue negotiations.  
Motor-cars at Elections. May we discuss this with Labour too?
- R.A.B. Sh<sup>d</sup>. Ch. Whip be associated with talks?
- L.I.G. Yes.
- H.M. x/ Don't go too fast. Don't want this Bill until near Election.
- I.M. On point re Speaker : these have bn. v. controversial matters as  
between Parties : unfortunate that Speaker was drawn into the  
quarrels : he himself wd. prob. prefer to be out of it.
- L.I.G. Have persuaded him to continue. But something in I.M.'s point.
- R.A.B. y/ I will ascertain Spkr's present attitude before talks begin. And see, in  
particular, what he thinks of sugg<sup>n</sup>. in para. 8.

Memo. approved, subject to x/ and y/.

6. Suez Canal.

- A.N. All save U.S. & Yugoslavia have spoken in S. Council. Indic<sup>ns</sup>. that D.  
will come out strongly in support.  
Others are not v. much in line – esp. Iran.  
Much pressure in coulisses for mediation etc., – as expected. Menon,  
who has bn. to Cairo & Ldn, is now on way to N. York. Plan  
now on paper – internat<sup>l</sup>. co-op<sup>n</sup>. rather than management : no  
sanctions save prov<sup>n</sup>. for arbitration. Provides for Israeli shipping  
– reference to Int. Court on interpret<sup>n</sup>. of new convention. Plan  
discussed in Cairo, wh. is instructg Fawzi in N. York. But can't  
at this point regard it as more than Indian plan & not v. good fr.  
our angle.  
Skua – established, with Executive. Italians have bn. diff. So have  
U.S. – to prevent their sliding out, we propose U.S. shd. move  
proposal tht. dues be paid to Skua – we wd. then support it.

7. Cyprus.

- A.N. J. Holmes has bn. to Athens – to explore possibility of compromise.  
Has now returned with written statement of Gk. P.M. –
- a) Ready to agree tht. after 3 yrs. it shd. be decided when to apply principle of s.d. – by 3/5th vote of NATO or by direct consult<sup>n</sup>. with Cypriots. Holmes think they wd extend to 5 yrs.
  - b) Liberal constit<sup>n</sup>. with P.R.
  - c) Makarios must be consulted – tho’ they don’t ask for his release, and if we cd. get a) & b) Gk. P.M. mght go ahead w’out M.

L.P. W<sup>d</sup>. be great mistake to accept any date for s.d.

8. Jordan.

- A.N. Iraq intent to put troops into J. Assurances now rec<sup>d</sup>. thro’ U.S. that Israel wd. regard small movements with calm.  
Iraq C.G.S. is not now prep<sup>d</sup>. to do more than send advance parties to Mafraq. Because of distrust of Nuwar. And may back out altogether.

9. Suez Canal (cont<sup>d</sup>).

- L.P. Struck by “co-op<sup>n</sup>.”. in Fawzi’s speech. For this was keynote of Menon statement to me. Looks as tho’ M.’s plan is Egyptian. Also arbitration may turn out to be E. preference – they don’t like Court or U.N. Can’t regard M.’s plan as “impartial”.

1. Government Expenditure. [Enter R.T., E.H., Str.
- W.M. 4(A) can be achieved.  
Para. 6. – extra £5 M. Think W.O. & Air Min<sup>y</sup>. can meet this : Adm<sup>y</sup>.  
outstanding.
- P.M. W' drawals fr. G. for Suez wd. give us some net saving.
- H.M. Then I may hope for £9.2 M. more on Defence.
- H.M. Jordan etc., – no specific announcement at this stage. Same for C.O.  
Genl. formula – oversea expenditure.
- H.M. Health Services. This is modest, on exp<sup>'re</sup> of £500 M.
- R.T. See no scope for other economies. This is best means of tackling a cut.  
If to operate fr. Dec., must be announced before end of next week  
– or fr. Jan, 12/xi. Consequential increase for out-patients wd.  
yield another £150,000 p.a.  
Hope to secure £500,000 on hospital stocks.
- R.A.B. Better have an announcement in this Session. Thurs. of next week,  
with as much as ready.
- P.T. Travelling. Must have time to consider. £33,000.
- H. May need some margin over this.
- D.E. Diff<sup>ies</sup>. for H.M.I.'s. W<sup>d</sup>. prefer to sack them.
- H.M. Ready to say : 5%.
- Agreed : Final decision later : aim at 5%.
- R.T. Welfare Milk. On 17/2 H.M. said his general red<sup>n</sup>. didn't affect  
welfare milk. Increase of more than ½d. wd. not be consistent.
- H.A. ½d. increase wd. yield £0.7 M.
- H.M. Can we agree to ½d. increase on ordinary milk from 1/1/56, and  
consider what we do with special milk. At least differential shd.  
not be increased.
- H.A. Effect of first ½d. has bn. to reduce consumpt<sup>n</sup>. by 1½% – and in  
Scotland by 6% – while prod<sup>n</sup>. runs at 8% higher.  
Ideal date for further increase wd. be 1/7/57. M. M. Bd. & farmers  
will say 1/1 is wrong date.

But I have agreed tht. subsidy shd. be discount<sup>d</sup>.  
x| C<sup>d</sup>. we increase Jan : reduce in spring : make permanent increase in  
| autumn.

H.M. Accept x/ in principle. Ready to consider increase in welfare price in  
conn<sup>n</sup>. with Budget.

Agreed : work out proposals on x/ for retail milk price :  
but defer dec<sup>n</sup>. on welfare milk.

D.E. School meals. Now clear that people expected price to go to 1/=.

H.M. Can't go back on that now. But remember for next spring.

P.M. Defence. Must be further cuts on R. & D.

D.S. Believe time has come for further cut in housing subsidies. The earlier  
cut hasn't sufficiently reduced p'mmes. We can say therefore  
tht. further cut won't imperil bldg by l.a.'s.  
W<sup>d</sup>. wish to announce after Debate on Address – or at least after  
amendmts tabled.

[Exit R.T.  
[Enter AR. Low

## 2. Agricultural Policy.

H.M. First ques : is it worth giving long-term assurances at all – for, with  
annual review as now, it puts a floor for us & leaves them to  
reach for the ceiling. On other hand, it may give confidence to  
rank & file.

H.A. Objects: i) to give farmers more confidence in long term  
ii) reduce scope of annual reviews.  
iii) eliminate sp. reviews.

One weakness in present system : limited to 1 year. Doesn't make  
sense in rel<sup>n</sup>. to farming cycle of 3-7 yrs.

We have tried for years to sell our policies to farmers, but we haven't  
succeeded. What they want is to know prices for 3 yrs ahead &  
to know tht. increased costs will be followed by increased prices.  
We can't ever give them that.

All this scheme will do is to assure farmers tht. existg. policies will  
continue. They will have to. Won't therefore cost Ty. more than  
they wd have to pay anyway.

What shd. we get in return? Adm<sup>n</sup>. fr. farmers tht. these proposals  
x| meet the need. We must get that.

Soundest element = capital grants.

Horticulture : accept H.M.'s view – broadly same treatment, but  
exclude glass etc.,

96% is minimum needed for x/. Also want discriminatory capital  
grants.



- R.A.B. Regret continuance of annual reviews. This is really only a new version of minimum prices.  
Total value 97% : but 95% of guaranteed price?
- H.A. Farmers look at individual prices, not total.  
Believe anything over 4% reduct<sup>n</sup>. wd. alarm them. Means that individual price cd. drop by 12% over 3 years. Too steep. And we shdn't in fact want to make more than 4% decrease.
- H. We cdn't cut wheat by more than 3/= over 3 years. This wd. make it v. diff. to settle with Australia. P.T. will want to consider that.
- H.A. I wd. accept 97% on meat & 95% on grain. But N.F.U.'s want a uniform figure for all. [Enter S.Ll.]
- H.M. The double figure wd. be more easily justifiable.
- Low. But same diff<sup>y</sup>. on tariffs with meat as with wheat.
- H.A. But whatever our import diff<sup>ies</sup>, we cdn't cut much on our meat prices (domestic).  
Agreed : H.A. to consider differential basis – 97% - 95% and report further.
- H.M. Capital grants. Hope we can stand at outset on 33⅓%. Much of it will go to landlords. Can't distinguish, among them, betwn large & small. Ready to take powers in leg<sup>n</sup>. to introduce differential scheme later.
- H.A. Want imaginative scheme.  
Agreed : H.A. Ctt<sup>ee</sup>. to consider plan.
- H.M. Accept need for long-term assurances.  
Consider differential system vice 96%.  
Accept need for cap. grants – but don't wish to depart fr. principle of flat rate.  
H.A. Ctt<sup>ee</sup>. to discuss – Mon. (with M/Ed.) Cabinet next week.  
[Exit Str., Low.  
[Enter A.H.]
3. Suez Canal.
- S.Ll. Sec. Council. Principles were useful : incldg. 3<sup>rd</sup>. and Suez Canal Co. recogn<sup>n</sup>. In 2<sup>nd</sup>. part : endorsemt. of 18 and invit<sup>n</sup>. to E. to put fwd. proposals : Vote 9:2. Tho' we have avoided mediators etc., E. has bn. invited to submit alternatives – and will prob. do so. To that extent we are tied. Diff<sup>y</sup>. on this : Fr. don't want negotiated settlement – tho' they have publicly said they will consider E. proposals.

- P.M. x| Our public attitude : approve 2<sup>nd</sup>. part of resol<sup>n</sup>. : ready to talk to E. on  
| that basis but on no other.
- S.Ll. SCUA. U.S. line is tht. 90% of receipts shd. be paid to E. No element  
of pressure in that.
- P.M. Statement in H/C. on U.N. Presumably on lines of x/ : we expect  
proposals fr. E. & want them soon.
- S.Ll. Say : willing to continue talks with E. as soon as precise proposals are  
submitted.
- P.M. Must ensure tht. Fr. agree with statement on those lines. Joint Anglo-  
Fr. comm<sup>n</sup>. to Sec. Genl? – and publish.  
Keep initiative. S.Ll. did v. well to avoid worse outcome in S.C.  
Wdn't wait for H/C. – 23/x. Sh<sup>d</sup>. show over week-end that we  
are keeping thing moving.  
Announce our attitude in speech by S.Ll. Sat<sup>y</sup>. Tell Fr. in advance  
what we shall say.
- H.M. And tell E. we await their proposals. For Sec. Council 2<sup>nd</sup>. para. was  
vetoed – & technically they aren't under invit<sup>n</sup>. to submit  
proposals. In that event – terms must be agreed with French.
- S.Ll. Situation in Jordan – unstable. E. influence has caused J. to w'draw  
invit<sup>n</sup>. to Iraq troops. Done our best to persuade I. not to attack J.  
The J. submission to S.C. – we must seek to delay it.
- P.M. We cd. advise Iraq to send these troops fwd. But grave risk tht. I. mght  
attack. Our pos<sup>n</sup>. , under Treaty, wd. be quite impossible.  
This is main reason why we went to Paris.  
Tel 2131 W'ton: shows U.S. wd. run out of Tripartite : and Fr. have  
told us they cdn't act v. Israel. Dare we take this risk.  
But Jordan may go over to E. this week-end.  
Israel can't accept extens<sup>n</sup>. of N.'s influence. We tried to secure in  
Paris tht., if I. moves, she will not move v. Jordan but v. Egypt.  
B. Gurion this a.m. has said : E. is our main enemy. I. may  
therefore go for E. quite soon
- S.Ll. Advise no further advice re Iraq troops before elections on Sunday. If  
I. attacked E., we needn't aid E. under Tripartite because she has  
declined our aid.
- P.M. We have made it plain to I. thro' French tht. in this event we shd. not  
feel obligated to E.  
If J. shd. go over to E., it wd. strengthen I.'s resolve to go for E.  
Don't want denounce Treaty while we have Suez on our hands.
- R.A.B. But what do we do with Br. troops in J.

P.M. Sh<sup>d</sup>. have plans to w'draw R.A.F.

H.M. Have avoided in S.C. all limiting amendmts.  
We must press E. for proposals & seek to bring issue to a head. For we  
can't m'tain our mil. prep<sup>ns</sup>. for many more weeks.  
Or I. may bring it to a head. But if they don't act, and we can't, we  
shall have to go over to some quite different basis.

R.A.B. Don't under-value principles.

P.M. Or, under 2<sup>nd</sup>. part, "prompt" & "no less effective".

[Enter J.H.

4. Hong Kong : Riots in Kowloon.

P.M. Time to be tough with Chou.

S.Ll. F.O. Tel. 737 to Peking.

P.M. Chou may try to start a Cyprus in H. Kong.  
2 Austr. carriers in area. Wise to put them in.

[Enter E.H.]

1. Queen's Speeches : Prorogation.

Approved – subject to one amendment.

2. House of Lords Reform.

- K. (i) Discussed with Peers in Govt. & some others. a) Mandatory prov<sup>n</sup>. in Bill tht. Sel. Ctt<sup>ee</sup>. shd. be in prop<sup>n</sup>. votes at last Election + 5 cross-benchers. ( $\frac{1}{6}$ th of total); or b) L<sup>d</sup>. Ch. Ctt<sup>ees</sup>., Leaders 3 Parties,  $\frac{1}{6}$ <sup>th</sup>. cross-benchers, & remainder selected by H/L. “havg. regard to” prop<sup>n</sup>. votes at last Election.  
All consulted ready to accept b) – & thght it wd. be acceptable to H/L. They thght a) mght not be acceptable to the House.  
Proposal on lines of b) wd. therefore be acceptable to me.
- (ii) Swamping. With fixed compos<sup>n</sup>. of H/L., Tory Govt. cd. increase its powers & Labour successor wd. have no power to alter for many years.  
Theoretical obj<sup>n</sup> : it cd. be met by prov<sup>n</sup>. in Bill, if thght necessary, tho’ there are obj<sup>ns</sup>. to it.  
All whom I consulted took v. strong view this is last chance – & necessary to prevent H/L. dying on feet.
- H. Feeling in H/L. is hardening in favour of comprehensive scheme.
- R.A.B. This (b) is improvmt. qua H/C. – more easy to defend.  
Congestion of Leg<sup>ve</sup>. P<sup>r</sup>mmme: can only be relieved by dropping one major Bill. But, if this can’t be p’poned for 12 mos., must try it.  
Controversy in H/C. won’t hurt this coming session.  
Some action re H/L. is urgent. More diff. to pay before reform.  
Swamping :
- D.S. Parlt. Act procedure cd. apply to measure reforming H/L.
- A.L.B. Content with b). Support.
- P.T. What prospects has such leg<sup>n</sup>. in H/C. What will Tories in H/C. think.  
Believe they mayn’t like it – prefer to leave it alone.
- I.M. Think H/C. wd. prefer to leave it alone – because they think it works well enough.  
Bad in principle to decide comp<sup>n</sup>. of H/L. on basis of votes at Election.  
This weakening of her. principle in H/L. will make it easier to  
x| weaken Monarchy.  
y| Will force Labour to harden in favour of oppos<sup>n</sup>. to continuance of H/L.

- A.H. Some supporters in H/C. won't like this.
- W.M. Sympathise with I.M., save on x/  
b) helps to meet by position. [Enter S.Ll.
- Ll.G. Support longer version : but wd. wish to know what support we shall  
get in H/C.  
Watch y/.
- D.S. Endorse y/. E-.....
- H.A. Explore attitude of our supporters.
- D.E. Public don't realise H/L. is collapsing. Any strengthening of it will  
encounter opp<sup>n</sup>. of H/C.
- B.H. Favour longer Bill – essential to deal with backwoodsmen. May not be  
another chance. Want it this Session.
- Ch.Wh. No disc<sup>n</sup>. in Party. No keenness for reform : no pressure. Since  
Conf<sup>ce</sup>. chaps are beginning to talk about it – both views are  
being expressed. No knowledge yet on wh. they cd. form an  
opinion.
- J.S. Support L.P. and K. Not unpopular thing to improve 2<sup>nd</sup>. Chamber. If  
it stirs Labour to advocate abolition, that won't do them any  
good.
- H. H/L. is dying. Opp<sup>n</sup>. had died already.  
Payment alone wdn't revive it.
- L.P. This is moment for dec<sup>n</sup>. This is last chance in this Parlt. – for must  
allow Electorate to see how reformed House is working before  
Genl. Election.  
This is not first plan of reform.  
On b) wd. prefer a vaguer formula not directly related to voting at El<sup>n</sup>.  
Swamping: believe it's academic. Contested Bill takes 9 mos. to pass :  
and total delay is only 12. 3 mos. is minimum needed to enable  
public to understand a diff. issue. But, if necessary, you cd. have  
a power to swamp – tho', if you used it, how wd. you revert to  
original no. of H/L? I wd. prefer therefore to argue tht. it is  
unnecessary.  
Argument at x/ means there never can be reform. Can't avoid fierce  
controversy over hereditary principle.  
“No demand for reform.” Must, clearly, ascertain views of supporters  
in H/C. But many have exp<sup>d</sup>. support to me: Party Conf<sup>ces</sup>. have  
passed resol<sup>n</sup>. in favour : Govt. are pledged to do it.  
Left don't want reform : Right fear to do it. As result, auth<sup>y</sup>. of H/L.  
has diminished : we are now near to one-chamber Govt. If you  
want to reduce risk of abolition, better to reform it.

“Better do nothing.” A tenable view, tho’ I don’t hold it. Believe, however, tht. by deciding to do nothing now we shall be condemning H/L. to lingering decay.  
 I have now led Party in H/L. for 15 years. Have throughout pressed for reform – pay, rep<sup>n</sup>. of Govt., compos<sup>n</sup>. I have had no satisf<sup>n</sup>, at all. No career now for young Peers: no prospect of office.  
 Next year wd. be too late.  
 Appeal to Cab. to act – before it is too late.

- Selk. Agree on urgency.  
 Life Peers = the more important. Other part of plan is H/L. cleaning up its own affairs.  
 Her. principle gives independence to balance undue dependence on popular vote.
- P.M. There are rivalries betwn the Houses. H/C. never keen to give more power to H/L.  
 I wd. be ready to support this plan, if colleagues favour it.
- L.P. “if time permits” qualific<sup>n</sup>. in Q. Speech – as mere device for taking soundings in H/C.  
 z|
- R.A.B. Has bn. in all Election manifestoes – & often in Q. Speeches since ’51.
- L.P. I cd. not advocate short Bill or no Bill.
- H.A. V. strong case for this. Worst attitude of Party will be lack of enthusiasm.
- H.M. W<sup>d</sup>. support z. Can’t apply my mind to this great ques in such a crisis as we are in. V. gt. issues about, on wh. we must stand together.
- B.H. “If time permits” is v. feeble for a large measure. Better to say “Proposals will be laid.....” W<sup>d</sup>. allow for possibility of resolutions.
- J.S. Debate in H/L. on resolution.
- L.P. W<sup>d</sup>. reserve a day in Debte/Address on para. in Q. Speech. Tho’ it wd. mean disclosing plan.  
 But, unless sure we are going fwd., wd. prefer not to have early debate.

Agreed : (2) “Proposals will be laid in due course”  
 or Hope to lay .....

- (1) Agreed in principle.
- (3) Further opportunity to consider some details.

“..... Intent<sup>n</sup>. of Govt ..... during course of present session”  
 And, if asked, say “in New Year”.

3. Migration Policy.

- H.M. Prefer lower ceiling.
- P.M. Does it matter, if we don't reach it? W<sup>d</sup>. look bad to reduce it.
- H. Offer to discuss with Ty., if it rises : or to Cab. if it goes beyond £½ M.
- I.M. W<sup>d</sup>. prefer 15 years to 5 .....

4. Legislative Programme.

- A.L.B. Malayan leg<sup>n</sup>. will prob. be necessary. Sh<sup>d</sup>. be in A. – contingently.
- P.M. If we got agreement with Malta, we shd. have to clinch it by leg<sup>n</sup>.
- R.A.B. Cab. must be aware of congestion.  
Aim at putting Malta into followg. Session.

Approved – with misgivings.

5. Queen's Speeches : Opening of Parliament.

Approved – with amendments.  
L.P.S. to circulate revised draft for Thursday's Cabinet.

6. Suez Canal.

- P.M. Now seems tht. I. won't attack. We can't hold our mil. prep<sup>ns</sup>. for more than a week or so. Winter op<sup>n</sup>. wd. not be satisf.  
French are much concerned. They have had prov<sup>n</sup>. over supply of arms by E. to Alg. rebels. They may wish to act alone – or even with I. – and ask for facilities in Cyprus. Best course : get Pineau over this p.m. & see how gravely they regard provocation. We mght support them in action over that.
- A.H. V. unwise to hold reservists much longer.  
Cond<sup>n</sup>. of vehicles loaded in ships has already deteriorated. Can't delay much longer re-loading.
- P.M. Also know now tht. I. wd. intervene if we acted.
- S.Ll. Egyptians will offer to discuss – w'in S.C. resolution.
- H.M. Sh<sup>d</sup>. we summon them to submit proposals of a specified kind? Keep initiative?

- S.Ll. We can now secure internat<sup>l</sup> control of Canal – by negot<sup>n</sup>. We can't however secure our 2<sup>nd</sup>. objective of cutting N. down to size. Nor cd. we complete negot<sup>ns</sup>. before date on wh. we will need to dismount our oper<sup>n</sup>.
- P.M. If we have to go to Geneva, we must release reservists.
- H.M. If we decide tht. we can't miss this opportunity (R. & U.S. otherwise engaged) we must consider best method. Most honourable course is to put in ultimatum based on 18-Power resol<sup>n</sup>.
- R.A.B. That wd. be v. diff. dec<sup>n</sup>. Parl. wd. be dismayed – coming in middle of negot<sup>n</sup>.
- A.H. C<sup>d</sup>. you have a better occasion for force, later in negot<sup>ns</sup>.
- P.M. V. unlikely.
- S.Ll. You cdn't attack later, on this issue. There will be others.
- P.M. But not occasions on which we cd. act – e.g. Libya or fall of Nuri.



1. Parliament.

[Enter E.H.]

R.A.B. Business for next week.  
Tues. & Thurs. Debates on nat<sup>d</sup>. industries.  
Prorogation : Friday.

2. Government Expenditure : Economies.

[Enter R.T.]

B.H. Travelling Expenses. Made 4% requested & hope to do more. But on this Sub-Head we can't make savings.

A.L.B. Can't do it.

D.S. Difficult to promise.

H.M. V. well : I won't press it – for each Dpt. I will aim at 5% over-all – not a hard & fast 5% for each. And do it in next round.

R.T. Para. 5. a) drafting amendments : accepted.  
b) wd. wish to tell doctors in confidence – Thurs. a.m.

Agreed : 12.30.

D.S. Committed exp<sup>re</sup> is difficult to cut.  
C<sup>d</sup>. we not look forward to see what economies cd. be made in longer run., e.g. 2 years' time.

H.M. Ty. will take this over from Soc. Services Ctt<sup>ee</sup>. A new departure.

J.S. Includg. long-term future of N.H.S. Put it all on the stamp.

P.T. And look for cuts which wd. benefit engineering exports.

P.M. That is R. & D.

H.M. Ratio betwn. Govt. expr<sup>re</sup> and nat. income.

[Exit R.T.]

3. Rent Restriction.

Definition of area of de-control – approved.

K. Application to Scotland. Valuation not available : pledges against increased rents because of Sorn. Hence different proposals for Scotland. Must defend diff<sup>ee</sup>. on basis that conditions in Sc. are different.

J.S. Para 7 (3). Propose to take same figure as for Metropolis : there is precedent for tht.  
There will be trouble over pensioners or widows being forced out of their homes by rising rents – with no possibility of appeal on hardship grounds. In “slice” section.

D.S. No greater in this area than in others. And whole purpose of policy is to reduce “under – occup<sup>n</sup>”. Labour Party wd. do it by direction. Is that preferred?

#### 4. Oversea Broadcasting.

R.A.B. May Nutting & P.M.G. speak to Jacob on following lines:-  
B<sup>3</sup>casts to Europe. Propose cut of £1M. overall : restore part of it for services to M/E : but require B.B.C. to economise on services to Europe and S. America.  
Leave B.B.C. with their existg. independence – but with F. O. adviser.  
Use some part of £1M. for development of T.V. for oversea use by C.O.I.

P.T. Regret that whole cut shd. fall on services to Europe. We do need to put over Br. way of life to Europe.

H.M. General support for this approach.

D.S. Divert from defence to this – more useful.

S.Ll. Not happy at cuts : sense values (cpd with £500 M. on N.H.S.)

#### 5. Price of Sugar.

H.A. Terminal loss of £2½ M on end of State trading in Jan. Can cover £1M of that – by handing it on. But remaining £1½ M. will have to be passed on to consumer. Involves increase in c/l. of 0.6.

H.M. Major part of increase is due to rise in freight.

Approved.

#### 6. Agricultural Policy.

H.A. a) Varying rates. Recommend flat rate of 96% : but limit “cut in any one year to 3% proviso” to commodities other than cereals.  
Gives room for larger red<sup>ns</sup>. in wheat prices.  
b) Capital grants : differential basis. H.A. Ctt<sup>ee</sup>. saw diff<sup>res</sup>. : preferred flat rate of 33⅓%. Ready to start on that basis, reservg. right to come to Cab. if diff<sup>res</sup>. arise in helping small farmer on that basis.

- H.M. Accept these concl<sup>ns</sup>. Negot<sup>ns</sup>. will be long – and concessions will be demanded.
7. Suez Canal.
- S.Ll. Pineau agreed next move is for E. to make proposals.  
Athos. Fr. have w'drawn their Amb. & takg. issue to S.C. How then can we negotiate, with Fr., on genl. Suez ques. We may have to defer mtg.
- P.M. But we can stand on pos<sup>n</sup>. tht. 9:2 S.C. resol<sup>n</sup>. asked E. to produce proposals.  
Action taken by Fr., on Athos makes it imposs. for them to use it as pretext for mil. action. They evidently don't want latter.
- S.Ll. Fr. are also in diff<sup>es</sup>. over arrest of 5 Algerian leaders – which wrecks Quai d'Orsay policy for negot<sup>ns</sup>.
- P.M. We shall need further mtg. with Fr. on further steps. Invite Cab. views.  
Ultimatum to E. on terms mght produce (useless) affirmative answer.
- S.Ll. Dilemma remains – negotiate or act. In latter event, how do we set stage & what of reservists.
- A.H. Hard to hold reservists w'out some internat<sup>l</sup>. incident.  
Vehicles loaded have reached low cond<sup>n</sup>. of efficiency.  
Winter plan : reduce dependence on reservists. Release those in U.K. & Germany & more gradually those in M/E. C<sup>d</sup>. be completed in about 1 month.
- P.M. C<sup>d</sup>. you say we were replacing them fr. Germany?
- A.H. We wd say” : we mounted v. quickly. M'while have adjusted plans to reduce dependence on reservists. New plan to enable us to m'tain readiness over longer period. Cost : delay in mountg. landing v. oppos<sup>n</sup>. – prs. 7 days.  
Ships. Irresp. of trade, must unload to service vehicles. – 44 in all.  
W<sup>d</sup>. prefer to hold vehicles on shore thereafter. That wd. reduce appearance of readiness. M'while L.S.T.'s wd. reduce need for merchant ships. To that extent, it wd. be re-loading.  
C<sup>d</sup>. make a case for diff<sup>t</sup>. plan for long-term readiness than for emergency readiness. But wd. weaken our bargaining position.  
Somethg. ought to be said to reservists by about end/week. More incidents wd. make our revision of plan more difficult.
- P.M. Told Pineau I must see Mollet before end of week – for decision.  
Ships : think some wd. have to be re-loaded.

- I.M. C<sup>d</sup>. this announcement be linked with negotiations – some “success” for us to warrant going over to long-haul approach. E.g. on submission of proposals by E., in response to summons by us.
- H. Weak to appear to wait for E. to produce proposals.
- D.S. Want to know i) more detail of mil plan ii) its political objective.
- P.M. Objectives : destroy E. Air Force (2 days) : landing with a view to control over Canal – from D+5 onwards. Second pol. objective : to bring N.down.
- B.H. Effect of mil op<sup>n</sup>. on i) M/E. ii) wider conflict.
- P.M. On i) I wd. offset greater risk of N.’s success. His interferences elsewhere in M/E wd. be more diff. for us to re-act against.
- B.H. But turns on quick success of mil. op<sup>ns</sup>.
- D.S. Must be v. quick because internat<sup>l</sup>. pressures wh. will develop. C<sup>d</sup>. hardly bomb – and then do no more because pressures.
- A.H. With large-scale I. attack when we bomb, we cd. land in a week.
- H.A. Risks to B. subjects in M/E. on takg. mil. action?
- S.Ll. Plans are made – w’in limits practicable.
- J.S. If we phase back to winter plan before N. has subm<sup>d</sup>. proposals our negotiatg. pos<sup>n</sup>. will be weakened.
- P.M. Fr. don’t want to launch mil. action on purely Fr. pretext – i.e. Athos.
- Ll.G. Demand proposals with time-limit?
- P.M. You wd. get proposals – not sufficient for our purposes.
- H.M. You wd. need therefore to add somethg. unacceptable to E.
- H. C<sup>d</sup>. dues be made a brkg. point.
- S.Ll. Fawzi wd. accept dues via SCUA.  
Can’t see how to get clean break by ultimatum. C<sup>d</sup>. get it after 3 or 4 days’ negotiation.
- P.T. If you summoned E (sharply) to discussions, you cd. hold reservists.
- H.A. Easier to act after a failure of next round of disc<sup>ns</sup>.

- A.H. If you showed it was early & quick, reservists cd. be held. And we mght then re-load ships – prs. in series.
- H.M. Choice : do we frame our demand in such a way as to get a refusal  
a) (& act) or a humiliation for N. – so as to secure our 2<sup>nd</sup>. objective.  
or do we go merely for a satisf<sup>y</sup>. settlement of Canal, leaving  
b) N. in pos<sup>n</sup>. – with knowledge tht. we are unlikely to get a better opportunity to unseat him.
- D.S. If we want N. to reject our demands, may be better to reduce our mil. preparedness – apparently.
- L.P.S. Even tho' we go for b., we must keep up our strength. M/E. will remain a threat.

Agreed : resume discussion later.

1. Parliament. [Enter E.H.]  
R.A.B. Opp<sup>n</sup>. motion re reservists Sugg<sup>d</sup>. for Tues. May get it p'poned to Wed. Amounts to vote of censure.
2. Suez Canal.  
P.M. Warning re secrecy.  
General discussion of situation & prospects. [Exit S.Ll. & A.L.B.]  
[Enter J.B.C.]
3. War Pensions.  
[Not heard] [Exit J.B.C.]
4. Broadcasting: 14 Day Rule.  
[Not heard] [Enter Ch.H.]  
[Exit Ch.H., H.]
5. Queen's Speech : Opening of Parliament.  
Approved – with amendments.
6. Bagdad Pact: Privileges. [Exit E.H.]  
Approved.
7. Nuclear Weapons Tests.  
A.H. Pros and cons.  
We must act with U.S. President E. has bn. hanging back. Must defer any approach to U.S. until after Election.  
H.M. Unrealistic to claim parity with U.S.  
We have various ques to clinch with U.S. after Election. W<sup>d</sup>. wish to do them all together. Don't try this in isolation.  
R.A.B. 9 megatons would be easier to defend than 15.  
Approved in principle.  
Consider maximum annual figure. (4:4:3 for example)  
Don't go forward to U.S. in isolation.

C.M. 75 (56)

30<sup>th</sup> October, 1956

1. Suez Canal.

Note not taken.

Suez Canal.

[Enter 3 Serv. Ministers, E.H.]

- P.M. I seem to be doing well. Tel. Aviv Tel. 597.  
Also capture of E. destroyer.  
Fr. inform<sup>n</sup>. suggests also tht. heavier I. action is in contemplation.
- A.H. Mil. are ready to accept advance warning to civilians – in rel<sup>n</sup>. to air  
attack on air-fields. Believe it wd. be less safe to give it in rel<sup>n</sup>.  
to Voice of Egypt. Draft approved.
- R.A.B. Opp<sup>n</sup>. want to p'pone Prorog<sup>n</sup>. until Mon. Diff : tho' not impossible.  
Propose to try to get Oppos<sup>n</sup>. to agree to prorogue on Friday – but  
give normal day Thurs. – to debate Opp<sup>n</sup>. vote of censure.
- A.L.B. Suggest P.M. broadcast. E.g. Saturday. Announce in advance.
- A.H. U.S. civilians evacuatg. to-day – Cairo to Alex : and road passes thro'  
Cairo West airfield. [Enter L.I.G.]
- Discussion on lines of P.M. speech in debate H/C.
- H. Switch over our defence to exposure of N.'s ambitions etc.,



1. Suez Canal. [Enter E.H.]
- P.M. Mil. pos<sup>n</sup>. v. satisf.  
I are to-night w'in 12 miles of Pt. Said. Have won tank battle nr. Ismailia. Are opposite Suez.  
U.S. 6<sup>th</sup>. Fleet mght go into Pt. Said.  
Proposals. i) Announce tht. Israelis shd. not advance w'in 10 miles of Canal.  
ii) Content tht. U.N. shd. send internat<sup>l</sup>. force – to wh. we would hand over.  
Suggest we shd. discuss i) and ii) with Pineau, who arrives this p.m.
- A.H. Mght get para-drop on Sunday at Cantara – with view to unopposed landing at Pt. Said on Mon.
- S.Ll. Read draft statement re U.N.  
Arguments a) We may have oil sanctions applies v. us (-? by Arabs)  
b) Syria has severed rel<sup>ns</sup>. with us. J., Iraq & Libya may follow. Serious for Iraq – Nuri wd. fall.  
c) Bagdad Pact wd. disintegrate or we wd. be asked to leave it.  
Can't hope to complete occup<sup>n</sup>. of Canal Zone in less than 3 wks.  
Doubt if we can hold internat<sup>l</sup>. sit<sup>n</sup>. or Arabs for that time.  
Mght establish 1 key-point by Tues.  
But, if we cancel now, we shall seem irresolute etc.,
- A.H. Proposal i) cd. be put as 20 miles – to keep out of way of our landing.
- S.Ll. Iraq cdn't be saved by anything less than request to I. to go back beyond their frontiers.
- R.A.B. Put case in H/C. on basis of checking hostilities. Achieved max. vote wh. we can hope for. Cdn't expect to hold that, unless we exploit sugg<sup>n</sup>. of handing over to U.N. force.  
Don't yet see just how we get to that pos<sup>n</sup>, with strength. Optimum, however, is to get landed with others or as part of international force.
- H.A. Y'day's vote enables us to play for strength. Pol. pos<sup>n</sup>. wd. be strengthened if we cd. now secure cease-fire. e.g. by I. w'drawal to 20 miles.
- P.T. But essence of P.M.'s offer re U.N. was that we shd. have landed first. If we stop fighting before we land, we shall never get an internat<sup>l</sup>. force – and shall lose credit.
- D.S. etc., Diff<sup>y</sup>. of 12 hr. cease-fire. Little mil. obj<sup>n</sup>. But [Exit P.M.]  
pol. diff. here to get moving again at expiration.



1. Suez Canal.

[Enter E.H., N.B., Hail., I.K.]

- S.L.I. Summarised latest developments.  
Letter from S. Genl., U.N. – As Israel accepted cease-fire in U.N. debate last night, and E. had already accepted it, hostilities can be ended by actions of U.K. and France – call on us to accede to this by 8. p.m.
- P.M. I. answer may be due to recogn<sup>n</sup>. they will be better off without our intervention.  
If we don't go in, hostilities will be resumed – other Arab States will join in, M/E. will go up in flames, and Canal is blocked.
- A.H. Reported results of his visit to Cyprus.
- N.B. Pol. diff<sup>es</sup>. of original operation. Urgent need is to clear Canal.
- I.M. A.H.'s appreciation removes greatest pol. diffy viz., civilian casualties in P. Said.
- A.H. Can't be guaranteed.
- P.T. Evil results of not interposing a force betwn. I. and E. No certainty there will be an internat<sup>l</sup>. force. C<sup>dn't</sup>. accept one excludg. us.
- S.L.I. Resolution recommendg. sanctions is likely if we go on. Once passed, Gulf rulers wd. be afraid to supply.
- R.A.B. i) Internat<sup>l</sup>. diff<sup>es</sup>. W<sup>d</sup>. have bn. ready to go on, if we told U.N. we were going to do so. But can we go on, when both sides have accepted cease-fire. All the same, we must get in. Can't accept intern<sup>l</sup>. force excludg. us. ?Reply to U.N : we wish to accept internat<sup>l</sup>. force, incldg. us. Ready, w'in short time limit, to accept other nat<sup>l</sup>. forces : if they can't be supplied, must go ahead ourselves.
- H. Hold op<sup>n</sup>. for 24 hrs?
- J.S. All our speeches referred to passage thro' Canal. That is still a need for urgent action.
- Hail. Esp. now Canal is closed.
- P.T. Influenced by that. But also by consequences in M/E. if we don't go on. Doubt if any force will go in, if we delay.
- S.L.I. Read H.M.'s draft reply to U.N.

K. Suppose 24 hrs delay – on assumpt<sup>n</sup>. of going on, if no favourable response.  
We have secured 1<sup>st</sup>. object : stopping hostilities.  
Use of force – moral pos<sup>n</sup>. Para-drop may suffice : but, if launched, we must be prep<sup>d</sup>. to use more force if necessary to support it. Risk therefore of civilian casualties Tues. Diff. to face that, w'out havg. given U.N. chance to constitute internat<sup>l</sup>. force.

H.A. Support K.'s view. [Enter L.I.G.]

P.M. Believe paratroopers will seize the town.

P.T. If we p'pone & debate ques of landing on basis of wtr we shd. be in internat<sup>l</sup>. force – we shall be in v. weak position to go in alone thereafter.

I.M. Drop the para-troops – and leave them unless cleared with U.N.

Hail. Must get port in order to get Canal clearance parties to work.  
Otherwise, months of delay.

D.S. Not much value in that as argument, for U.N., cd. send that force.

H. Can get away with this, if can be done w'out heavy casualties. Favour doing the drop & then consider wtr we do 2<sup>nd</sup>. part of oper<sup>n</sup>.

W.M. Pressure of world opinion & opinion here. Will be worse if we act now that both sides have accepted cease-fire.

A.H. P'pone for 24 hrs., we shan't do it at all.  
But world will accept fait accompli, if neatly done.

P.M. U.N. plan for internat<sup>l</sup>. force may be produced to-morrow a.m. – with no prov<sup>n</sup>. for Anglo-Fr. inclusion.

Sal. We cd. have gone in to support 18 Power plan.  
But we went in to stop I/E conflict. And we have done so. Yet we still want police force. If both sides requested it, & invited us to do it, all wd. be well. But they won't.

P.T. We have said we meant, not merely to stop hostilities, but to interpose force – to avoid resumpt<sup>n</sup>. & secure final settlement. Will be major reverse for us.

I.M. Put para-troops down – and use next 24 hrs. for negotiating in U.N.

[Enter D.E.]

Adjourned : 15 mins.

S.Ll. Fr. think we shd. go on. Alternatives:-

- i) If we do, inform U.N. tht. force shd. be put on ground to prevent resumpt<sup>n</sup>. Ready to hand over to U.N., but going on m'while.
- ii) Draft B – as amended. Mght get negative by 2. a.m. Face H/C. w'out landing. W<sup>d</sup>. be pressed strongly to do no more.

J.S. Prefer (i).

ALB., P.T., AH. agreed.

W.M. Prefer (ii). Nasser must lose prestige fr. what has happened.  
Can't go on w'out notice to U.N.

K. Prefer (ii)

N.B. So do I.

H. x// Go on with 1<sup>st</sup>. phase – in hope tht. 2<sup>nd</sup>. phase needn't go on because U.N. force promised.

Several Ministers agreed with that.

H.A. W<sup>d</sup>. accept that – don't like unlimited commitment.

S.Ll. Further formula : drafted by I.K.

P.M. Alternatives : defer mil. op<sup>ns</sup>. for 24 hrs. – or go ahead with plan.

K. Respect for U.N. will make it easier to save Pakistan.

Sal. See no advantage in delay. Real diff<sup>y</sup>. is to move fr. ground tht. object was to stop hostilities.

P.M. Then we shd. have to call of op<sup>n</sup>. – and wait to see what happens.

Views taken around table.

R.A.B. Will support resolute action.

Message from Israel. Not prepared to accept cease-fire.

P.M. Then we shd. give f'coming answer to Canadian resol<sup>n</sup>.

Suez Canal.

- P.M. Consulted French during night. They think that, as I. & E. have accepted main terms (internat<sup>l</sup>. force & cease fire) our main aims are satisfied.  
Believe R. notes are cover for a military move : easiest, v. Syria: worst against us in E.
- A.H. If to-day's operations went fwd., we have 9-10 batt<sup>ns</sup>. ashore.
- S.Ll. Tel. 1079 N. Yk. Our reply Sun. p.m. U.N. have taken first step twds. creation of intern<sup>l</sup>. force. As E. has accepted this & cease-fire : S. Genl. asks wtr U.K. & Fr. will accept immed<sup>te</sup>. cease-fire.
- P.M. Not quite clear tht. I. has accepted.  
In our reply we shd. say subject to clear assurance of E. & I. acceptance of both demand.  
Have informed U.N. we have stopped all bombing.
- P.T. Get max. force ashore at P. Said & then stand firm.

1. Suez Canal.

- H.M. F/A. debate. P.M. shd. take line that out of this v. gt. issues are emerging, and Govt. can't be expected to define policy in detail.
- A.H. Mil. Situation. Br. forces ½ way to Cantara. No one knows how far Fr. forces have got : can't say they haven't got to Ismailia. Sniping by franc-tireurs is continuing in Pt. Said – tho' no organised mil. fighting.  
Working on block-ships in Pt. Said. They will soon ask wtr they can work on sunk ship s. of where Br. troops are.
- S.Ll. Attitude to Israelis. Sh<sup>d</sup>. we formally ask them to w'draw? I think we must play that slow : our earlier pos<sup>n</sup>. was tht. we wdn't require this until we were in place, & we aren't. Agreed.  
Statement of our intentions. We have stopped fighting : are in pos<sup>n</sup>. to prevent resumpt<sup>n</sup>: makg. start on clearing Canal. Want to add : won't be deflected from those tasks : but, if U.N. force is put there to carry those tasks out, we will not make any diff<sup>ies</sup>.
- P.M. Comp<sup>n</sup>. of internat<sup>l</sup>. force. Are large Powers to be excluded? On reflect<sup>n</sup>. I wd. accept that, provided U.S. puts its support behind it & will undertake to act if the force is threatened. Fr. wd. accept that.  
If Afro-Asians refuse to accept that kind of force, we shall be in better pos<sup>n</sup>.  
U.S. favour this & think U.N. wd. never accept the other. Must give answer to President to-day.  
If a large-Power force, R. wd. be there in large nos.
- H.M. First aim of Afro-Asians will be, in U.N., to order us out. We need U.S. support for good vote on that. Best way of getting that is to accept "small-Power" force. So long as we can stay until we hand over to it.
- Sal. Must get good will of U.S. & small Powers. Suggest therefore we make it clear early that we will accept small-Power force.
- P.M. Read messages to & fro' President. – last night.
- P.T. Insist that it be competent : don't insist on Anglo-Fr. inclusion : But ask searchingly wtr it will be competent.
- P.M. If we favour small-nation Force, don't hesitate. Get together with U.S. on this.

- Sal. Changed my mind on this. Agree with P.M. Let it turn on hand-over to effective Force.
- S.Ll. Depends on future U.S. policy.
- D.S. Must know what its objectives will be. E.g. Canal settlement. Will it stay until final settlement in area.
- P.M. Evidence of R. coming in to aid Egypt.
- P.T. Are we approaching moment for direct talks – U.S., U.K. & R.
- P.M. Sh<sup>d</sup>. Pres. call top-level mtg.
- K. Over-riding consid<sup>n</sup>. now is Anglo-U.S. solidarity.
- P.M. Prs. go for top-level mtg.  
 M'while offer to clear Canal under U.N. auspices. Agreed.  
 On compos<sup>n</sup>. : not opposed in principle provided satisf<sup>d</sup>. competent to discharge its task.



1. Commercial Policy. [Enter E.H.]

R.A.B. Earliest day for debate in H/C. – 26/11.

H.M. Time is ripe to decide. But dec<sup>n</sup>. is merely to start negot<sup>ns</sup>. on these lines. Further consult<sup>ns</sup>. with Cab., industry & Comm. Govts as negot<sup>ns</sup>. proceed. They will last for a year at least. Treaty for ratification unlikely to mature in less than 18 mos.  
Dec<sup>n</sup>. now : go to Europe with nothing to say or take initiative in putting fwd. proposals for disc<sup>n</sup>.  
Negot<sup>n</sup>. will take 18 mos : action 10 yrs.  
Can't put it fwd. unless reasonably sure it cd. become national policy (bi-partisan). Must therefore have debate in H/C. – either with resol<sup>n</sup>. : or go fwd. on basis of Govt. dec<sup>n</sup>. taken merely “in the light of the debate”.

RAB. Need : authority to negotiate, both from Cab. & fr. Parl.

H.M. If we don't take initiative – plans may break down. This mght. be serious blow to Eur. unity. Better to have negot<sup>ns</sup>. brkg. down after 12 mos. or so ; for unity wd. be preserved m'while. Unwise for us to precipitate breakdown. The other danger : plans may take form unacceptable to us.  
Views of Doms. Canadian reply more favourable than I feared.  
Australia : new agreement marks a desire by Austr. to support our initiative. N.Z. will follow. S. Afr. is not interested.  
Asiatics are interested only qua developmt. of Eur. as source of capital investment in Asia.  
Reactions in U.K. Cautious. F.B.I. survey : in terms of no. of workers employed 85% in favour : evidently appeals to big firms. T.U.C. international & liberal trad<sup>ns</sup>. favour it.  
Opinion in Europe : in Fr. & Germ. there are signs of movement away fr. Customs Union twds free trade area for the whole. Our interest prob. lies in preferring Customs Union for the 6 Powers. We must stand on pos<sup>n</sup>. tht. our plan assumes the C. Union. If that assumpt<sup>n</sup>. falls, a new situation. Tactics : put our plan in quickly. This wd. strengthen our bargaining pos<sup>n</sup>.

H. Comm. attitude twds. negot<sup>n</sup>. is favourable. Their anxiety is, not for themselves, but for our b/p. Their attitude wd. change if we abandoned our excl<sup>n</sup>. of food-stuffs. Reaction : more favourable than I expected.

P.T. Clear tht. we shd. go into negot<sup>n</sup>. Reaction better than I thght. F.B.I. wd. be surprised if we did not go fwd. to negotiate. In Party a much better recept<sup>n</sup>. than I thght.  
In debate, may get higher degree of national unity than I thght.

- I.M. T.U.C. response is v. imaginative, for a protectionist body. Attitude is encouraging.
- R. Recent events have made it even more important tht. we shd. act promptly on these lines qua strengthening Eur. unity.  
Humphrey : most important move since Marshall Plan : best hope for Eur. prosperity : promise of firm U.S. support. (Tel. from Harcourt 12/xi).
- H.M. M/E. situation. No tariff action for at least 3 yrs. Short-term effect only on confidence – & that may be good. By time it begins to take effect, we shd. have overcome our diff<sup>es</sup>. arising fr. Suez or succumbed to them.
- R.A.B. Mention in Q. Speech – diff. not to go on.  
Impact on Party – no reason to delay. In H/C. favourable.  
Won't emerge fr. negot<sup>ns</sup>. in same form as put in. May be inroad on excl<sup>n</sup>. of food which may require review.  
Will lead to v. stern internal measures. Don't underestimate that.  
Severe effects on cotton & cars, in 5 years' time.
- Sal. Feared tht. this wd. weaken Imperial link. But that doesn't now look so v. strong. And as more Colonies become independent, & as we are excluded fr. U.S. market, we must turn a little twds. Europe. My mind has therefore changed.  
Impressed by Humphrey – more than by Eis., who was always sentimental over united Eur. But wd. wish to know offl. U.S. response before we took final plunge. Don't want to do anything more to estrange U.S.  
Cdn't go fwd. w'out assurance of bi-partisan approach. Too big for a purely Party plan.
- R. U.S. final view not known. St. Dpt. have referred it to Ctt<sup>ee</sup>., under Clarence Randall, on For. Econ. Rel<sup>ns</sup>.
- H.A. Support.
- D.E. Support all the more because of Suez. Favourable opportunity – more constructive line for Europe. And more necessary.  
Level of techn. educ<sup>n</sup>. will become even more important, if we are to be competitive. W<sup>d</sup>. like to link my p'mme with this.
- K. Mentioned earlier some centres of unpopularity. Results of exam<sup>n</sup>. of these are more favourable than I feared.  
Favour getting resol<sup>n</sup>. fr. Parlt. authorising us to negotiate.
- R.A.B. Suggest H.M. & P.T. frame a motion for disc<sup>n</sup>. with P.M.

- P.T. There are dangers in that – e.g. series of amendments on wage equalisation, standardis<sup>n</sup>. of social services etc.,  
W<sup>d</sup>. think it safer for Govt. to decide “in light of debate” – w’out vote or amendment.
- H.M. Favour latter course – followed by Govt. announcement.
- B.H. So do I. Oppos<sup>n</sup>. prob. won’t want a vote.
- D.S. Pleased at degree of support wh. has bn. won for this policy. Try now to get it adopted as national policy – even at cost of longer discussion.  
Risk of assurances v. protected trade area in Eur. – in order to satisfy U.S. and Canada. If we give this away, we shall have achieved nothing. Eur. does need continuing protection v. N. America.
- R.A.B. Don’t underestimate i) shift of opinion in Eur.  
ii) stiff eventual effect on our industry.  
But, subject to that, go ahead as proposed.

Agreed.

2. Parliament.

- R.A.B. Business for next week.  
21 & 22/xi. Rent Restriction : Powell – Stuart – Sandys.  
[Exit H.M.]
3. H/Commons Disqualification Bill. [Enter B.C., Hail., Att.G.]
- Att.G. i) Reverse disqualification. We prefer to follow traditional system.  
Alternative wd. not allow H/C. to retain control.
- R.A.B. H/C. wd. not agree to transfer its control to Courts – Agreed.
- Att.G. ii) List vice definition. Parl. wants latter. Must, however, rest with Govt. to amend list : and arguable that this gives undue power of patronage. Agreed.  
iii) Repeal of existg. disqualif<sup>n</sup>. qua contract & amend rules of H/C. Agreed.  
iv) Cl. 1(4). Repeals reverse disqualif<sup>n</sup>. in existg. statutes. Para. 8. of L.I.G.’s memo: I dissent, for reasons in para. 4 of mine. Sel. Ct<sup>ee</sup>. were considerg. fitness for election : Minister wd. be considerg. fitness for a particular office. End of para. 4 – practice of M/Pensions : I now understand applied in one case only & now discontinued.

R.A.B. Active particip<sup>n</sup>. in politics (wtr in Parlt. or not) is consid<sup>n</sup>. which excludes not mere membership of Parlt. Approved.

Att.G. Paras 10-11. Support – save for amendment to correct mistakes. Agreed.

P.T. Contractors. Have we dropped original proposal?

Att.G. Yes. Now limited, at Sel. Ctt<sup>ee</sup>. recomm<sup>n</sup>., to disclosure of interest.

B.C. Cl. 1(4). As it stands, wd. be diff. for me to enforce removal of tribunal members when they become candidates or are elected. Must keep tribunals out of politics. Add to Sched., or include proviso to Cl. 1(4).

Att.G. My clear view is tht. M/P. can do what he wants under Cl. 1(4) as it stands.

B.C. But is it clear, politically, tht. my action is not contrary to spirit.  
\* If Cl. 1(4) stands, wd. wish that made clear on 2<sup>nd</sup>. Reading. \*

Ll.G. Ready to accept Att. Genl.'s view on Cl. 1(4).

Agreed : Cl. 1(4) to stand, subject to \* \* above.  
Early intro<sup>n</sup>. desirable. There will be criticism.

E.H. How do we do last sentence of para 7? Another Sel. Ctt<sup>ee</sup>.?

Ll.G. Hope not. W<sup>d</sup>. consult Speaker. Disc<sup>ns</sup>. between Parties, perhaps.

B.C. Sel. Ctt<sup>ee</sup>. didn't consult my Dpt. I have amendmts. on 4<sup>th</sup>. Sched. May I put my sugg<sup>ns</sup>. to Ll.G.

Ll.G. Yes : tho' wd. prefer amendments to be moved after introd<sup>n</sup>.  
[Exit Att.G., B.C.]

#### 4. Nuclear Radiation.

Ll.G. V. important to get this out quickly, for training.  
Nothing to upset anyone.

R.A.B. What about the map?

Ll.G. Has all bn. made public in Press.

J.S. Want it issued. But shd. consider timing.

A.H. Earlier publications haven't attracted much attent<sup>n</sup>.

I.M. V. much against publ<sup>n</sup>. i) P. 2. (c). Shows how little we are doing. ii) Timing : in rel<sup>n</sup>. to recent R. notes etc.,

R.A.B. Disc<sup>n</sup>. needed with M.R.C., and local C.D. authorities. Sh<sup>d</sup>. we publish before that. Prefer to use it, for disc<sup>n</sup>., without putting it on sale.

D.S. Policy shd. be to play this down. The more publicity, the more criticism that nothing effective is being done. Oppose publ<sup>n</sup>.

Sal. M.R.C. are expert on this. See x/ on pp. 1 and 2. Will look as tho' we are in such a hurry that we can't even wait for that consult<sup>n</sup>.

L.I.G. Ready to p'pone publ<sup>n</sup>. until that consult<sup>n</sup>. completed.

R.A.B. You cd. also communicate it to I.a.'s for private consult<sup>n</sup>.

Agreed : Use this, w'out publication, for consult<sup>n</sup>. with M.R.C. and I.a.'s. Don't mind risk of leakages.

L.P. Also suppress map. Agreed.

#### 5. Suez Canal.

R.A.B. Much turns now on Hammerskold's mission to N. Unwise therefore to say anything v. much in debate to-day. Truce Observ<sup>n</sup>. Offrs. are going from Haifa to Pt. Said.

A.H. Some have arrived.

A.H. First contingent of Force are ready to fly in to Cairo.

D.S. We shd. have as much say as E. on functions of Force.

R.A.B. Diff<sup>ties</sup>. raised by N. are influencing H. more in our favour.

A.H. No ev<sup>ce</sup>. of substantial supply of R. aircraft to E. Some high-flying activity over Syria & (less) Egypt. Airfields are, however, being repaired. Chief R. infiltration is into Syria : & not v. rapid there qua aircraft. Rumours exaggerating R. help are being put out fr. Syria. War of nerves.

Sal. E. cond<sup>ns</sup>. i) troops on armistice line (ii) E. to decide when Force w'draws. Hope S. Genl. won't accept that w'out consult<sup>n</sup>. with us. 100 miles from Canal.

x| W<sup>d</sup>. wish to express to S.Ll. our apprehensions on these points. Fear increasg. power of S.G., U.N. Must get machinery to control him.

R.A.B. Also use of Br. gear in clearing Canal.

Hail. Exp<sup>d</sup>. situation in Pt. Said. Plenty to do there. But even more important to get down to Timsa.  
We have only organ<sup>n</sup>. wh. can do this. Only thing U.N. have done is to delay Dutch & Danes from going on with work they had contracted to do for us.

Agreed : F.O. to telegraph to S.Ll. on x/.

A.H. Unresolved ques : what sanction behind U.N. Force if E. attacks it.

Sal. Sanction is that it represents U.N.

D.S. Important, however, to define its functions.

[Re-enter H.M.]

6. Exports of Arms : Turkey.

H.M. Strong arguments against. Indian re-actions. Loan will annoy all clients to whom we sell.

H. We have made Pakistan (also member of B. Pact) buy & pay for re-fit.

Hail. We need Battle class – & cdn't give them.  
Para 7 of S.Ll. memo : 2<sup>nd</sup>. alternative isn't practicable.  
1<sup>st</sup>. alternative 7(i) : we cdn't do it on Navy Votes or Adm<sup>y</sup>. d'yards.  
Believe it wd. cost near £4 M. than £3 M.

H. Extended credit?

P.T. She can't pay – until long after the ships are worn out. Credit wd. only damage our other creditors. We shd. therefore give or lend.

Hail. Re-fit is the expensive element : and has to be paid for, to private d'yards.

H.M. Financial arguments are all against. But we ought to help them, as our friends. Yet, if we do, what answer have we to Pakistan?  
If we re-fit in private yards, we can't give credit – for P.T. reasons.  
Problem : how to do this w'out offence to Pakistan. Study method of “loan” which wd. avoid that : on assumpt<sup>n</sup>. that we shall never be paid.

P.T. Try it out on basis of “lending” the ships.

H.M. I will w'draw financial obj<sup>n</sup>. if means can be found of doing it w'out offence to Pakistan.

Agreed : C.R.O. Adm<sup>y</sup>. – in consult<sup>n</sup>. B/T. and Ty to seek such a solution, for approval of L.P.S. and P.M.

F.O. to consider quid pro quo on staging facilities for  
civil aircraft.

[Exit Hail.

7. Agricultural Policy.

H.A. Gave views on each of 3 ques.

H.M. On 97½% we may well be arguing on unrealities – for costs are now  
unlikely to fall. Shan't be committing any real money.  
Given a package – written assurance on sp. review : firm stand on  
33⅓% for cap. grant (with nil. for horticultural wh. wdn't qualify  
qua agriculture) : then concede 97½%. Agreed.

1. Suez Canal. [Enter E.H.]
- H. Message from Menzies i) offl. publ<sup>n</sup> of E. damage to Canal.  
ii) announcem<sup>t</sup>. of our views on machinery for final settlement.  
iii) Pak. contingent in U.N. force.
- P.M. Send message to S.Ll. on (iii).
- P.T. U.N. Force. W<sup>d</sup>. help with opinion in H/C. if it had recce. aircraft.  
Also good effect in E. W<sup>d</sup>. accord with Eis. idea of air observ<sup>n</sup>.  
Why not suggest this to him – not U.S. aircraft.
- P.M. Agreed : will telephone.
- P.M. When U.N. force is in, we shd. cut down our own recce. flights.
- A.H. Told C-in-C. to limit this to what is needed for security of our own  
force. Will consider restricting him further. As soon as  
observers are in pos<sup>n</sup>.
- P.M. Also unsafe to over-fly Syria.  
\* M/D. to direct C-in-C. to do none, E. or Syria, w'out authority.  
[Enter H.M.]
2. O.E.E.C. Meeting.
- H.M. Appoint<sup>mt</sup>. of executive Ctt<sup>ee</sup>. on Oil was done at initiative of  
Washington. Sh<sup>d</sup>. make it possible to re-activate the Ctt<sup>ee</sup>. of Oil  
Cos. – in relation to this Ctt<sup>ee</sup>. under Swiss Chairmanship. If this  
happens, good hope of making sensible joint plan for re-routing  
of tankers etc., Object of manoeuvre : to get O.E.E.C. work  
away from main Ctt<sup>ee</sup>. under Br. chairman.  
[Exit H.A.]
- Petrol Rationing. To start 17/12 or 1/1. If announced, cd. appeal for  
voluntary saving m'while.
- May I have Cab. authority to press Sub. Ctt<sup>ee</sup>. to introduce it as soon as  
practicable. Agreed.



1. The Prime Minister. [Enter E.H., Ch. Hill, Reading

R.A.B. Sympathy to P.M. Don't know how things will go – must wait a few days. No recurrence of earlier physical troubles. Nervous exhaustion. Absolute need for rest.

Agreed : sympathy – best wishes for earliest practicable return.

2. Suez Canal.

D.E. What line do we take on “collusion”?

R.A.B. Nil to add to what S.L.I. said in H/C. on 31/10. P.M. wd. be opposed to any Ctt<sup>ee</sup>. or formal enquiry.

I.M. C<sup>d</sup>. we not say more in defence? The “evidence” is pretty shoddy. C<sup>d</sup>. we not say : of course we knew of I.'s intentions & took precautions accordingly. But no prior agreement, no promises of territorial changes, no incitement to I. to attack.

R.A.B. C<sup>d</sup>. consider that on S.L.I.'s return – but not earlier. Want to avoid further statements in H/C. on Suez until then – Thurs. or Friday.

R.A.B. Read reply wh. P.M. proposes to send to Bulganin's note of 15/x.(?)  
Approved.

3. Independent Television Authority.

Brief discussion – not noted.

R.A.B. P.M. doesn't like this – but is content that Cab. shd. decide.  
Recommend we accept PMG.'s view – and pay £100,000.

H.M. Add to public announcemt. tht. this aid is only temporary.

Agreed.

[Exit P.M.G.  
[Enter A.J.]

4. Oil Supplies.

H.M. Supply pos<sup>n</sup>. is uncertain. Have made 10% cut. Must now go fwd. on assumpt<sup>n</sup>. that 25% cut will have to be made effective. Rationing therefore is inevitable.

- A.B. Statement to-day – after Questions. Corresp<sup>g</sup>. statement in H/L.  
Basic ration for private cars : 200 m. p. month: to avoid numerous supplements.
- P.T. Hope to avoid drop in steel production.  
Main diff<sup>y</sup>. for industry will be over transport – switch to rail.
- R.A.B. Demand for debate is likely. Next week.  
Is there hope of m'taining supplies up to 75%?
- A.B. U.S. unofficial opinion that original plan may be carried out informally up to 75% or 90% of original planned performance.
- H.M. U.S. official reluctance to help is justified by i) fear of Saudi reaction while we are at odds with U.N. ii) pressure on us to accept their political desiderata (not yet clear what those are).  
We shan't get any change out of U.S. until dec<sup>n</sup>. taken on H.'s mission to Nasser.

#### 5. Economic Situation.

- H.M. Outlined b/p. situation & indicated alternative courses. Recommended that we should hold on, pro. tem.  
On mid-term, we can't hope to get any help from U.S. until political rel<sup>ns</sup>. between us are restored. M'while, all we can do is interim informal approach by Harcourt. Aim at statement on 4/12 that we intend to ride out this storm : using the reserves for this purpose (i.e. crisis) – wh. is justified because not being used to deal with underlying unsound economic situation.
- D.S. Danger of delay?
- H.M. Great. But hopeless to seek U.S. aid before pol. atmosphere has cleared.
- R.A.B. Agree – can't hope to do any business with them until about 3 wks. have passed.
- D.E. U.S. opinion outside official circles is beginning to turn in our favour.  
C<sup>d</sup>. we not mobilise that feeling, thro' B.I.S.?
- R.A.B. F.O. to consider that.

#### 6. Commercial Policy.

- A.L.B. Content with Cab. decision of last week. But:-

- i) W<sup>d</sup>. be happier if at same time we were freeing ourselves of the GATT handicaps wh. prevent our being more active in Comm. economic co-op<sup>n</sup>. – e.g. the no-new-preference rule.
  - ii) No concession can be made on exclusion of foodstuffs.
  - iii) Colonial ques. May be pressure to bring other people's Colonies in the free trade area. That wd. give rise to v. gt. diff<sup>ies</sup>. for our Colonies. My consent is conditional on our resistg. this.
- Have consulted Colonies. Many (smaller) have no views. Some (larger) have put fwd. views summ<sup>d</sup>. in Annex II of main memo. These must not be overlooked.

R.A.B. P.M. is ready that we shd. go ahead as agreed last week.

P.T. On (i), remember tht. it wd. antagonise Canada v. much – not to mention U.S.  
 On (ii), no one will advocate free trade in f<sup>r</sup> stuffs. Pressure will be for regul<sup>n</sup>. on lines which Br. agric. have bn. inclined to favour.  
 On (iii), we have good arguments with wh. to resist pressure. E.g. they wdn't wish to see H. Kong in a free-trade area.

Sal. Canadian re-action implies an extraordinary detachment fr. Commonwealth.  
 Possibly an argument in favour of a new initiative.

H.M. Form of debate. Better to do it on the adjournment. Agreed.  
 Mon. 26<sup>th</sup> Nov.

#### 7. Gold Coast.

H. Independence celebrations. Member of R. Family and a Cab. Minister will have to be present – March.  
 But now appears that Nasser & Chou-en-lai have bn. invited.

A.L.B. Since our submission to P.M. was made, have heard Nkruma's plans for other guests. These were laid before Suez.

Agreed : Resume discussions later.

#### 8. Colonial Immigrants.

K. As in memo.  
 On state of immigration generally, debate in H/L. to-day. Proposed to say we are still watching pos<sup>n</sup>.

A.L.B. Letters they send home are less rosy in terms. Balance of immigration has turned in last year in favour of women & children vice men.

L.P. Still concerned. Agree we can't tackle it now. But we shd. watch it.

On Irish – if we do have the general leg<sup>n</sup>., mght. be diff. to avoid altering their position. On pledges – I made a statement differing from those by A.E., & K.

R.A.B. Suggest Ctt<sup>ee</sup>. reviews position in 3 months.

Agreed : M/L. to be associated with Ctt<sup>ee</sup>. because of possible change in economic situation.

D.S. I assume there is no agreement on Ctt<sup>ee</sup>'s. recomm<sup>ns</sup>. re Ireland.

9. Marketing of Pigs and Bacon.

H.A. Propose now to present this on Mon. vice Tues.  
Name or organ<sup>n</sup>. – Authority or Board.

10. Agricultural Policy.

H.A. Propose to present this on Tues., vice Mon.  
Leaders of farmers are pleased. We shall be pressed for concessions on credits. <sup>X/</sup> On this I wd. have liked an independent enquiry.  
For Labour will produce facile policy for cheap credit.  
Another diff<sup>y</sup>. will be horticulture. They will press for incl<sup>n</sup>. of modern heatg. equipment.

H.M. Cdn't agree to x/ at present. But wd. have it at suitable date.  
Hope we shall stand firm on horticulture. We have made many concessions.

Suez Canal.

- R.A.B. Summarised messages from S.Ll. in N. York – 1315, 1322.
- I.K. U.N. resolutions. We are in breach of one, for not w'drawing. E. is in breach of the other for obstructg. clearance of Canal. On the whole U.N. will attach more importance (sentiment) to first than to second (practical).
- P.T. C<sup>d</sup>. we not offer an agreement tying, in time, stages of w'drawal to stages of salvage clearance.
- H. Mustn't appear to be pushed. Must get agreemt. on phased w'drawal e.g. 2 batt<sup>ns</sup>. of ours for one of theirs + promise that salvage will begin when U.N. forces are in majority.
- D.S. No guarantee here of final settlement.
- H.M. We & Fr. alone have not power to carry on for long. This is moment at wh. to transfer main responsibilities to U.N.
- H.A. Support this view. S.Ll. has achieved much. Both sides are in breach of U.N. resol<sup>ns</sup>. Say we are ready for phased w'drawal : want also phased progress with salvage : one need not be linked with another.
- K. Answer to I.K.'s point : U.N. force was a new factor : since it was offered, we have bn. ready to co-operate with it & do a phased w'drawal. Our objective now must be to divert U.N. antipathy on Nasser. As regds. our diff<sup>y</sup>. in U.K., don't forget what we have achieved : stopped E/I. war : prevented it spreading : Bagdad Pact Powers have now seen R. danger behind Nasser. By playing these cards, we shd. be able to bring U.K. opinion along.
- I.M. Stress our clearance of Pt. Said.  
Go for U.S. involvement in M/E – thro' Bagdad Pact.
- RAB. Announcemt. re our clearance of Pt. Said. Let S.Ll. have first go with this & follow up with publicity in U.K. thereafter.
- E.H. Movement among Suez group : opposed to w'drawal until Canal cleared, settlement for future made & progress twds Arab/Israel settlement. This will be awkward.  
Similar rep<sup>ns</sup>. from Poole re feeling in country.
- R.A.B. This feeling based on rumours of H.'s report which have not bn. substantiated.

2. Parliament.

Business for next week.

Suez Canal.

[Enter E.H., A.N.]

- A.N. No further news – save newreports of Sec. Genl.'s report, which suggest that it is worse than S.Ll. led us to suppose.
- R.A.B. P.M. thinks we shd. stand by position outlined in tels. sent to S.Ll. y'day. Must make statement in H/C. this p.m. – i) U.N. debating & S.Ll. hasn't yet spoken : can't v. well anticipate it. ii) rehearse our pos<sup>n</sup>. – no w'drawal until there is effective force by U.N. iii) answers to Sec. Genl.'s 4 ques., bringing in ref<sup>ce</sup>. to w'drawal of 1 Batt<sup>n</sup>. as Norwegian Batt<sup>n</sup>. has arrived. iv) cond<sup>ns</sup>. of cease-fire – [Arab/Israel peace : clearance of Canal & its future]. Take a clear stand on clearance : we have done our job in Pt. Said & are ready to put our resources at disposal of U.N. : Sec. Genl. on this seems unsatisfactory : refer to Intern. Cl. of Shipping resol<sup>n</sup>. v) Position in Pt. Said.
- Sal. On iv) – are we going to say it's a cond<sup>n</sup>. of our departure that [ ] be done?
- R.A.B. No : can merely say U.N. force isn't yet ready to take effective action.
- D.S. Who judges wtr it's effective?
- RAB. Shall say "U.K. & Fr., with U.N."
- R.A.B. Can't say to-day we won't w'draw until Canal is cleared – before S.Ll. has spoken.
- Sal. "Competence" – legally competent or physically capable.
- I.M. Much turns on sanctions behind U.N. force – will U.N. come in, at full strength, if it is attacked.
- D.S. Agree : concentrate on getting assurance tht. U.N. will take  
... Further discussion not noted .....
- Sal. Comm. consult<sup>n</sup>. Sh<sup>d</sup>. not someone be put up to say, in debate, the obvious thing tht. if we had had time to consult we shd. have rec<sup>d</sup>. conflictg. views.
- H. From consult<sup>ns</sup>. in precedg. 2 months we knew what their reactions wd. be. What shook them was the shock of our action.  
Will draw up statement of what cd. be said – & consider wtr it is safe to have it said.

A.H. N. Yk. Tel. 1328. Have asked C-in-C. to collect inform<sup>n</sup>. etc., S.Ll. has now said publ<sup>n</sup>. in a week.  
S.Ll. sugg<sup>n</sup>. of Solr. Genl. Paymaster Genl.? Or someone outside Govt.?

R.A.B. Speed is most important.

K. In that event don't trouble to appear impartial. Outside man wd. take longer.

Agreed : W.M. to supervise prep<sup>n</sup>. of case. Fife Clark to assist.

A.H. Have now offered to w'draw batt<sup>n</sup>. K. has replied to me tht. complete w'drawal cd. be completed in 14 days. But, once it starts, he will lose capacity for offensive action.



1. Official Transport. [Enter E.H., A.N.]

R.A.B. M/W. proposes smaller cars for \*Ministers : and for officials greater use of pool. (\* all save those who need Police protection.)

Agreed : L.P.S. to settle instructions with H.M. and M/W.

B.H. C<sup>d</sup>. we not take this opportunity to cut down ostentatious motoring by Service Chiefs.  
To even out over-time, Ministers must be ready to use other drivers in evenings.

2. Suez Canal.

R.A.B. S.Ll. proposes to return Tues. p.m. Propose to welcome this. Agreed.  
W<sup>d</sup>. help us to p'pone major statement until Thurs.  
Tel. 1406 from W'ton.  
Statement to-day : Oppos<sup>n</sup>. wd. be content with statement on expulsion of Br. nationals. Propose A.N. shd. make it.

A.N. Read draft statement.

Ll.G. Pressure re Egyptians here. Can't take general action because not at war.

P.T. But we don't want to retaliate.

A.L.B. Don't behave as E. do.

H.M. "We don't meet barbarism with barbarism."

R.A.B. Strengthen passages re rep<sup>ns</sup>. to U.N. & also breach of Gen. Conv<sup>ns</sup>.

R.A.B. Propose we defer any public alteration in our policy until S.Ll. is back.  
Wed. or Thurs. Agreed.

H.M. Will he be pressed to make further statement in U.N. before he leaves.  
C<sup>d</sup>. he not leave early on Tuesday? Avoid involvement in further U.N. debate or statement.

R.A.B. Basis of new policy : large U.N. force by 5/12 & slower build-up : clearance of Canal : basis of negot<sup>n</sup>. (6 principles w'out sanctions). B. subjects – no bargain ; but likely that no action will be taken if we get on with w'drawal.

- L.P. On Br. subjects, we shd. at least press U.N. to enforce E. compliance with Gen. Conv<sup>ns</sup>. Get facts establ<sup>d</sup>. & if there is breach submit resol<sup>n</sup>. – even if Afro-Asians vote it down.
- A.H. Difficulty with opinion here will be II. – agreemt. tht. clearance won't start until our w'drawal is complete. If S.Ll. is to come home, he shd. first say tht. we can't accept that.
- A.L.B. Para. I. Are Canadians out?
- H. Sec. Genl. retains discretion to determine compos<sup>n</sup>. of Force.
- A.H. Total on this para. mght be 6.000 or 7.000.
- H.M. Suggest he asks what are combat brigades & what their compos<sup>n</sup>. what will be location of those not in Pt. Said.
- Sal. Have we ever said publicly tht. 4.000 wd. be reasonable force.
- A.H. We have said 4.000 – 6.000 is our idea of realistic force.
- H.A. Para. II wd. be manageable here if it were phased.
- H. If survey started now & clearance began on 5/12, we might then start w'drawal.
- R.A.B. Minimum on II is that clearance shd. start as soon as w'drawal starts, i.e. during period of w'drawal.
- A.H. Or, we cd. start w'drawal as soon as decided clearance cd. begin.
- R.A.B. Proceed in parallel : don't make one conditional on another.
- P.T. Must therefore be package deal, on time-table : neither side will accept "principles".
- H.A. Important tht. S.Ll. shd. ascertain before he leaves wtr this wd. practicable way out.
- Sal. a. Clearance to begin as soon as practicable.  
b. Anglo Fr. forces to move out when U.N. move in.  
Separate prop<sup>ns</sup>. But we cd. say we wd. accept b. if E. accept a.?
- R.A.B. Para III. Push responsibility on to U.N. cf. Goodhart's lr. to Times.
- A.L.B. cf Pearson in N. Yk. 1384 para. 6.
- K. Take care not to confuse our reasons for going in.

Sal. We did not go in to secure Canal. Don't imply now that we did. We went in to stop a war.

1. Suez Canal [Enter 3 Serv. Ministers, H.W., A.N., E.H.]
- RAB. Tels. 1416 & 1417.  
Statement in H/C. Thurs. seems inevitable.  
Inform<sup>n</sup>. fr. Fr. source : E. oil is running out – losses in Sinai concealed – risk of unrest – riots may imperil Br. lives.  
Tels. fr. Bagdad : 1476, 1485, 1488. Nuri under gt. pol. pressure, which he may relieve by rationalising I.P.C., at expense of French & Gulbenk.
- W.M. Visit to Port Said. Drove round. No sign of hostility – or enthusiasm. Then flew over areas covered by fighting. Destruct<sup>n</sup>. comparatively slight. Two areas : one centre of heavy resistance, overcome by tanks : the other, the Arab quarter where a good deal of damage by fire. Also some damage on sea-front. Photographs bear out this a/c.  
Casualties : we have comm<sup>d</sup>. ourselves to estimate of 100-200. Doubt if we can substantiate this. Most wd. have occurred on 2<sup>nd</sup>. day. But Butler estimates tht. on 1<sup>st</sup>. day his men & French killed 200 – incldg 35 civilians. Register in Arabic in hospital shows total of 700 odd buried : suspect because pages missing. Neutrals suggest 1000 or 2000 killed & similar wounded. But 540 wounded seems reasonable – and, if so, killed wd. not amount to 1.000. Some hundreds seems most reliable estimate.  
Sniping. Soldiers threw away uniforms & fought on in civilian clothes. Also much indiscriminate arming of civilians.  
Neutrals seem apt to accept high figures. Possibility : enquiry by military court.
- Hail. Normal ratio of killed to wounded = 1 : 4 or 5. If wounded were 500 odd, suggests 100 or so killed.
- R.A.B. We have agreed in principle to admission of U.N. observers.
- Hail. Report that Marine, son of Labour M.P., had written admittg. looting.
- W.M. C<sup>d</sup>. find no confirm<sup>n</sup>. of that story. There was looting, but mostly by Egyptians.
- R.A.B. Risk of further resol<sup>ns</sup>. in U.N. In that event, swing beginning in U.S. twds. us will be checked. Also opinion in Doms. And we shall not have strengthened pos<sup>n</sup>. of U.N.
- A.H. Location of U.N. force. Little risk of its leaving Canal for frontier because can't move.

- H.W. Firm arrangemt. on clearance wd. improve our pos<sup>n</sup>. here, esp. with business interests. W<sup>d</sup>. accept v. quick w'drawal in return for that.
- R.A.B. Must try to get dependent on U.N. rather than on Nasser.
- E.H. Back-bench motion with anti-U.S. flavour & amendment may go down on Order Paper.
- Hail. Sh<sup>d</sup>. we not try to delay this for 2-3 days.
- P.T. Certainly : Party shd. not publicly divide itself before Govt. policy announced.  
Good reason for delay : wait until S.Ll. returns. [Exit Ch. Whip –
- R.A.B. Indications that U.S. policy may be about to veer round a little.
- H.M. Must get off the hook, in such a way as not to break the Party. Want to do so, if poss., before my statement on Tues. – by wh. time I want to have secured Humphrey's support for measures to support £.
- P.T. We aren't only people on a hook. Nasser is in diff<sup>ies</sup>. State [Enter L.P.  
Dpt. must be under growing pressure to abandon [Re-enter E.H.  
pos<sup>n</sup>. of siding with Syria & Egypt.  
Confidence in sterling – more likely to be restored by harsh internal measures than by drawing on I.M.F.  
W<sup>d</sup>. not therefore wish to close my mind until S.Ll. returns.
- A.H. Wish we cd. get more inform<sup>n</sup>. re cond<sup>ns</sup>. in E.?
- A.N. Seeking it – fr. Br. subjects returning.
- Hail. Oil in Pt. Said – 100.000 t. Am takg 20.000 t. belonging to Adm<sup>y</sup>.  
Can't get Shell to move their 80.000 t.
- L.P. C<sup>d</sup>. we recover Br. tankers on bare-boat charter to U.S. oil companies –  
a) to prevent them being used to put oil into Suez for Egypt.  
b) to secure control over them for our own purposes.
- D.E. Party won't accept w'drawal unless we are able to say we have got somethg out of the operation.
- RAB Gt. need is to re-establish reality of Anglo-U.S. alliance – to counter R. threat in M/E, north & south.  
More publicity for our destruction of Soviet war material in E.
- L.P. We must include in the package some prov<sup>n</sup>. for protection of Br. nationals in E. For we can't contemplate w'drawing our troops at moment of greatest danger to our nationals.

H. Sh<sup>d</sup>. we not organise facilities for their evacuation thro' a neutral Power. [Enter H.A.]

A.H. Sh<sup>d</sup>. C-in-C. continue to forfeit his ability to break out of Pt. Said?

R.A.B. U.N. forces are now in the way.

Suez Canal.

[Enter E.H., Ch. Hill

- S.Ll. Atmosphere in U.N. has improved. But face recurrent debates, weekly, demanding w'drawal. U.N. Force will be over 4.000 w'in 2 wks & thereafter by another 2.000 to 2 combat brigades. Build-up will depend on admin<sup>ve</sup>. diff<sup>ies</sup>.  
 Clearance. S. Genl. has auth<sup>y</sup>. to proceed. McCloy as adviser : Genl. Clay i/charge. Survey parties ready to go in next wk., subject to announcement of our w'drawal. Our resources likely then to be used on civil basis.  
 Future of Canal. E. is willing to negotiate on basis of H.'s lr. of 24/10. Scheme consistent with 6 principles. Suff<sup>t</sup>. to secure restriction, tho' not control. Unlikely we shall get any better basis. Mght work out better than new internat<sup>l</sup>. company.  
 Settlement in M/E. No progress yet. U.S. resol<sup>n</sup>. pending – but cond<sup>ns</sup>. aren't yet ripe. Tho' period while U.N. Force is in pos<sup>n</sup>. is the time to tackle it.  
 Functions of Force. Resol<sup>n</sup>. of Nov. 2 includes ref<sup>ce</sup>. to free navigation thro' Canal. Also injunction v. sending arms into area.  
 U.S. attitude. Efforts made to get our views to President. But pos<sup>n</sup>. is tht. he gave an order : we haven't obeyed it : until we do, we can stew in own juice. They are impervious to argument. Cond<sup>n</sup>. precedent to any help is our w'drawal fr. Pt. Said. Asked Lodge if he had any message for us : he said "No". Public opinion, in East anyway, is much more friendly and v. critical of Admin<sup>n</sup>. But even our best friends in or near the Adm<sup>n</sup>. think we must "purge our contempt for President" before any help can be given.  
 Doms. at U.N. N.Z. loyal. Also Austr., tho' disagreeing privately with our policy. Canada v. helpful. S. African help no use in U.N. Pakistan: no public support. Evil genius = Menon, who loses no chance to whip up feeling v. us. R. inactive while Menon does their work.
- R.A.B. Can't avoid statement in H/C. by S.Ll. on Thurs. Oppos<sup>n</sup>. has asked for debate next week. Will prob. have to be Monday. They expect a motion : better they shd. table it & force debate on vote of censure.  
 Statement by H.M. Tues. Better to have F.A. debate over before that.
- S.Ll. In U.N. we cd. go on arguing about phases time-table for some days. Ques is wtr we get any advantage from delay.
- H.M. Effect of delay in Arab States?
- S.Ll. Diff<sup>ies</sup>. in Iraq and Lebanon wd. grow.  
 Adv. of delay : mght force E. agreemt. on clearance.  
 Believe tht. on long-term we may have gained by action taken. But diff. to m'tain tht. in short term we have gained anything.

- A.L.B. Will U.S. continue to support resol<sup>ns</sup>. for our w'drawal.
- S.Ll. Lodge's final instruction re voting cam from W'ton – probably from President.  
U.N. Force. Comp<sup>n</sup>. is clearly w'in descretion of S. Genl. Functions are less clear, but we can argue tht. it's concerned with all matters in Resol<sup>ns</sup>. of 2., 5 & 7 Nov. Duration : for U.N.  
Israel : wants access to Gulf of Aqaba : assurance tht. Sinai won't again be used as base : open mind on Gaza. Likely they won't w'draw until they have negotiated these points.
- D.S. Why is clearance of Canal made cond<sup>l</sup>. on Anglo.Fr. w'drawal but not Israeli w'drawal.
- R.A.B. Does S.Ll. advise tht., qua U.N., U.S. Alliance & NATO., w'drawal is wise?
- S.Ll. We cdn't out-face world opinion for more than 4 wks. What advantage in staying 4 wks vice 15 days? None – we shd. not get any better terms by staying longer. Announcemt tht. we shall complete w'drawal by 15/12 will expedite clearance, improve rel<sup>ns</sup>. with Arabs, put us in v. diff. pos<sup>n</sup>. with our friends in U.N. and with U.S. W'drawal of 1<sup>st</sup>. batt<sup>n</sup>. made v. big impact.  
Clearance. H. has assured me of int<sup>n</sup>. to take urgent action. Survey teams will go at once. No bar on U.N. using any resources he wishes – tho' unlikely they will use naval units. U.N. salvage units will be available in 2 wks. H. has promised also to try to start op<sup>ns</sup>. at w-end, even before our w'drawal is complete.
- D.S. | Base our w'drawal on arrival of U.N. Force. Don't pretend tht. by  
x| w'drawal we have secured a deal on clearance.
- P.T. Treatment of nationals. Diff. to go, if that get's worse.  
U.N. Force. When will it be organised mil. force?
- S.Ll. 14/12, I think
- S.Ll. Its immed<sup>te</sup>. task will be to preserve order in Pt. Said when we go.  
With 1200 Scandinavians that shd. be all right.
- H. W<sup>d</sup>. help if H. wd. say i) Canadians will be included  
ii) Survey parties wd. go in this week & he wd. order clearance to begin as soon as their work was done.  
iii) he will call mtg. on future of Canal on a named date.
- S.Ll. On i) I can say tht. he has right to include it when, on practical grounds, he wishes. On ii) tht. he wants to proceed as quickly as he can. On iii) he won't fix a date, but he & E. agree tht. it's



necessary & E. wd. be ready to start immediately after our w'drawal.

- P.T. Sh<sup>d</sup>. we not offer to begin w'drawal on 15/12 & complete it in 2 wks.
- S.Ll. Effect wd. be to delay start of clearance until 15/12.  
I support x/. Disconnecting Canal from the bargain.
- D.E. Get our w'drawal offer out in advance of H.M.'s statement on Tues.  
Ques : do we make it cond<sup>l</sup>. – or merely state what we expect to happen in fact, not because of any bargain.
- H.M. We cd. stay, resume war & clear Canal. We shd. bankrupt ourselves in the process. That isn't on. If so, sooner we get out the better. We have got all advantage we can extract fr. our presence in Pt. Said. When I make statement on reserves, want to say at once what measures I am takg. to support sterling. Fr. that angle, I need good sit<sup>n</sup>. in U.N. and with U.S. Don't therefore want delay.  
Aside fr. our public opinion, clearly right to w'draw at once. How present this – to avoid breach in Party & later to convince public tht. we have gained somethg.  
If we let this run on with vague statements Party will become more divided. Believe we shd. bring it to a head on Thurs. & rally Party in censure debate on Mon.  
We can't claim there is an agreemt. Better say we are ordering w'drawal because of our understandg. of what will happen in fact – build-up of U.N. force, clearance of Canal, negot<sup>ns</sup>. on future of Canal – & long-term settlement is up to U.N.
- I.M. Endorse that approach. Diff<sup>y</sup>. is 1<sup>st</sup>. step. If we decide to go, better go by 15/12 vice 30/12.  
What have we to convince Party? Competence of Force – O.K. That clears first diff<sup>y</sup>. Second is Canal clearance. Diff. to convince Party we can go until somethg. happens S. of our area. It may. Can we say : we believe U.N. will do it : we are ready to put our resources at its disposal – formally.
- J.S. N.Yk. 1430 seems to give us about enough. Don't delay w'drawal.
- P.T. But, while pos<sup>n</sup>. of nationals is uncertain, can we promise unconditional w'drawal by 15/12.
- D.S. Meet that by proviso tht., if any attack on our nationals, new sit<sup>n</sup>. will be created & reserve all rights.
- L.P. W<sup>d</sup>. have preferred guarantee re clearance. But, if we ask for it & fail to get it, we shall be in worse pos<sup>n</sup>. on Mon. The assurances S.Ll. has had go a v. long way.  
Adequacy of U.N. Force doesn't depend on its size, but on fact tht. it represents U.N.

- K. Agree with L.P. But say early what we have decided. We shan't get any more inform<sup>n</sup>. – only weakness to delay. Firmness is the essential point.
- P.T. If we make firm statement of w'drawal, what can we get fr. U.S.?
- S.Ll. If we state to-morrow that we will complete w'drawal by 15/12, I believe U.S. will begin to act.
- L.P. Don't approach President.
- S.Ll. Agree : the U.S. Govt. long to come out in our favour.
- A.L.B. Cdn't support w'drawal w'out firm guarantee of some kind from U.N.  
 Don't believe we have exhausted our Pt. Said card. Believe Nasser may be rocky. Arabs may be having 2<sup>nd</sup>. thoughts (intercepts): they may be beginning to crack. Others may be on worse hooks than us.  
 Opinion is swinging our way. Public opinion e.g. in Canada favours us much more than Govt. We shall lose respect of those who support us.  
 How reconcile this action with D.E.'s speech and R.A.B.'s endorsement of it.  
 Favour playing this a little longer.  
 This decision wd. make us a satellite of U.S.A.
- D.S. Have agreed with A.L.B. h'to.  
 I advocated course I did because assume H.M. will tell us to-morrow we can't afford delay because sterling. If so, our cards are exhausted.
- H.M. May I give econ. picture at outset of to-morrow's Cabinet.  
 But I advocated firm, but quick, action v. Egypt. We have failed in that. What else can we do now? What have we to gain by delaying w'drawal.
- H. A.L.B.'s view wd. involve S.Ll. returng. to N. York to try to get more.
- S.Ll. Don't think I can get more. H.M.'s statement won't enhance my bargaining position.  
 Consultation with French.  
 Agreed : S.Ll. to ascertain their views to-night on outline of what he proposes to say. Report to Cab. to-morrow.  
 May be necessary to defer statement until Friday.

1. Economic Situation. [Enter PMG., E.H.]

H.M. First 2 quarters of '56 were periods of recovery – + 157 and +108 \$m.  
In 3<sup>rd</sup>. quarters we lost 57\$m (despite 175m. on Trinidad & Austr. gold 50m.) Real loss was therefore 288\$m.  
In Oct. we lost 84\$m.  
In Nov. we lost 44/78/102/54 : Panic week 10-17/xi. Due to w'drawal fr. Europe into dollars & Swiss fr. via sterling. Final figure 270\$m. Tho' real loss is heavier – 381\$m.  
This figure will shake confidence in sterling & st. area.  
When U.S. recover fr. their anger, they will see need to support sterling.  
To m'tain confidence we must strengthen sterling by –  
    {1) Drawing from I.M.F.  
    { Mobilising dollar securities as collateral for borrowing in U.S.  
    {2) Close pol. breach with U.S. & thereby reduce pressures on £.  
        For face £200 M. deterioration in b/p. in 1<sup>st</sup>. half of '57 thro' purchase of oil : tho' we may be able to mitigate this.  
More generally – oil shortage may cause unemplt. – if we drop below 75% of oil supplies.  
3) Internal measures to strengthen U.K. economy. Only 2 practicable methods : i) 1/- tax on petrol, with rebate for public passenger traffic. ii) 6<sup>d</sup>. on income tax, in next Budget.  
On i), effect on industry is negligible : on transport not v. severe. With rebate for passengers, it wd. be tolerable.  
On ii) we can't do it at once because of PAYE Is there merit in announcing intention in advance?  
x | Sealed instructions will have to go to 500 officials to-day, to be opened on Monday. If i) is to be done, it wd. be dishonourable not to do it next week i.e. before F.A. debate.

After discussion, agreed that decision on internal measures shd. be taken out at a subsequent meeting. M'while x/ to proceed.

2. Suez Canal.

R.A.B. H.M.'s attempts to check drain on reserves are unlikely to succeed unless the breach in Anglo-U.S. relations can be restored. It has therefore a definite bearing on political situation.  
Draft statement in F.O. Tel. 2338.  
French are coming here on Fri. p.m. We are discussing draft with him on basis tht. final para. is undecided. They are in fact w'drawing many of their troops.  
On reflec<sup>n</sup>. (+ because French consult<sup>n</sup>.) seems better not to make final statement to-day.

- A.H. Disc<sup>ns</sup>. with H. & Fawzi seem to have pre-judged our decisions. cf. paras 3 and 6 of N.Yk 1465.
- D.E. } Supported this view.  
A.L.B. }
- R.A.B. These were still personal proposals of S.Ll. – a project, wh. he had already ventilated before leaving N.YK.
- S.Ll. Agree. And action with U.S. (F.O. Tel. 5612) can be held.
- A.H. On clearance : I still think we ought to have acceptance by Egypt.
- D.E. This draft is too weak to hold Party. Must have backing of U.S.
- D.S. If we have no option but to w'draw, we must baldly state that we are satisf<sup>d</sup>. a.b.c.d. will happen (quite briefly) and it's up to U.N. This is the moment to hand over to U.N. Force, as we always said we would.
- P.T. Agree : begin by saying what we have achieved viz. stopped 3<sup>rd</sup>. war. As for U.N. – deadlock. Someone must take initiative to break it. We think we shd. – now that U.N. Force is arriving. The rest is up to U.N. & we leave it to them.
- After disc<sup>n</sup>. – general feeling tht. it wd. be preferable to make only an interim statement to-day.  
Content of interim statement : shortened a/c of debates in U.N. : build-up of U.N. Force : brief sugg<sup>n</sup>. tht. there is a basis for arranging future of Canal & also its clearance. But all must now be discussed with French.
- H.M. Better to say no more to-day than returned, Cab. disc<sup>n</sup>., no final dec<sup>n</sup>. w'out further clarification in N.York and consult<sup>n</sup>. with French, final dec<sup>n</sup>. will be announced Monday. Then make a much bolder announcement.
- R.A.B. Need more – to keep H/C. quiet.  
Best prs. to say somethg. about U.N. Force.  
Also somethg. on Br. subjects in Egypt.

[Exit S.Ll.]

3. Parliament.

- R.A.B. Business next week.  
Wed/Thurs: debate on F. Affairs.

Suez Canal.

[Enter E.H., P.M.G.]

R.A.B. Mtg. of 1922. Section disposed to "go it alone". Mtg. of F.A. Ctt<sup>ee</sup>. at 10.15 p.m. Party is unaware of our likely decision.  
Shd. S.Ll. attend mtg. at 10.15?  
Nos. of solid "go it alone" group = 30 or more. But 100 or more others are uncertain.

E.H. Sanity is working thro'. But a hard core is v. determined.

R.A.B. At '22, S.Ll. put pros & cons. of going it alone or acceptg. U.N./U.S. decisions.

S.Ll. Have spoken to N. York. i) Told Dixon tht. if any doubt of discrimin<sup>n</sup>. v. our ships (Nasser threat on basis tht. we are "still at war"), all bets are off. Similar rep<sup>ns</sup>. in W'ton.  
ii) Told Dixon H. must give us clearer assurance on clearance of Canal.

J.S. L. Heald : we can hand-over, head for head, for some days. M'while U.N. cd. go on with clearing Canal.

A.H. But we are thinkg. of 15 day oper<sup>n</sup>.

S.Ll. Not finally committed. We cd. take out 5.000, and see what they will do on clearance to match it?

I.M. What U.S. response to that?

S.Ll. W<sup>d</sup>. delay it, but mght have to accept that, to avoid max. trouble in Party.

R.A.B. Out intent<sup>n</sup>. shd. be made clear on Monday. Otherwise we shall get no benefit.

L.P. If, on vote, we lose by votes of right we shall be finished for years. In that event, I wd. sooner go on.

Agreed. 1) After discussion, agreed tht. S.Ll. shd. attend mtg at 10.15. p.m. even if he doesn't speak – except for inform<sup>n</sup>. on pts of fact.  
2) Agreed : Cab. to meet at 12 noon, Friday, at H/C.  
3) Await further inform<sup>n</sup>. on points i) and ii) above. Have also told U.S. they must be firm on i).

A.H. Party points are i) clearance before w'drawal.  
ii) U.S. anxiety lest we decide to "sit it out".  
They must be v. worried about our leaving U.N. or N.A.T.O.

iii) Have we played our last card – viz. S.Ll. finding on return a Party & Govt. resolutely opposed to unconditional w'drawal. If we & French said this firmly to U.N. & U.S., wd. they not make a concession on (i)? C<sup>d</sup>. that card still be played?

- H.M. On basis : clearance proceeds at greatest practicable rate? i.e. without reference to w'drawal.
- A.H. Not good enough if they see to it tht. clearance begins when last Br./Fr. soldier leaves.
- S.Ll. Hamm. has said tht. U.N. side of clearance will begin as soon as we give a firm date for w'drawal.
- D.S. Won't our pol. crisis be over before last day of w'drawal.
- A.H. No. Because, once we have given a date, E. will see to it tht. clearance doesn't start until the day after. Then we shall be humiliated.
- A.L.B. Agree. That is point on wh. Nasser will boast.
- D.E. Assurance fr. U.S. is what matters – for Clay & McCloy won't heed Hamm.
- L.P. But U.S. Govt. wdn't give assurance, on matter in respons. of U.N.
- D.S. Nasser will claim victory as soon as we announce w'drawal. He won't care about clearance.
- R.A.B. This is responsibility of U.N. What can we get from them?
- Ll.G. C<sup>d</sup>. H. be persuaded to repudiate E. cond<sup>n</sup>. of no clearance before w'drawal is complete?
- S.Ll. Offer to begin w'drawal, but go at 1.000 p.d. : & review situation after 5 days.
- D.S. But then we are militarily non-viable.
- H. Get assurance fr. H. that, as soon as surveyors identify next object for clearance, work will start on it.
- I.M. We must decide wtr “go it alone” group mirror opinion in country. I believe they do. Tho' I know they are wrong. Therefore, if we are to fall, we had better fall with them – thro' being too stiff, not too soft.

- R.A.B. But shd. we advocate policies we think are wrong merely because we believe they are well supported in country?  
Our aim before Mon. shd. be to get more on clearance.
- H.M. Suppose you've made a deal – & then try to get more on one clause – you may lose the whole deal. Claim that we have secured our objectives. Otherwise, we may lose all.

1. Economic Situation.[Enter P.M.G., H.W., E.H.  
Beeley

- H.M. 400 \$ m. is final out-turn. Will appear at 279 \$ m. Rate 10/20m.p.d. We shd. try to hold pos<sup>n</sup>. Deval<sup>n</sup>. to fixed rate wdn't help us for long: we shd. soon get dollar invoicing.  
Measures: a) renewal of Anglo-U.S. pol. co-op<sup>n</sup>. b) mobilisation of dollar resources. c) internal measures: favour 1/- extra duty on oil: but on reflection I don't think it poss. to make rebate for passenger transport. First, because once given wd. be comm<sup>d</sup>. to such exempt<sup>n</sup>. always. Second, because need the increase on derv. Also, tighten up h.p. In addition, think we must announce intention to increase income tax.  
Petrol tax alone will be irritating. Price was going up by 5<sup>d</sup>. anyhow. Think now it will be necessary to do more. Hence proposals on h.p. and income tax.
- J.S. Will advance announcement make it possible to fiddle?
- H.M. Yes : for the very rich.
- I.M. Need you be explicit. "I shall not hesitate to increase direct tax<sup>n</sup>. if sit<sup>n</sup>. still requires it." There might be deflation.
- S.Ll. What is real purpose of internal measures?
- H.M. If your b/p. is even, instead of +300 M., how do you pay for imports. Internal demand must be reduced.
- L.P. Present petrol tax as means of conserving petrol, rather than means of  
x| retrieving genl. financial pos<sup>n</sup>. Income tax : will hit middle class heavier than others.
- P.T. x/ won't be v. convincing – we are conserving it by other means.  
Govt's object. Prefer therefore to relate it to shortage vice finance.
- R.A.B. Incomes will suffer less than prod<sup>n</sup>. : stiff Budget will therefore be needed: as was proved by last autumn Budget. Anxious tht. this time measures shd. be strong enough. We have to cut internal demand by £200M. Petrol tax will give only £100M.
- P.T. Must discuss with H.M. what can be done on h.p. If it is to be addressed to credit base, it must be wider – to include Bank Rate. If it is to be h.p. alone, we must exclude cars & cycles. Can't touch furniture again. Comes down therefore to consumer durables : cd. go fr. 50% to 75%. .....



- D.E. .... ought we draw on our last dollar resources without being sure that mechanism of sterling exchange is such as to prevent those resources from draining away. Mght a floating rate be safer?
- H.M. Let us at least get dollars fr. I.M.F. while we are defending the rate – it is only purpose for which we can draw them.
- A.J. Oil Prices. The case on merits is unanswerable. On timing, quick action wd. help to correct present tendency of retailers to hoard stocks.
- L.P. Make all such announcements simultaneously.
- H.M. Yes : Cos. to announce on Tues. so that I can refer to it while I am announcing the tax.
- H.M. Auth<sup>y</sup>. to seek U.S. agreement to my announcg. intention to claim waiver.

[Exit A.J.]

## 2. Suez Canal.

- L.P. Treatment of Br. nationals returning. “Discrmination” by Customs.
- S.Ll. Drew attention to French version of statement.  
On longer “framework” – top of p. 2., our dependence on oil is overstressed. We are trying to make it plain that Arabs are not all important to us.
- D.E. W’ton Tel. suggesting we shd. refer to Eisenhower’s threat to support U.N. action if any aggression in area.
- I.M. At end (turn-over of penultimate page) we lead up to withdrawal.  
Politically unwise to end on that note.
- S.Ll. Danger of H.’s repudiation of statement. Wise therefore to send him Anglo-Fr. document to-day – making it quite clear that it is not a stalling device (avoidance of a specific date : also cd. make it clear tht. this was at Fr. insistence.)  
Same consid<sup>ns</sup>. must be stressed in Washington. Includg. danger of a date being taken as Arab celebration.  
Must also tell H. in advance what we propose to say on clearance of Canal.

1. Suez Canal.

[Enter P.M.G., E.H.

R.A.B. Message during night tht. U.S. Govt. want a fixed date for w'drawal.  
Seems unreasonable, now that U.N. are satisfied. Humphrey is  
not in touch with latest U.N. developments.  
Must satisfy them of our good faith.

S.Ll. Read draft message to W'ton.

Despatch approved.

Draft of S.Ll.'s statement considered.

- i) Passage on clearance, at foot of p. 3., is such that Sec. Genl. will not repudiate it. ?Agreed : add to this the statement tht. clearance will not depend on any other consideration. In form : add B. as well with preface "in other words".
- ii) References to 18 Power proposals – in reply to U.N. resol<sup>n</sup>. Propose to say we adhere to these as best but ready to consider alternatives of equivalent value. Fr. want to confine it to 18 Power proposals. Still under disc<sup>n</sup>. with French.

Draft statement approved – with amendment.

R.A.B. Consult<sup>n</sup>. with P.M. & his reply.

[Exit S.Ll.

2. Economic Situation.

Discussion not noted.

1. Suez Canal. [Enter E.H., P.M.G.]
- R.A.B. Excellent division – congrat<sup>ns</sup>. to Whips.
- S.Ll. Attempts to restore situation.  
i) 20 tanks for Lebanon. Charioteer – obsolete.
- H.M. I Agree.
- [S.Ll.] ii) Ruler of Bahrain – v. loyal – wants asylum for 5 members of his Ctt<sup>ee</sup>. arrested for treason. Want C.O. to find a place. He will pay.
- A.L.B. S<sup>t</sup>. Helena.
- [S.Ll.] iii) Jordan. £800.000 instalment this month had better be paid – or we drive them at once into R. arms. Parlt. has voted for negot<sup>n</sup>. to end Treaty : but want to play this slowly – U.S. mght be ready to take over some of our oblig<sup>ns</sup>. Things are quietening. Prefer to re-negotiate Treaty under less unsettled cond<sup>ns</sup>.
- A.H. C.O.S. re-appraisal of M/E. won't be ready until after Xmas.
- S.Ll. Ready to submit memo. on pros & cons. political – but mil. side is needed too.  
Indic<sup>ns</sup>. tht. J. Govt. want to put on us the onus of breachg. Treaty. Presume they haven't got the cash from elsewhere.
- H.M. Agree we shd. not act precipitately – until our future policy is clear. Mil. value of these Treaties is small. We cdn't hold n. tier v. R. from these bases. W<sup>d</sup>. need to act by air – bomber bases & carriers. That is only type of base wh. will be tolerated in M/E. in future – for clear they can't be used for “colonial” purpose. Ready, however, to give them some cash fr. time to time.
- S.Ll. They also ask for £¼ M developmt. loan – for road. Propose tht. this be delayed.
- Agreed : F.O. & M/D. to submit memo. on Jordan.
- H.M. iv) Libya. Can we re-consider value of that base?
- L.P. Preserve air base (?U.S.) for staging purposes?
- L.P.S. Start with Jordan, but set in hand prep<sup>n</sup>. of pp. on whole ques of re-deployment in M/E.

Prisoners of War.

[Enter 3 Serv. Ministers

- A.H. 250 E. p.o.w. Proposed to hand over to Burns. But shd. we bargain them v. our contractors? (450 or so).
- S.Ll. Our understandg. fr. Fawzi is tht. contractors will be released as soon as we are out.
- L.P. Will be ill-received here if we surrender our bargaining card. W<sup>d</sup>. prefer to negotiate.
- H.M. Negotiate hand-over on last day.

Agreed. M/D. and F.O. to concert – for U.N. must be informed.  
(Hail. Also 50 naval p.o.w. in Fr. custody.)

Casualties.

- A.H. Norwegian won't now go to inspect Pt.Said. Do we do any more?
- W.M. K. needs help of lawyer in further investig<sup>n</sup>. Ready to return, if desired.
- L.P.S. Pity we can't get an independent enquiry, before we leave. W<sup>d</sup>. still prefer to have that. C<sup>d</sup>. someone be persuaded to go with W.M.
- H.A. Better if independent went alone.
- S.Ll. Norwegian has returned now.  
U.N. enquiry while we are there wd. be acceptable. Try to get official of U.N. to go at once.
- R.A.B. Put our material at disposal of U.N. & ask him to send someone to check it while we are still there.
- S.Ll. Ask Burns to do it. Or ask H. to ask him.
- P.T. Send a good lawyer at once : and rest on his report. Less risky.  
Consider Shawcross. Make best use of our one week.

Agreed : i) Shawcross if available. [In N. Yk.  
Edwin Herbert if he isn't. [K. to ask him.  
ii) K. to consider wtr he cd. discuss his material with a  
suitable officer of U.N. Force.

Air Reconnaissance.

- A.H. Nos. of R. aircraft in N.E. Syria. C.A.S. wants to fly recce. to check accuracy of inform<sup>n</sup>. Important to ascertain facts. Risk of detection is v. small, at 45.000 ft.

- S.Ll. No obj<sup>n</sup>. to this, need the inform<sup>n</sup>.
- L.P. Doubtful. No reason to suspect imminent action fr. Syria., wh. wd. justify it. Don't want to look belligerent.

Agreed : Make the recce by air.

U.N. Force.

- A.H. Gt. diffy. in providg. any admin. backing for U.N. forces. Even food is lacking. Now tht. our statement is made, U.N. are more co-operative.

Clearance of Canal.

- Hail. As in memo.  
All our salvage crews are Br. and most are naval crews.
- A.H. They have always made difficulty about Service personnel.
- Hail. Ready to put them under U.N. flag : blue ensign : civilian clothes.
- A.H. Wait until Wheeler arrives. It's up to him.
- S.Ll. Agree we cdn't allow vessels to be used w'out their crews.

Agreed : K. to arrange for Adm<sup>y</sup>. salvage officers to discuss with Wheeler.  
F.O. and M/D. to follow up genl. ques of clearance.

Commonwealth Cemetery at Suez.

- J.H. Egyptians have desecrated Comm. cemetery at Suez. Using it as car-park. Possible propaganda point.
- L.P.S. Swiss shd. be asked to protest. [Exit P.M.G., K.

2. Germany : U.K. Forces.

- A.H. Crux : para. 9.  
Gruenther & Monty believe tht. some red<sup>n</sup>. is eventually practicable.  
Proposal here canvassed is 25% cut. 466 – 266 aircraft. Berlin Brig : 2 Div<sup>ns</sup>. & Am<sup>d</sup>. Brig. Group vice 4 Div<sup>n</sup>. & Brigade.  
Believe we mght get this accepted. If we proposed 50% cut, reaction in NATO mght damage Alliance v. seriously.  
But, if we are to reduce, better do it all at once – rather than cut and come again.

H.M. Lucky this year : shan't have to find more than £6 M. as cpd. with estimate of £36 M. Don't want therefore to re-open support costs this year. But we must find means of cutting our exp<sup>re</sup>. of £68 M. to £35 M. next year.  
Expect heavy criticism of our def. exp<sup>re</sup>. Can't hope to avoid it.  
How justify to U.S. 50% cut. Agree on bite at cherry. But 25% isn't enough.  
Paris Agreement. – 4 Div<sup>ns</sup>. for 50 yrs. Other countries believe in Div<sup>ns</sup>. of 10,000.

A.H. But they count nos. as well as Divns.

H.M. Even so, smaller Div<sup>ns</sup>. wd. honour oblig<sup>n</sup>. in Paris Agreement. If we present it as removing 2 Div<sup>ns</sup>., there will be gt. trouble.  
W<sup>d</sup>. sooner say to U.S. – we must have 50% cut in cash, don't care how it's done, what do you say? Sound them out on that basis.

S.Ll. I wd. tell U.S. we can't produce any money in b/p terms.

L.P. Don't alienate U.S. over N.A.T.O. They may intend to build it up instead of U.N.

A.H. Favour arguing it on money – f. exchange money.

N.B. Agree – strategic arguments are v. phoney.

A.H. Not altogether. Increased weapon power does warrant some red<sup>n</sup>. in size of Forces.

Hail. R.N. want to w'draw Rhine & Elbe squadrons – £500.000 p.a.

Agreed : H.M., S.Ll., A.H. to negotiate at N.A.T.O. in light of this discussion.

1. Cyprus. [Enter A.N., R., P.M.G., Gosford., H.Brooke, E.H.]
- A.L.B. C. Policy Ctt<sup>ec</sup>. have considered Radcliffe Rpt., with aid of Govr. & Ambassadors to Greece & Turkey. Financial ques wh. Ctt<sup>ec</sup>. failed to settle have now bn. determined, in consult<sup>n</sup>. with Ty. Statement – to be made in H/C. on Wed. next. Rpt. to be publ<sup>d</sup>. that day here & locally.  
Proposed tht. I shd. visit G & T. in person to secure their acquiescence.
- R.A.B. P.M. has bn. informed. Announcemt. can't be delayed. W<sup>d</sup>. have bn. better tht. A.L.B. shd. do his consult<sup>ns</sup>. in Paris : but have warned P.M. tht. he may need to go to the 2 capitals.
- L.P. Ctt<sup>ec</sup>. approved all main recomm<sup>ns</sup>. of R.'s report – & agreed tht. it shd. be taken as a whole.  
Most important to publish report before Xmas.  
Statement : i) para. on partition. Included to make it poss. for G. & T. to give the plan a modified blessing. Not actually a solution wh. we wd. welcome – & probably impracticable for some time on strategic grounds.  
ii) para. referring to Makarios. W<sup>d</sup>. be taken as sign of weakness by our supporters if we volunteered this. Better reserved for reply to supplementary.  
Rpt. is most valuable – and wd. be useful precedent.
- A.L.B. Financial decisions. Police £1 M from Col. Funds : excess over next 5 years from Treasury.  
Inter-communal Schools. Cyprus contrib<sup>n</sup>. of £150,000 to be secured by precept.
- L.I.G. “Right” of self-determination mght, if conceded here, be used by Irish Rep. Govt. as ground for demandg. plebiscite there. Mght even be awkward qua Scottish & Welsh nationalists.
- A.L.B. C<sup>d</sup>. argue, re Ireland, tht. we have partitioned – and that minorities cd. now move across borders at will.  
Willing, however, to re-consider wording – may not be necessary to use both words “principle” and “right”.
- P.T. Can we really run both liberal constit<sup>n</sup>. and partition – in one para.
- A.L.B. The 2 concepts are consecutive, not concurrent. S.d., and partition, don't arise while liberal constit<sup>n</sup>. is functioning.
- L.P. C.O.S. consider that partition is inconsistent with m'tenance of Base.
- P.T. W<sup>d</sup>. wish to see memo. by C.O.S. before I assented to that view.

- A.L.B. Doesn't arise so long as we maintain our sovereignty.
- W.M. Dissent fr. P.T.'s view. Wdn't work – qua security of base. I object to partition on human grounds. But I am persuaded we can't exclude it altogether. Also that mention of it is necessary to secure G. & T. acquiescence in this present plan.
- P.T. Dangerous to reply on assumpt<sup>n</sup>. tht. T. will in the end prevent our losing out altogether on s-d.
- K. No inconsistency. All we say is tht., when const<sup>n</sup>. is working & our strategic need of base is exhausted, we don't then exclude partition altogether.  
Ll.G.'s point can be met by drafting change.  
P.T.'s anxieties can be allayed by running this para. into preceding.
- L.P. Is it really necessary to mention plebiscite? Repercussions on Ireland etc.,
- R.A.B. C.P. Ctt<sup>ee</sup>. cd. look at statement in light of to-day's discussion : resume disc<sup>n</sup>. on Thurs.  
M'while, S.Ll. cd. show R. Rept. to Rep<sup>ves</sup>. of G. & T. at N.A.T.O. Mtg.
- A.L.B. W<sup>d</sup>. wish to warn Govt. supporters before I go to 2 Capitals.
- L.P.S. Party isn't in good mood to take this before Xmas. They wd. fear this as indication of Br. departure from Cyprus.
- AL.B. But danger of delay is tht. Socialists will harden in their attitude. Need for some reference to s.d. & partition arises fr. fact tht. T. wd., without it, come out in rigid oppos<sup>n</sup>. to the constitution.
- A.N. We agree. Believe both G & T. wd. like to accept constitution if they are enabled to.
- Agree : L.P. to re-draft statement.  
Cab. to consider again on Thursday.  
A.L.B.'s visit to G & T. to be p'poned until after then.  
Final decision by Cab. on Tuesday.
- D.S. Party will find it v. diff. to stomach this before Xmas.
- K. Satisfied tht. G & T. will reject the R. Rpt. unless the 2 disputed paras. are included in statement.
- H. Agree. But is it impossible to defer Rpt. & statement until end/Jan<sup>y</sup>.?
- P.T. C<sup>d</sup>. you say tht. we are discussing with G. & T.



- A.L.B. If we did, they wd. leak it.
- I.M. Balance of advantage : in favour of A.L.B. procdg. with his plan. Tho' he must safeguard pos<sup>n</sup>. of P.M.  
We may be losing last chance of a solution.
- R.A.B. Merits : go ahead as planned. But risk : another M/E. row in H/C.

2. Singapore.

- A.L.B. On arrival in Ldn. Lim Y. Hok has repeated sugg<sup>n</sup>. of internal security being controlled by Ctt<sup>ee</sup>. on wh. Malayan rep<sup>ves</sup>. wd. have in effect a casting vote. Cdn't reject this out of hand.
- L.P. Last Conference failed on i) internal security ii) "Govr/Genl" to be rep<sup>ve</sup>. of U.K. Govt., not of Queen.  
Situation has changed because Lim Y.H. controls sit<sup>n</sup>. as Marshall didn't.  
Diff<sup>y</sup>, however – our rep<sup>ve</sup>. wd. be little more than Amb. : can he therefore be given right to suspend constit<sup>n</sup>. Hence new plan : domestic jurisd<sup>n</sup>. with local Govt : def. & extern. affairs for U.K.  
Govt : but 2 sides wd. be on equality.  
Believe that this is on right lines.
- L.P.S. If. constit<sup>n</sup>. is suspended, how cd. U.K. Govt. rep<sup>ve</sup>. act unless he controlled Br. troops. etc.,
- A.L.B. Malayanisation of police will soon mean tht. he has to rely wholly on Br. troops, in any event, even if this is done.
- D.S. C<sup>d</sup>. we not retain U.K. sovereignty over area of Base.
- A.L.B. Then the rest wd. be as Spain is to Gib. Worst course of all.
- D.S. Don't get committed to eventual union of Singapore with Malaya.
- L.P.S. More study needed of relations betwn. Govr. Genl & U.K. rep<sup>ve</sup>. C<sup>d</sup>. Official Ctt<sup>ee</sup>. be re-convened on this ques.

Agreed : A.L-B. to hold exploratory talks with Lim Y. Hok without commitment.

[Exit A.N., Gosford.  
[Enter G Ward, H.W.

3. Suez Canal.

- R. S.Ll. is discussing with F.D. in Paris. 457. Paris.  
Dixon .. .. H. in N. York. 1631. N. Yk.  
Wheeler is looking at Canal & will then talk to Egyptians.

Awkward in these circs. to begin to move our ships away from Port Said on 12/12. Indeed, seems warranted to leave them there even after our belligerent troops have left.

G.W. Wheeler may take a diff't. view after he has seen our rep<sup>ve</sup>. in Pt. Said this evening.  
If we are working at Pt. Said & ready to move 6 ships down Canal, there will be nothg. to move away to Cyprus.  
In fact, however, the urgent work in Pt. Said is finished.

L.P. Must not agree to leave our ships w'out crews.

H.W. Agree.

H.W. Must not w'draw our salvage vessels on 12/12.  
Will add at least a month to time of clearance if we don't work on it.

G.W. Yes : one to two months.

F.O. to inform S.Ll. of views expressed. [Exit A.L.B.]

#### 4. Economic Situation.

H.B. Approval of I.M.F. drawings.  
Atmosphere v. friendly. Warm U.S. support. Welcome for decision not to impose import controls.  
Vote : Egyptian abstained.

[Exit H.W.]

#### 5. Export of Arms : Sale of Carrier to Argentine.

G.W. No strategic obj<sup>n</sup>. Threat is there anyway.  
Economic advantage.  
Political – régime is more friendly: helpful if 2 Navies draw together.

R. Agree. Navy is dominant in Argentine politics to-day.

H. x/ W<sup>d</sup>. like to give advance inf<sup>n</sup>. to A & N.Z.  
Sh<sup>d</sup>. we not try to bargain this for a deal on Antarctic.

G.W. No – for they can buy carrier fr. U.S.

H.B. No financial obj<sup>n</sup>.

G.W. S.Ll. may like to consider informing U.S. Govt. They won't like it.

R. y/ Will consider.

Approved – subject to x/ and y/. [Exit G.W.]

6. Broadcasting : 14 Day Rule.

- L.P.S. Impasse because Labour Party have divided views.
- PMG. Try for assurance from all b'casting auth<sup>ies</sup>. tht., if Govt. suspend rule, they will themselves use discretion to avoid anticipation – for trial of 6 months.
- L.P.S. Ready to try this on Leader of Opposition.
- B.H. But will you ever be able then to re-instate it?
- E.H. How much confidence can we put in assurance of p'mme cos.
- L.P.S. If Labour won't wear this, revert to a 7 day rule.

1. Northern Ireland.

[Enter E.H.]

L.I.G. When I.R.A. admitted responsibility, we approached Dublin. But since my memo. circulated, Dublin Govt. have made statement & taken action.

H. Now, we can only welcome Dublin action & hope they will give it effect. Draft message to N. Ireland is available. Expresses concern at sit<sup>n</sup>. but for the rest welcomes Dublin action.

[Enter P.M.G., J.H., Hail.]

2. Suez Canal.

S.L.I. Treatment of nationals in E. Fr. have agreed to p'pone U.N. debate for one day. It wd. do no good.

Release of P.O.W. and/or detainees. Sh<sup>d</sup>. they be used as bargaining counter for release of contractors? Geneva Conv<sup>n</sup>. : attitude of Fr. : views of C-in-C. – all run counter, qua p.o.w. But civil detainees are in diff<sup>t</sup>. pos<sup>n</sup>. We mght prepare to remove them – hoping an agreemt. will be reached before final evacuation.

A.H. Politically, diff. for us if we have no card to swop for our contractors' men. W<sup>d</sup>. also keep Eg. offr (brigadier) to swap for Moorhouse.

J.H. Army don't want to take anyone to Cyprus. But I recognise our oblig<sup>n</sup>. to contractors' men. C<sup>d</sup>. we get statement out of U.N. or Fawzi.

A.L.B. Govr. Cyprus sees gt. diff<sup>y</sup>. in accommodatg. p.o.w. Gib. cd. take them after 2 wks.' delay.  
If he isn't asked to take p.o.w., I will press Harding to take civilians.

D.S. Do we not want to re-assert claim to Base – & put civilians back?

S.L.I. Not safe for them to go straight back.

D.S. We must make statement implying tht. we took them out.

J.H. Are sure re brigadier : CIGS believes Lt Moorhouse is dead. How long do you keep brigadier, if you remove him?

Hail. I believe he is dead.

A.H. Final dec<sup>n</sup>. cd. be taken on last day of evacuation.

After disc<sup>n</sup>. : agreed no E. offr. to be held v. Moorhouse.  
P.o.w. to be handed over on w'drawal.  
Prepare to remove detainees to Cyprus.

- S.Ll. Clearance of Canal. Read draft of statement for H/C. to-day.
- Hail. Doubtful if crews will work these ships w'out better assurance of security. Wheeler's statements have bn. v. damaging to our morale.  
Men I saw on spot were virtually a strike Ctt<sup>ee</sup>. – because upset by Wheeler's attitude, as had also the Germans. They were employed by Adm<sup>y</sup>. to serve under prot<sup>n</sup>. of W. Ensign & said they wd. accept no less. But, with adequate leadership fr. someone sharing their risk, I believed they wd. accept a different arrangem<sup>t</sup> – until Fawzi's threat this a.m.
- L.P. W<sup>d</sup>. prefer to take tougher line in statement. E. has oblig<sup>n</sup>. under Conv. to keep Canal clear : they sank the ships : we are ready to help to clear it – but under cond<sup>ns</sup>. we regard as satisfactory.
- Hail. German won't release us fr. our oblig<sup>ns</sup>. under charter unless he gets satisf. assurances on security fr. U.N. rep<sup>ves</sup>.
- A.H. Agree with L.P. Cdn't we made stronger rep<sup>ns</sup>. to U.N.
- S.Ll. Strong position to say – we have made these offers, it is not our fault if unacceptable cond<sup>ns</sup>. are put upon us.
- H.M. U.S. are alive to this now – & ready to bring pressure on U.N. and E. Let some of our unpopularity be diverted to E.
- L.P.S. Mght it not be wiser to defer this statement – fr. the angle of holding opinion in Parl<sup>t</sup>.
- S.Ll. But urgently necessary to mobilise world opinion. Also dangerous to allow feeling in H/C. to fester. Prefer to take offensive in H/C. than wait to be on defensive.
- P.T. Narrow choice – betwn. to-day & to-morrow only.
- H.M. Make it as interim statement – negot<sup>ns</sup>. are procdg.

1. Cabinet. [Enter P.M.G., E.H.
- P.M. No mtgs. from 21/12 to 3/1. – save for emergency.
2. Cyprus.
- A.L.B. Greece : claimed tht. it was not a liberal constit<sup>n</sup>. because of extent of Govr.'s powers – e.g. his right to decide what was a reserved subject. But in fact they were not concerned with merits. Their re-occup<sup>n</sup>. was wholly with attitude of Opp<sup>n</sup>. And, without time-limit for s.d. & promise of release of Makarios, they will evidently receive our statement in hostile fashion. I cdn't recommend concession on either of those points. Must try to get U.S. pressure to avoid precipitate express<sup>n</sup>. of Gk. views : now have W'ton 2488.
- Turkey : regard constit<sup>n</sup>. exercise as academic. But are ready to accept it, so as to appear conciliatory. In statement – as we had accepted s.d., their minds are turning to partition, with Br. enclaves in both zones. They favour early start on workg. out details – even tho' we envisage it as long-term solution. One modification of statement – on partition, a phrase indicatg. that, if s.d. leads to change in status of island, T. Cypriots wd. be given option of electg. for partition.
- L.P. Strategic view : partition not acceptable while we need C. as base. Awkward therefore to risk danger that both sides mght accept partition. Sh<sup>d</sup>. we not make it clear tht. on partition we wd. insist on enclaves.
- S.Ll. Better, instead of new sentence – “This may well involve partition of Island.”
- A.L.B. V. important to get acquiescence of Turks.
- D.S. What interest have we in Cyprus, when we no longer need the Base.
- A.L.B. Qua world opinion, we shall put ourselves right : and Gks., if they reject it, will put themselves at gt. disadvantage.
- P.M. We shall be asked at once what we intend about the Base?
- H.M. “When the intern<sup>l</sup>. & strategic situation permits” will be taken to equal Gk. Kalends. But more realistic assumpt<sup>n</sup>. is tht. a new strategic appreciation may make it practicable to keep a Base in enclaves in partitioned Cyprus.

- L.P. We shd. also be ready to give other NATO Powers facilities in this base.
- A.L.B. Nothing here to prevent that.
- P.T. Insert reference to base at x/ in draft para. – “in add<sup>n</sup>. to the provision of any necessary military facilities.”
- H.M. Better – and certainly cheaper – have partition now if we cd. have a base.
- D.E. Will anyone work the constit<sup>n</sup>. when partit<sup>n</sup>. is foreshadowed as future?
- A.L.B. If it worked, Gks. might vote on s.d. for status quo.
- H. Preferred original draft. This gives built-in veto to Turks.
- A.L.B. It was there by implication before.
- L.P. If Base is needed, partition isn’t ideal – for we cd. get same situation as on Canal (hostile population etc.,).
- H.M. Need for that type of Base is diminishing. [Exit A.L.B.]
- D.S. But must own the land of the Base itself.
- P.M. For some years to come, we shall need some base in Cyprus to cover Persian Gulf.
- I.M. Must go thro’ Radcliffe exercise.
- K. This statement satisfies our friends – here & abroad. Also holds out hope of liberal constit<sup>n</sup>. Puts Gks. in much worse position for attacking us.
- L.P. W<sup>d</sup>. sooner omit ref<sup>ce</sup>. to mil. facilities & be free to argue tht. earlier words = Gk. Kalends.
- P.M. W<sup>d</sup>. prefer original words, with deletion of last phrase.
- L.P. Or “wd. be prepared to accept partition as a possible solution”.
- H. Worse, qua Turks.
- K. & H.M. Or : “In other words HMG. recognise that the exercise of s.d. in such  
x| a mixed community must include partition among the eventual  
| options.”

Agreed : as at x/, subject to concurrence of A.L.B.

3. Broadcasting : 14-day Rule.

L.P.S. Compromise reached with Opp<sup>n</sup>. tht. we suspend rule experimentally.

PMG. Approve.

Agreed.

4. Suez Canal.

W.M. Herbert believes no. of killed may be 650, and 800 seriously wounded.  
Opp<sup>n</sup>. have inform<sup>n</sup>. fr. U.S. correspondent.  
Have told Herbert to prepare report for publ<sup>n</sup>. – confl. covering note  
and supplementary material for brief. Will prob. be ready to-  
morrow.



1. Parliament.

[Enter E.H.]

- P.M. Debate on Hungary. S.Ll. to open. Need not start until 6 or 6.30 p.m.
- S.Ll. Don't want debate to run over into genl. ques of Europe – Germany etc.,  
Who shd. reply to debate?
- P.M. Home Secy. – for 10 minutes.
- S.Ll. Want his material in opening speech.
- L.P.S. Let W. Elliot speak last. To avoid too many Ministers.

2. Suez Canal.

- S.Ll. E. Govt. have agreed to release contractors' employees.
- A.H. They will be flown home before Xmas.
- S.Ll. Clearance. Security of salvage vessels in P. Said is now assured. No  
assurance re 6 to go further south. 4 of these are at P. Said & can  
stay there – pendg. assurances.
- L.P. Glyn is tabling Motion in H/L. for R. Comm<sup>n</sup>. on Suez – on analogy of  
that on Gallipoli. Believes it wd. help Nuri! Can we show him  
that it wdn't.
- S.Ll. Tell him it wd. disclose Anglo-U.S. diff<sup>ces</sup>. & re-open the wound. For  
enquiry wd. have to go back to July.

3. Northern Ireland.

- P.M. P.M. of N.I. was dissatisfied with our first response. Agreed with him  
on telephone formula wh. is in Press to-day.
- Ll.G. Draft of statement in Parlt. Discussed & amended.
- A.H. Last para. may involve a heavy commitment.
- L.P.S. Is it not provocative?
- H.M. May well make things worse – just to please Ulster Members.

Agreed : Statement to be made by P.M. in H/C.  
L.P. in H/L.

1. Suez Canal. [Enter E.H.]

A.H. E. Govt. have called off surrender of contractors' men because Fr. are removg. their p.o.w. Can we put immed<sup>te</sup>. pressure on Fr. Govt.

S.Ll. Message from P.M. to Mollet is needed. Agreed.

A.H. Local Fr. commr. has disembarked other ranks: trying to fly back officers.

Later. Fr. F.O. are in agreemt. & trying to influence Fr. M/D.

2. Parliament.

L.P.S. Business for next week.

3. House of Lords Reform.

L.P. Can't canvass opinion in H/L. until Cab. have made firm choice on para 2.

Other points: i) Church of Scotland : as in para. 9. I am not in favour of altering no. of bishops (para. 8) tho', if total size of House is reduced, their prop<sup>n</sup>. will be increased. We ought therefore to sound Cantuar before aproachg. Ch/Scotland.

ii) Ctt<sup>ee</sup>. of Selection. Dislike proportionate rep<sup>n</sup>. of Parties because it will lead to same method for selection of hereditary element in the House. Hence formula in para. 10.

iii) ex-Cab. Ministers. As in para. 12. No reason to exempt them fr. normal process of selection.

Ministers. As in 13-17. P.M. must have elasticity to promote a Minister to H/L. Meet that by keeping 2 or 3 vacancies.

iv) Swamping. Unnecessary because powers have bn. so far reduced.

P.M. On i) what of R.C.'s?

L.P. Cd. resist because not established. Nor do they want it.

J.S. Agree tht. this need not raise other claims. Support L.P.'s plan.

P.M. On ii) I support new formula.

B.H. How wd. it be done?

- L.P. I wd. agree a list privately with leaders of other Parties, and put it formally to vote of House.
- H. On iii) 200 hereditary Peers wd. mean only 160 back-bench Peers.
- L.P. Yes : but we shd. get a better House. Cdn't defend automatic addition of any ex-Minister, however ill qualified.
- S. W<sup>d</sup>. give younger Peers a better chance if H.'s view were followed.
- E.H. On (iv) argument in H/C. will be : new House will be Conservative : a Tory Govt. cd. repeal Parl. Act and, once that was done, a Labour Govt. cdn't restore it having no power to threaten swamping.
- L.P. New Labour Govt. wd. introduce a Bill .....  
Technically possible : but no Tory Govt. wd. pass such a Bill.  
They might increase powers of H/L. i.e. cut down Parl. Act but wdn't abolish it.
- L.P. Will consider further how that theoretical point cd. be answered.  
  
After discussion – particular points approved but subject to further consid<sup>n</sup>. by L.P. of (iii) (a) and (iv).
- L.P.S. By wording of Q. Speech, we can have debate in H/L. on plan to which Govt. are not finally committed. Recommend tht. this debate be held on basis of comprehensive scheme. We can still reserve our dec<sup>n</sup>. wtr or not to go fwd. with Bill.
- H.A. Wise to test opinion in that way. May be more feeling in H/C. than we assumed.
- L.P.S. Opp<sup>n</sup>. may be less troublesome than we feared. A.B. is contemptuous rather than hostile. But a section of Tories wd. prefer not to touch constitution.
- E.H. Also a feeling tht. Parl. shd. give time now to serious practical problems of to-day.
- D.E. What attitude shd. Ministers take during this public discussion.
- L.P. W<sup>d</sup>. want first to test opinion of Tory Peers. If they will support it, I wd. deploy scheme publicly w'out commitment. W<sup>d</sup>. keep door open to saying, if great division of opinion, tht. it wasn't worth going on. If we did decide to go on, there cd. be a White Paper describing it still as a draft Scheme.
- D.E. Even so, if asked my opinion on this plan, I shall find it difficult to say that I approve it.

P.M. We can all say aren't committed.

Agreed : Proceed as proposed by L.P.

L.P. Payment. Sh<sup>d</sup>. not be part of reform. But pos<sup>n</sup>. is getting v. diff. indeed. If I had to choose, I wd. sooner have payment than reform.

4. Singapore.

A.L.B. Dangerous to tailor constitutional change to a particular Minister. But there is no source of support for us in S. other than L.Y. Hok.

a. Internal security. Existg. power to interfere is never in fact used : even now only action wh. Govr. wd. think of taking is to suspend the constit<sup>n</sup>.

L.Y. Hok is willing to have internal security handled by a Ctt<sup>ee</sup>. under U.K. Chairman with a rep<sup>ve</sup>. of Malaya : so arranged that these 2 cd. out-vote others. He is ready to represent this as consistent with full internal self-govt. Recommend tht. we shd. accept this.

Power to suspend constit<sup>n</sup>. wd. remain. Sanctions for this wd. be shaky. But they are now. Col. Secy. who has power over Police now cdn't use it w'out support of Ministers. Good prospect of retaining a no. of senior Police appt<sup>mts</sup>. (Europeans) over next 6 years – and thereafter wd. be handled by a Police Service Comm<sup>n</sup>. or even Internal Security Council vice elected Ministers.

b. Governor General. They want local man after interim period of 1 or 2 years. He wd. be figure-head – and we cdn't therefore leave our reserve powers to him. Must therefore have a rep<sup>ve</sup>. of U.K. Govt. with real powers. Rep<sup>ves</sup>. of A & N.Z. and Commr. Genl. support this. Plan is tht. Commr. Genl. shd. hold this office. This wd. give us reality, but not trappings.

There will be break-down in March if we can't meet him on these 2 points. Want to tell him this week tht. we expect to be able to do so.

L.P. Most unhappy to take decision on a matter of this importance without more thought.

Taking a big risk on L.Y.H. remaining in office.

K. Support A.L.B.'s plan. It is realistic approach. We can't hold the base in future w'out a friendly population.

L.P.S. U.K. rep<sup>ve</sup>., when he suspends constit<sup>n</sup>., will have real power. Other diff<sup>y</sup>. remains viz., he acts in conflict with Queen's rep<sup>ve</sup>.

A.L.B. Will consider this betwn. now & March.  
Repeated his formula.

P.M. Surely you can tell him now tht. Cab. hasn't bn. able to consider :

| promise him a clearer view via Scott after Xmas : m'while  
x| indicate tht. yr. own view is sympathetic.

H. Agree it wd. be wise to settle on (a) – a good bargain. But (b) isn't at all clear, yet.

S.Ll. Better prs. on (b) to provide tht. Queen's rep<sup>ve</sup>. shd. accept advice on some matters fr. Ch. Minister & on others fr. U.K. rep<sup>ve</sup>. : with proviso tht. if const<sup>n</sup>. is suspended U.K. rep<sup>ve</sup>. becomes Queen's rep<sup>ve</sup>.

L.P. Power of U.K. Govt. to suspend constit<sup>n</sup>. can't last. When it disappears we may find we have created a v. dangerous precedent.

H.M. Don't miss reality because constit<sup>l</sup>. diff<sup>ies</sup>.

D.E. Easterners respect appearances.

A.L.B. Ready to speak on lines of x/ – if I can make it clear tht. we [think] hope it offers basis for settlement.

H. Not only “mechanics” : don't say that.

I.M. And discuss with him what he will say on return.

5. Economic Situation. [Enter B.C., R.T.]

H.M. Statement on general economic position. [Exit B.C., R.T.]

6. Egypt : Sterling Balances.

H.M. Propose to allow drawing technically, but to block payment. Will amount to same thing, but will look better qua sterling.

S.Ll. Sh<sup>d</sup>. we not consider leg<sup>n</sup>. to protect (in U.K.) assets of Suez Canal Co.

D.E. C<sup>d</sup>. we increase squeeze on E. by preventing shipments – to delay point at wh. U.S. will give E. credit.

P.M. No early risk of that – U.S. public opinion wd. be much against it. There may be help to rehabilitate Canal – money for that wd. give ground for internat<sup>l</sup>. control (in U.S. view).

H.M. E. have approached U.S. re drawing on I.M.F. Propose to tell U.S. we wd. sooner see any help to E. deferred : also her credit-worthiness shd. be weighed. But I.M.F. shd. remember we have

made drawing & shd. avoid takg. sides. We shd. not therefore press our points : & if it came to vote we shd. abstain.

7. Motor Industry.

- H.M. Deput<sup>n</sup>. to me & P.T. y'day. In parlous state – partly because over-expansion partly because recent events. Little we can do to help. But propose –
- i) Petrol for overseas visitors. 20.000 cars sold in that way. Fr. have done this : we cd. follow suit.
  - ii) E.C.G. Dpt. can explain facilities available.
  - iii) P. tax : they ask for red<sup>n</sup> of both this & H.P. deposit. Diff to throw away revenue on P.T. But deposit cd. be reduced from 50% to 20%.
- L.P.S. Don't like giving way on disinflationary policies. Stress fact that this is isolated.
- H.M. Add<sup>l</sup>. diff<sup>y</sup>. of petrol justifies makg. an except<sup>n</sup>.
- P.T. Unless we act, prod<sup>n</sup>. will be down by 50% this year.
- I.M. Generally, it is difficult – order, counter-order etc., But this can be represented as exceptional. If we are to do it, must do it v. quickly.

8. United States Loan.

- H.M. Alternatives : i) change of clause 6(3) or ii) new agreement. Doubt if i) will do – for anythg. acceptable to us is likely to be rejected by Congress. Prefer therefore to go for ii). Give prov<sup>n</sup>. enabling U.K. Govt. at its own option to claim deferment, until end of whole period, of paymt. of interest and capital. Try for 9 such bisques : we mght get 7. No test of need : sole discretion to U.K. Govt.

Approved.

9. Local Government Finance. [Enter D.S.]

Main ques. to be considered after Xmas.  
D.S. to be authorised to make a statement to-day foreshadowing introd<sup>n</sup>. of short Bill.

10. Kashmir.

H. P.Q. by Beamish to-day. Proposed answer goes a little further than we have gone before.  
Policy shd. be discussed at greater length after Xmas.