

CAB 195/18

CABINET

MINUTES

C.C.(59) 2nd Conclusions – C.C.(60) 29th Conclusions

1. Parliament. [Enter E.H, Alport
- R.A.B. Business for next week.
2. Foreign Affairs.
- a) Holland.
- S.Ll. Visit of For. Minister to discuss Indonesia. They are upset over Gannets & also K.L.M. decision. Caution in giving assurances re I. attack on W. New Guinea. U.S. have offered moral support & logistic help. We shd. go at least as far. Austr. reluctant tht. any mil. support be offered. W^d. not make any assurance public.
- P.M. No guarantees w'out Cab. approval of wording.
- S.Ll. On supply of arms to Indonesia, there are torpedo-tubes to go into launches built in Germany. Shall suggest they raise ques in N.A.T.O. – for these orders were placed in G. We can't easily refrain from exporting save in pursuance of a common line.
On K.L.M. decision, Ambassador has asked tht. For. Minister shd. have chance to make rep^{ns}. We have said we won't alter decision. He will ask us at least to delay until 15/2.
- H.W. No objⁿ. to p'ponement until 15/2, or a little later.
- P.M. Go to 1/3. – final.
- b) Egyptian Financial Agreement.
- S.Ll. We can agree to say we understand dipl. rel^{ns}. will be renewed in the near future. But we can't give way on the agent who is to handle the compensation business : he must be allowed to operate from an early date with such immunities as he needs to do the job. An early date cd. be 2-3 wks – he cdn't establish himself earlier. Mid. Feby. wd. suit us.
The 2 Br. prisoners. In '57 E. rep^{ve}. said that, as soon as this agreement was reached, they wd. be released. I shall remind E. Govt. of this, but don't want to make it a condⁿ. or say it publicly.
- H.A. Black says it wd. have bn. better if agreemt. cd. be signed by someone senior than Crowe. – e.g. R. Makins.
- S.Ll. W^d. prefer Rickett, returning. W^d. give us 24 hrs. in which to clear up details. We cd. say "hope to sign on Monday & D.R. procdg. to Cairo for that purpose". Agreed. D.R.

3. Air Journeys by Royal Family. [Enter G.W.]

G.W. Increasg. length, speed & frequency of flights make it impos. to provide escorts as previously. Hence proposal for modification as in memo.

H.W. Agree. No other practicable solution. Will consider each on merits.

4. Armed Forces : Malcolm Clubs

G.W. In H/C. Adjournment Debate I said tht., if they cd. pay debts & raise some working capital, we wd. re-consider. That is stiff. Alternatives :

- i) give them 3 mos. in wh. to do this. But T. wdn't accept that.
- ii) if he says his financial posⁿ. has improved, we cd. offer to discuss & hold closure in abeyance.
- iii) if he is intransigent, we shd. be seen to be climbing down. But we cd. promise to let them carry on & review posⁿ. in 3 mos.

P.M. Give him a longer time : he can't raise the money in a short time. E.g. until end of '59.

Precise formula to be agreed betwn. Ty. and Dundee

[Exit G.W.]

5. Representation of Vatican in UK.

S.Ll. No approach fr. Vatican themselves. Fr. F.O. angle I wd. like to make a gesture. No real risk of developing into Nuncio, or doyen. W^d. help our relations with Vatican, which are good.
Ques is wtr it wd. revive controversy in U.K.

R.A.B. Caution. All invitations to attend Coronation were refused.

S.Ll. But they went to a place outside Abbey : and to banquets etc.,

R.A.B. He mustn't become doyen because he wdn't go into Protestant Church. Strong anti-Catholic feeling in U.K. – don't provoke it. Favour delay.

P.M. Illogical if we have Minister at Vatican. But qua polities, we wd. do better to give them somethg. on schools. Dangerous to do both at same time. Leave this for a year.

A.L.B. Don't believe people in U.K. wd. care about it. But ready to wait if it wd. spoil opportunity for schools.

J.M. Nervous of anything wh. cd. arouse R/C. : Orange controversy. It is smouldering still.

H. Do the schools first.

Agreed : Wait.

6. Commercial Policy : Horticulture.

- J.H. As in memo.
Add : there is econ. case. Profitability has declined since '56. Value has dropped by £400.00 despite increased acreage. Costs up by 80% since '54., as cpd. 23% in Holland. Rate of duty has been lower than on tomatoes. Effect on retail price about 4^d. per doz on roses.
- R.M. Advisory Ctt^{ee}. found no economic case. W^d. earn us little credit with our producers. W^d. give us diff^y. in Eur. negotiations, where we are pressing for tariff red^{ns}. generally. Don't do it while we are hoping to pull some chestnuts out of that fire.
- H.A. Support R.M. Diff. to ignore report of Adv. Ctt^{ee}. On balance, this wd. do us more harm than good. Prefer to rely on grants scheme.
- D.E. Tariff increase wd. require aff. resolⁿ. W^d. be diff. to adduce any good reason : wd. have to admit pol. grounds : wd. be criticised.
Prefer to stand as long as we can on policy of opening markets.
We shd. have to go to GATT for waiver – we wd. get it, but not w'out argument.

Agreed : Announce rejection of other tariff applications, say that cut flowers is still under considⁿ., and announce grants scheme.
Resume discussion on cut flowers – via E.P.C. to Cabinet.

[Enter Molson

7. Chevening.

- R.A.B. Historic : easy of access : pictures & library.
Favour prepⁿ. of legⁿ.
Sh^d. we include, among possible uses, residence of member of R. Family.
- P.M. W^d. help in relⁿ. to statement re M. House.
- R.A.B. Add to purposes general Govt. use as well as personal.

C.C.3(59).

29th January, 1959.

[Enter Redmayne.

1. Cotton Industry.

P.M. Exchanges with L.P. and D.E. Hope that in long run the industry will be in stronger competitive posⁿ. We must cash in on H. Kong agreement.

D.E. The industry want to try to produce scheme of re-organisation on their own. I am ready to join in later. Proposed publⁿ. of exchange of lrs. in this sense with Rochdale.

P.M. In short term shd. wish to appear to be offering some practical assistance. Help to older workers : training of younger. Help twds transformation.

Agreed : Ctt^{ee}. to consider this : L.P., D.E., I.M., (?) Econ. Secy

2. Parliament.

R.A.B. Business for next week.

3. Egypt. Financial Settlement.

S.Ll. Agreement will be reached on facilities for the agent. But diff^y. remains over what was Egyptianised & what sequestrated. There is, on this, suspicion on both sides. Believe it can only be cleared up by return of B.R. to Cairo. If this isn't pushed thro' now, it will drag on for another 6 months.

Signature cannot now occur until next week.

[Exit Redmayne.

4. Holland.

S.Ll. Anglo/Dutch intelligence auth^{ies}. now agree tht. Indonesia may in next few months have a go at Dutch N. Guinea. This wd. bring Indonesia under Soviet wing – for West wd. be bound to oppose it. We must therefore try to prevent this happening. U.K./U.S./Holland.

Supply of arms – have promise to report to NATO to get agreement.

In delivery of Gannets we can repeat our understandg. tht. they won't seek to settle by force.

5. Supply of Arms : Dominican Republic.

S.Ll. Mission has arrived to discuss supply of arms – coupled with offer to buy heavy electrical equipment.

But it is unpopular dictatorship – harbouring Batista. Increase of our trade with them may damage our commercial interests elsewhere in S. America. cf. what happened in Cuba : where rebels threatened to confiscate B. assets if we delivered arms to Batista. We persevered – and are shown now to have bn. mistaken in our judgement.

I'm inclined to keep F.O. out of this.

P.M. Leave them to deal with manufacturers – reserve Govt. decision until last moment on grant of export licence.

S.Ll. They will seek assurances tht. we won't w'hold licences.
F.O. inclined to say nothg doing for 6 months – while Batista is there & arms might be used for counter-attack on Cuba.

R.A.B. They have other refugees too – e.g. Peron.

P.M. Awkward to turn away orders for 12 patrol vessels – just the order our shipyards want.

S.Ll. Get technical enquiries made thro' intermediary and re-consider what we can do when we know precisely what he wants.

6. Civil Aviation : K.L.M. Services to Singapore.

S.Ll. As in memo.

P.M. Better to say we are considering technical details – will take a little time – decision will be given as soon as possible.

H.W. Bigger issue behind this. If we appear to waive on political grounds decision taken on sound techn. grounds – it is dangerous precedent for future, by opening door to pol. pressure on each occasion.
Other diff^{ies}. with K.L.M. C^d. we offer discussions, at technical level, over whole field : & say Singapore ques will be an element in it. M'while, our decⁿ. on Singapore will stand, but cd. be modified if necessary in light of general negotiation.

S.Ll. In our talk, no agreemt. on figures. Looked as tho' technical discuss^{ns}. had not bn. sufficiently thorough.

A.L.B. Dutch are in special posⁿ. (qua creating precedent) because of sudden loss of terminal in Indonesia.
Singapore wd. like rights to continue until June : they believe traffic justifies it.

P.M. We shd. make some concession. It shd. not appear political. W^d. prefer to avoid naming a definite date for a decision. Have it in our own minds that we shall terminate the service soon after election in Holland.

H.W. W^d. still prefer that techn. disc^{ns}. shd. be over the wider field.

S.Ll. Dutch wd. assume they wd. lose by that.

Agreed : Service to be cut as soon as politically feasible.
But offer technical discussions : seek to establish facts more clearly.
H.W. and S.Ll. to devise form of announcement or offer.

7. Kuwait.

S.LI. Put issues to Ruler, as in memo., & offer to adviser him thereafter. On balance lesser evil wd. be joining Arab League.

1. Europe.

P.M. Movement for re-appraisal. Dulles' visit. Responsibility of U.K.
I have therefore accepted out-standing invit^{ns}. to visit Moscow. – to take opportunity of reconnaissance.
Diff. for me to visit W'ton w'out offending French. Easier to do so after a visit to Moscow. I wd. also visit, briefly, Bonn & Paris. And cd. go on to W'ton if that still seems advisable, after Dulles' visit.
This wd. put us in better position to face 4 Power Mtg in spring or summer.
Reasons for visit i) Berlin problem is acutely dangerous.
ii) W. Alliance is creaking : time for U.K. initiative.
iii) May get some clue to R. attitude.

S.Ll. No chance of getting agreed W. posⁿ. on Berlin given by early April. Must fill this vacuum. This visit may calm the situation.

H.A. Welcome this initiative.

ALB. So do I.

P.M. Announcement Thursday. Tels. to-day to Bonn, Paris, W'ton & Doms.
Inform N.A. Council Wed. a.m.

R.A.B. Mght be better to announce on Wed^y.

S.Ll. Before P.M. sees Dulles? Wiser not.

2. Egypt : Financial Agreement.

S.Ll. D.A. went to W'ton. Black was not aware of situation

[Enter K. Redmayne.

3. Parliament.

R.A.B. Business for next week.

4. Balance of Payments.

H.A. 31m debit – E.P.U. Despite that we end month with 15 M. net increase.
Rate 2.80¼ has risen to 2.81.
First month of convertibility has therefore bn. satisfactory.

5. Horticulture.

H.A. Conflict is between para 4(b) and 5(a). Conclⁿ. of E.P.C. – para 7. M/Ag. and I have met Parl^y. Ctt^{ec}. on Agric. They were v. angry. Can't accept our view tht. no economic case has bn. established. They believe we have bn.

concerned only with Eur. F.T.A. repercussions. We have denied that – but haven't apparently convinced them. Their advocacy is concentrated on tomatoes. W^d. a concession on flowers appease them? They also argue that grants scheme can't have effect for 2 years – & that is true.

J.H. They are angry. So are Lee Valley growers, whom I have seen. They can't be convinced tht. our decⁿ. was taken on economic grds.
Concession on flowers wd. be some compensⁿ. for decision on tomatoes.
Believe our costs have risen more than competitors (30% cpd. with 22%).
And on carnations 50% increase in value of imports. And on other flowers tariff is below average & cd. be raised.
We may have to review policy on horticulture – e.g. twds minimum prices with exclusion of imports when price falls below that level.
This is a powerful lobby.

H.A. Tomatoes – cd. we offer to negotiate fresh basis for support on basis of minimum import. W^d. be easier qua Europe – some of them do this sort of thing.

D.E. Can you have a cut-off of imports with perishables?

P.M. You cd. relate tariff increase to a minimum price.

R.A.B. Can't defend this position politically. Must look for concession on tomatoes.

J.H. Politically. I wd. like to increase flower tariff (e.g. 25%) & examine H.A.'s idea of a new form of tariff for tomatoes – wh. mght also extend to some other horticultural products.

P.M. Must adjourn this discussion.

[Enter Selkirk : Att.G

6. Territorial Waters.

S.Ll. As in memo.

J.H. Agree.

A.L.B. Defence importance = of air passage.

Att.G. Accept memo. But no real progress is likely w'out high-level talks with India & Canada. On fishing.

S.Ll. Will consider wtr we shd. send personal message.

S. C.O.S. are satisfied with memo. Agree with ALB. – but we shan't get it in Conference therefore best hope is to continue to over-fly in order to establish prescriptive rights.

1. Defence White Paper. [J. Amery, Redmayne, Alport.

Approved subject to amendments.

[Exit Amery
[Enter B.C., Boyle.

2. Service Widow's Pensions.

P.M. Summarised issues for decision.
First ques : Pensions (Increase) Bill.

H.A. On past policy not yet due. From '25 to '56 we have waited for a larger increase in c/living. Now only 7% since '56 Act. – and unlikely to go for long over 9% this summer. But there are some, who didn't benefit by Act of '56, who have suffered 14% increase.
On other hand, posⁿ. now of greater relative stability – argument for action. Also case for legⁿ. wd. be stronger after Election.
Last Act benefited only those whose salaries were under £1500. W^d. prefer now to weight it in favour of those who have bn. longest in retirement. W^d. be confined to C. Servants, l govt., teachers, fire & police – with correspondg. action under R. Warrant for Forces. But effect also on industrials in nat^d. industries. At 7% for those under £1.500, w'out repercussions, cost wd. be £8 M. (£2 M on l.a.'s) in a full year.
My bias is in favour of legislating now – early summer.

K. There wd. be pressure from those over £1.500. A v. repercussive field. A dangerous step.

H. Strong public case for taking this out of an Election. – esp. if action is inevitable w'in 12 mos. after.

B.C. Will add to pressure for increase of retirement pension. But in past we have managed to keep them separate. Pressure shd. not be irresistible.

H.W. W^d. certainly have some effect on rlway pensions. Diff. to avoid some action.

M. In my nat^d. ind^{ies}. – el. follows l.a.'s : some increase will follow : ditto for gas. Will affect miners – & in due course will go thro' the economy.
On merits : can't avoid it in a year or so. W^d. prefer to do it now.

I.M. Agree. It's now or December. Better now.

Services.

D.S. Grigg recommendⁿ. : widows shd. in future enjoy 1/3 rd. of husband's pension. We have accepted this publicly in relⁿ. to men still serving. We can't decline to apply it, as Ctt^{ee}. intended, to those whose husbands have retired and are still alive. Formula shd. not be applied to existing widows.

H.A. In the past we have held the posⁿ. tht. increase shd. be confined to those still serving. My diff^y. is : if we extend to first class, can we hold it against existg. widows. Latter wd. have v. wide repercussions.

P.M. C^d. we, in W. Paper, limit announcemt to. 1st. class. This wd. cover Grigg report. Existg. widows cd. then be dealt with at same time as Pensions Increase.

Agreed.

C.C.6(59).

10th February, 1959.

1. Egypt. Financial Agreement. [Enter Redmayne.

S.Ll. No progress likely unless we resume neogt^{ns}. in Cairo.

H.A. Agree.

P.M. Yes : a Minister will have to go.

2. Parliament.

R. Business for this week.

P.M. May be asked for F.A. debate before I leave. Labour may, however, wish to avoid it. If asked, we can't decline Supply day.

[Enter B.C.

3. Pensions.

H.A. Not sure it wd. be possible to pass legⁿ. before end/July on pensions increase. Want to consult R.A.B. before we take decision.

R. Will be v. diff.

P.M. Look up history of last Bill. Oppⁿ. wdn't make diff^{ies}. just before an Election.

Agreed : resume discussion on Thursday Cabinet.

[Exit B.C.

4. Horticulture.

P.M. 1) Cut Flowers – yes or no – and rate.
2) What other assistance to horticulture – in addition to 7 M. plan.
On 1) summarised Trend's brief. But increase won't affect c/living : won't greatly increase price : wd. tend to upset Dutch : but wd. show tht. we do sometimes use tariff weapon.

H.A. V. weak economic case. But last of above arguments is strong politically. If it must be met, this is least damaging case. Will hit Dutch. But 33⅓% increase for pol. reasons wd. be tolerable.

J.H. 50% wd. be better politically.

H.A. V. large : also hard to argue tht. we ought to meet their whole case, when there is no real economic case.

J.H. Offset to Dutch : increase quota for bulbs. Increase of £250.000.

P.M. Bad precedent to raise tariff w'out economic cause.

- D.E. Awkward argument in G.A.T.T. Also 30 days' notice. Cdn't lay an order before 19th. (Thursday). Also under separate obligⁿ. to consult French.
- K. If we reject all, they will have no confidence in our policy – and that wd. be damaging economically.
- H. How hold the case on tomatoes if we do this?
- J.H. Won't arise before autumn.
- P.M. R.A.B. view : do the flowers – and say we are ready to consider means other than tariffs to help horticulture. Growers have lost confidence in Govt : mght therefore be wise to have enquiry conducted by an individual e.g. Fergusson.
- J.H. Not opposed to that – but adjust its timing to avoid impression that tariff instrument is discarded. Also need to do some work on it internally first.
- I.M. Separate these 2 things in time. Do the cut flowers now. Say nothg about new method until later. To avoid havg. it said we have now dropped tariff altogether.
- P.M. General view seems to be tht. we shd. at this stage do no more publicly than announce decision on cut flowers – wh., for pol. reasons, must be a favourable decision.
- P.M. Alternatives i) do 33 $\frac{1}{3}$ % on flowers & bulbs concession no early annoucement. of new method
 ii) reject flower tariff : admit now tht. tariff won't give enough aid & announce enquiry to seek a better method.
 Put these out in memo. for decision at Thursday's Cabinet.

5. Defence : Strategic Air Freighter.

[Enter A.J., G.W.]

- P.M. Summarised facts. & issues.
- D.S. From purely mil. angle. H.P. III is the best. Britannia is militarily acceptable if necessary on econ. grds. I don't believe we can hope to get a new aircraft in the time sugg^d. by M/S. The need for them is from 1963 on : we don't need it earlier. So Britannia is unnecessary now and new aircraft won't be available until too late.
- G.W. Can we afford a new model for a need of only 10? I wd. sooner settle as betwn. H.P. III and Britannia.
- A.J. No future for H.P. III. – prob. no future for Handley Page. Cdn't be represented as consistent with policy of rationalising the industry. We shd. not take that aircraft.
 Britannia has some civil possibilities – ready soon – cheap. But admit it hasn't a long life. Hence my compromise. If that is not acceptable to defence interests, I advocate strongly ordering Britannia. Mainly to keep Shorts in being.
 Politically disastrous to drive it into bankruptcy.

- I.M. Agree with M/S. In H.P. area unempl. is only 1.5%. In N.I., it is 10% overall & 7% for males in Belfast.
Compromise isn't attractive qua empl. For pressure to build Britannias in B'tol.
- H.A. Favour Britannia 3. Disadv. of HP III : no civil use : doesn't fit a rationalisⁿ.
policy : no help to empl. ques. Plight of Belfast. We must on this occasion give much weight to employmt. considⁿ.
But reserve opinion on another 10 for civil use.
- H.W. Interests of civil aviation wd. be best served by the compromise.
It wd. cost more. But there will be a need for a jet freighter in '60's.
- D.E. Britannia will be out of date before it flies. Prefer compromise : for it wd. give some chance of sales outside our own needs.
- M. Britannia 3 – Must go for a plane with some civil potentiality.
- R.M. Another order for H. Page would defeat rationalisation.
- P.M. Eliminate the H.P. III.
Choice is between compromise plan or Britannia 3.
Apart from empl. situation, much to be said for compromise. But taking account of that, I wd. favour Britannia 3.

Agreed : Adopt Britannia 3. M/S. and Ty. to settle size of order.
Manufacturer to be in Belfast. (to be a condⁿ.)

1. Cyprus.

[Enter Redmayne, R.A. Allen.

P.M. G. & T. accepted our declⁿ., subject to points on Annex. But clear that Makarios won't do so, at present. Propose to leave G. a day in which to bring pressure on M. Karamanlis is coming : hope he will bring pressure on M. No reason to fear that G. & T. will weaken. M.'s real objⁿ. is to G. & T. troops and T. veto: but he may shelter behind objⁿ. to B. sovereignty over bases. Some statement will have to be made on Thursday.

2. Alan Nunn May.

R.A.A. Decⁿ. – no ppt. in '58. Applied again for holiday this year. Has bought a house: taken out insurance for children. Caccia, after consultⁿ. recommends holding it back until after August, when Congress is in recess. But S.Ll. thinks never will be appropriate time & favours issue now.

R.A.B. Will be a fuss in Press.

D.S. No actual harm if he did defect.

P.M. Let us have report on his pol. activities: if he is no longer in close contact, we must let him go.

Agreed : R.A.B. to get up-to-date report & inform Cab.

3. Cuba.

R.A.A. Batista wants to go to Bermuda. Convenient to have him away fr. Caribbean. But extradⁿ. treaty with Cuba – & we cd. receive a request.

Agreed : Reject this applⁿ.

4. Export of Arms.

a) Cuba.

R.A.A. Castro is applying for balance of order wh. we suspended. We have bn. paid. S.Ll. wants genl. auth^y. to proceed with that subject to course of general disc^{ns}. with Cuban Govt.

P.M. Consistent : continue to supply to legitimate (recognised) Govt. S.Ll. shd. have discretion to authorise this.

b) Dominica.

R.A.A. S.Ll. favours giving 4 patrol boats cond^l on their ordering another 4. And no sharper weapons for 6 months.

D.E. Can't we also get civil orders at same time.

P.M. We shd. try for a mixed deal – and refer back to Cab. before takg. final decision.

5. Guy Burgess. [Enter Att.G.]

R.A.A. Deteriorating – drink, homosexuality, megalomania. May well present himself (sick mother). Cdn't then refuse admission : or prosecute.

Att.G. S.2 offence wd. be v. technical : he left behind some official pp., but they were of no importance. We shd. be ridiculed if we prosecuted.
x/ C^d. I.O. put him to strict proof of his identity.

P.M. We shd. follow the line at x/.
Instruct Emb., if he applies, to require him to prove that he is not R.
Instruct I.O. similarly.

F.O. and H.O. to concert means of keeping him away.

[Exit Att.G.]

6. Agricultural Policy : Small Farmers Bill.

J.M. V. strong opposⁿ. to Bill has developed in Scotland, esp. to tapering off of Marginal Prodⁿ. scheme. Fear they will shift from beef to sheep.
V heavy pressure on Tory M.P.'s in agricultural seats.
Possibilities : i) increase subsidy to hill cattle, in Price Review. (Wdn't meet pol. pressure.)
ii) drop Cl. 3 of Bill (too late : Bill now in H/L.).
iii) promote another Bill amendg. Cl. 3 so as to give greater flexibility in tapering off M.A.P.

Godber. On agric. grds. M/Ag. cd. not support (ii) – and prob. not (iii) : v. serious repercussions in E & W. and N.I.
On i) he wd. not oppose if necessary on pol. grds.
W^d. consider (iii) – tho' doubt if we cd. accept it.

R.A.B. Prefer either i) or alternative legⁿ. applying to E. & W. as well as Scotland.

J.M. x| Best course wd. be promise to re-consider posⁿ., with a view to fresh legⁿ., if
| result is as serious as is forecast. There is a year before anyone suffers.

P.M. Do (i) and also x/ (in debate in H/L. if it is raised). L.P.S. to settle form of x/.

1. Egypt : Financial Agreement. [Enter R.A.A., Redmayne.

H.A. Black is willing to go to Cairo but wants to indicate tht. we are ready to conclude an agreement – because Nasser is to make public speech on Saturday in which he mght. otherwise explode & repudiate the negotiations. Alternative risk tht. he mght. make ultimatum in speech – sign or else.

R.A.A. S.Ll. prefers to send message.

P.M. Clear that we shall have to sign, on best terms we can get. Trade, in the end, is more important than money. We must, however, expect a row here politically.

Agreed : accept this situation and leave it to Black to play the hand as he wishes.

P.M. Sh^d. we also make public announcement that Erroll is standing by to go out to sign. If Black agrees. To follow his statement, on departure, that he is going to Cairo to clear up misunderstandings before signature of agreement.

2. Cyprus.

P.M. Complex negotiations yesterday. In p.m. Makarios indicated he cdn't accept Zurich agreement as a firm basis. He has made no objⁿ. to our declaration. His points were : veto, taxation, right to re-intervene. S.Ll. therefore concluded the mtg. on basis tht. M. wd. give his answer this a.m. M. has now said he will accept. Full conference at 3 p.m. attended by P.M.'s (if Menderes is fit to attend). Looks v. hopeful. Gks. have stood firm. They are v. angry with M. for he had accepted Zurich plan. We are now discussing with G & T. the continuing machinery to work out details. – in an orderly manner. Timing of announcement will have to be agreed with G. & T. Ques may be raised of Cyprus' future assocⁿ. with Commonwealth. If so, we will use formula agreed with C.R.O. Agreed.

3. Parliament.

R.A.B. Business for next week.

1. Visit to Moscow.

P.M.

Sorry to have given so little information. But conditions in Moscow. Feeling enhanced by false bonhomie.

V. formidable people. Discipline pride & patriotism of old Russia (Army) – coupled with new religion of Communism. But K. prs. realises his opportunity to consolidate peaceful position.

But they are determined

i) roll-back policy shall fail & satellites be retained in their grip.

ii) Berlin be resolved – prink our salient.

iii) not to have re-unification of G. – & can't see why we pretend to want it.

iv) to have no war. They no longer believe (because of nuclear) tht. old Marxist doctrine of military clash betwn. Commⁿ. & capitalism is out-of-date. Competitive co-existence instead.

In fact, they haven't a bad case on Berlin – law or common-sense. They wd. force issue, short of major war.

Under superficial brashness, lack of confidence of nouveaux riches.

Fortunate that K.'s speech gave us chance to indicate firmness of W. position, on basis that we had to answer K. Then they returned to courteous attitude.

Believe now we must look, not to revolt by satellites (which cd. easily be repressed), but to change in R. itself due to higher standards of living and more liberal education.

S.Ll.

Admiration for P.M.'s handling of diff. situation. Impact – e.g. on Embassy staff at time of television.

Sunday. Talk on G. They developed their case re cancer in midst of E.

Germany. Inconclusive. After lunch, disarmament – wh. went better. They were interested in our ideas (right of inspⁿ. : cut-off : limitⁿ. of forces in agreed area).

Monday. Anglo-Soviet ques. Embassy dinner : atmosphere good. No doubt that they all take their line from K.

Tuesday. Dubna. Gromyko in car was relaxed & ready to discuss our ideas. But during that day K.'s speech & his disclosures to Peace Council (2 hrs).

Embassy reception : good atmosphere : K. told Press he was going to Kiev.

Wednesday. We put W. case on Berlin : indicated risk of a clash, unless negotiation. K. inflexible, but not ill-tempered.

Thursday. K. made his outburst against our "threats" : referred to Suez, and to Strang's mission in '39. P.M. declined to answer him. He then said he wasn't coming to Kiev & Mikoyan was not coming to Leningrad.

Friday evening I told Kuznetsov we wd. like mtg. on substance on Mon. He rang K. at once & secured his agreement. I also told Kuznetsov we wdn't take this behaviour.

Then en route to Leningrad he produced story re tooth (English drill) & friendly approach. Then Mikoyan turned up in Leningrad.

Sunday : talk with Gromyko. And much civility.

Monday : we really came to terms in courteous interchange. Germany. Their concessions – enough for us to recognise E. Germany de facto : or discuss frontiers thro' 3rd. party. Ready for solution wh. wd. save face for both sides.

They are resolved to stand [Note : advance copy Sunday] on existg. line (2

Germanies) and to resolve Berlin posⁿ. They are ready for each G. to remain in its Alliance. Confederation. In short, status quo & solⁿ. of Berlin. Procedure. They want Summit – end/April. If West not ready, For. Ministers mtg end-April with limit of 2-3 months. They are not wedded to May 27 as date for solution. If Allies don't provoke crisis, we have more time. Tests. Suspicion of espionage : prob. genuine – and, in relⁿ. to U.S., prs. well-founded.

- P.M. (i) K. made it clear tht. no Mtg. cd. decide unless he was there. And I accept that : he decides.
(ii) K. wd. prefer divided G., even military on both sides – safer if tied up in Alliance. (He didn't say so in terms).
- R.A.B. Hope you won't rush to U.S. W^d. upset France & G.
- P.M. W^d. have bn. better to go to U.S. first. For they have to be got to greater flexibility – and to exert the pressure on F. & G. But they wd. resent change of plan. Must therefore adhere to p'mme : & go to U.S. on Tuesday fortnight : beginning talks with U.S. on Thursday. (Wed. for discⁿ. with Ambassador).
- S.Ll. Dash to W'ton wd. also give world opinion excessive impⁿ. of crisis.
- P.M. Real risk is gt. diplomatic defeat when our bluff is called – for West won't fight on this issue when it comes to the point.
On other hand, if we press U.S. to compromise, we may break the Alliance. – & expose ourselves to charge of Munich-ism.
We must somehow make U.S. believe they thought of all this themselves.
- R.A.B. W^d. like another discussion.
Leave us to deal with domestic & African problems – and P.M. concentrate on this gt. issue. Great responsibility.
Public response to P.M.'s effort.
- I.M. i) No other leadership in West. Times leader. Distrust U.S. if influenced by Pentagon. Impressed by Caccia's messages. Not sure it wd. be regarded as panic. Danger of wrong decision or hardening attitude is in W'ton, not Paris & Bonn. It is only in W'ton that things can be pulled together.
ii) Divided G. I'm in favour of it. But what is G. opinion? Won't be easy to convince them.
- S.Ll. We aren't ourselves ready for the final decision – on Anglo-U.S. basis. Best to fix date for visit – ask them in effect not to think about it m'while.
- I.M. U.S. react so quickly – e.g. on K.'s tooth. Suppose K. went ahead with peace treaty at once, it wd. spark off U.S.
- Hail. To what? Not to start nuclear war, surely. No initiative that U.S. cd. take.
- D.S. Stress on negotiation is right. No future in mil. action. Even U.S. are thinking only in terms of threat. That will have to be followed by climb-down or by major war. No ques of latter. Must therefore negotiate : and there is room for compromise over Berlin v. the background of status quo. There may be, too, on disarmament.

- Hail. Burden will be seen to rest on P.M. We have emerged as leader. Gt. pride in that is being shown – & we shall have public support in U.K.
- G.W. x| But it will get us into difficulty with U.S. – whose people are conscious of the
| great strength they have. Opinion there is running strongly anti-R.
- J.H. C^d. S.Ll. go to U.S. in advance of you.
- S.Ll. I cdn't limit myself to reporting.
- P.M. Effect of “ganging up” on minds of Fr. and G.
Agree with x/. U.S. opinion won't take kindly to our leadership.
- M. If we are to have divided G., we must solve Berlin problem. President is advised on this by Clay. Believe he may be reasonable about it. But first let us see what G. think about it.
- K. Munich. The serious element was Prague following it. Helpful therefore to consider what we cd. do to prevent a Prague. C^d. you feed to U.S. the safeguards etc., for Berlin – so that they cd. put the plan fwd.
- H. Immediate gain : ultimatum atmosphere is over, we hope. Must now bring U.S. round to negotiation. Will need time as well as care. Wdn't rush it. Negotiation. Prefer short F.M. Mtg : for only at Summit will we get decisions. R. have suggested i) we need not have formal contacts with E. Germany.
ii) they wd. put token forces into W. Berlin.
Elements here for a compromise.
- H.A. Value of this recce. Enhanced P.M.'s reputⁿ. Ultimatum no longer insisted upon. Interested tht. R. can contemplate U.N. intervention in relⁿ. to Berlin. Policy must be based on continuance of divided G. Therefore we need somethg. like free city concept for Berlin.
- D.S. Need of visits to F. & G. Their relations are worsening with each other : and in G. inter se. Open row over Iron & Steel. The Erharder row. Their nerves must be on edge. They wd. be v. suspicious if you now went 1st. to W'ton.
- P.M. Warning to Cab. Avoid any appearance of sympathising with R. attitude. Must avoid suggⁿ. that we are leading twds. a Munich. [Exit K.
- A.L.B. Pride in P.M.'s achievement is mirrored in Colonies where I have bn. No change in yr. p'mme of visits. On merits, hope we shall have chance to consider policy re Germany.
2. Parliament.
- R.A.B. Business for next week.
- E.H. Cyprus : Egypt : Moscow must be debated in next 2 wks.
- ALB. Avoid early debate on Cyprus.

P.M. * Meet on Wed. next (Cab.) on Germany etc., *

3. Rhodesia & Nyasaland.

H. Campaign thro' Rhodesias of flouting auth^y. of District Officers & planning violence. This stems from Accra, & is not connected with constitutional reforms.

Security sitⁿ. is in hand. They don't want more troops now – and are unlikely to want them.

Fedⁿ. Govt. have acted at request of Nyasaland. On Stonehouse they acted w'out consultg. us. They had however auth^y. for what they did.

D.S. If we have to re-inforce, our plan is to move 1 Br. [Enter Att.G. & R. Allen. Battⁿ from Kenya.

[A.L.B] What degree of readiness?

[D.S.] At present 4½ days. Better either to release the aircraft (6½ days) or to move them to Kenya (2½ hrs.)

A.L.B. No objⁿ. to moving aircraft into Kenya. 6½ days is too long. I favour going to 2½ days' readiness. Agreed.

4. Territorial Waters. Iceland Fishery Limits.

S.LI. W^d. prefer to wait for a few days & watch the position.

J.H. Seeking chance of informal talks with Iceland.

Agreed : adjourn discussion.

1. Civil Service : Salaries of Higher Staff. [Enter P.M.G.]

- H.A. V. tiresome. But can't quarrel with Ctt^{ee's}. recomm^{ns}. C. satisfied tht. he cdn't have recommended any less.
Memo. examines alternatives. I found none satisfactory.
Suggest we accept & implement in full.
- i) Announcement : ? now or after Budget.
Am intending to announce Pensions (increase) legⁿ in Budget speech.
Maximum increase there will be only £150 – and won't therefore help to warrant this increase of £1.000. But some M.P.'s think we shd. do or announce Pensions Increase first.
M/L. wants it announced soon, while wages lull continues. On balance I favour announcement just before Easter.
- ii) Repercussions. Lower judiciary : & thro' them on Judges' pensions. Senior officers of Services (hope that can be resisted).
Little public interest in recomm^{ns}. when publ^d. May be decision won't attract much more.
- D.S. Pay of officers – can await bi-ennial review in spring '60.
- K. Masters etc. have kept in step with C.S. salaries. Will need to be raised.
Co. Ct. Judges = increase w'in 2 years : further rise cd. wait a few months but will need to follow Masters. Affirmative resolⁿ. requ^d. : no legⁿ.
Judges' pensions : old cases with low pensions – prs. cd. come under Pensions (Increase) Bill. More generally : i) severe drop from £8.000 to £2.650 inhibits retirement : ii) improvements for Co. Ct. Judges etc., will mean that in Sc. and N. Ireland some higher Judges will have lower pensions than inferior judiciary.
- Hail. Pensions of Masters and Official Referee : long period of qualification for pension.
- H.A. Increase in salaries of lower judiciary is inevitable consequential. Strong case thereafter for increasing Judges' pensions. Latter might be announced with Pension (Increase) legⁿ.
- A.L.B. Also retired Colonial Judges – a handful.
- H.A. Will have to be considered.
- D.S. Have we considered linking C.S. salaries with those of Ministers & M.P.'s.
- D.E. W^d. higher C. Servants refuse increases until Ministers are properly paid?
- Hail. Real link is between Ministers & Judges – in logic. But am against touching this, on political grounds.
- Ch.H. Comm^d. to this on principle of comparability (Priestley). Establ^d. by Coleraine. We shd. accept concl^{ns}. – irrespective of Ministers' pay.

H.B. Agree : but Parl^y. Secs. won't like this.

D.S. Agree that this is not the time for looking at link.

E.H. 1922 Ctt^{ee}. are anxious that this shd. not be announced before Pensions Increase announcement. W^d. sooner it came after Budget.

H.A. Ready to do that, if this is general view. W^d. wish to tell Lord C. [Agreed]

Hail. I wd. prefer this order of announcement.

R.A.B. Don't want to link the two.

H.A. Believe M/L. wd. think Apl. 10 or so to be early enough.

Agreed : Accept recomm^{ns}.
Announce seen after Budget speech.
Repercussions (judiciary etc.,) to be considered.

2. Boards of B.B.C. etc., Salaries of Members.

P.M.G. As in memo. Was a victim of econ. crisis of '57. This will do no more than bring them into line.

H.A. Content.

R.A.B. Timing?

P.M.G. Can be simultaneous with Coleraine recomm^{ns}.

R.A.B. More logical to do them first – e.g. now.

Hail. Needs O-in-C. Let it come out in ordinary course as such, w'out special announcement. First Council after Easter.

3. Telephone Service.

R.A.B. Announcemt. re efficiency of telephone service. To be made in H/C. first. And followed by Press publicity. [Exit P.M.G.]

4. Cyprus.

D.S. Propose to resist sugg^{ns}. of amnesty for Service people convicted of disciplinary offences. No precedent. Quite different from amnesty for civilians.

Approved.

5. Farm Price Review.

- H.A. N.F.U.'s this time have no case.
They are urging i) bad weather : strictly shd. not be taken into a/c.
ii) election, as ground for soft settlement.
They ask for relⁿ. to income of '48 (peak year). But, ignoring weather, this year wd. have bn. as good.
No justificⁿ. for any increase. We cd. reduce by £19 M. Even a level settlement will make it hard to do what we shd. on particular items. E.g. milk : risk of surplus. Eggs shd. come down by 1¼^d. Wheat : redⁿ. of 1/= . Also redⁿ. on wool.
Wrong to make settlement wh. is not justified economically in order to appear to get an "agreed" settlement.
- J.H. Agree no change wd. be right. But shan't get 'agreement' on that. Turner hoping for £6 M. Think we cd. get his 'agreement' for £3 M.
If he declined to agree at £3 M. increase, he cdn't hope to campaign v. us. We shd. be in strong posⁿ. at Election.
After discussion, general agreement that we shd. pay a maximum price of £3 M. in order to reach an "agreed" settlement – for political reasons.

6. Small Farmers Act.

- J.M. Satisfied that this pressure wd. have developed anyway – irrespective of election. Responsible opinion that, if scheme is discontinued, some marginal land will go out of use altogether.
I want para. 9(i). But feel I must also have possibility of legⁿ. in case I can't find means of solving it by other means.
- R.A.B. Hill cow subsidy – won't it help?
- J.M. W^d. ease it : but wdn't hold it, by itself.
- J.H. Para. 9(ii) wd. make it v. hard to hold posⁿ. in E & W and N.I. 40.000 there who will, w'in 3 yrs., go without marginal aid.
Decⁿ. to end it was plainly right. My 40.000 are small men. The disaffected Scots are people with incomes of £1.000 p.a. upwards. If these are aided, what will my small men say? These Scots won't go out of farming : they may change products & employ fewer men (i.e. from beef to sheep).
Ready to help him in price review – subsidy for hill cows and/or calves.
Ready also to lengthen run-down. But to continue marginal aid indefinitely, in any form, wd. be inconsistent with general policy.
- H.A. All arguments save political are with M/Ag.
Possibilities { i) phasing, in Scotland – extend from 1 – 3 years.
* { ii) give a hill-cow subsidy out of extra £1 M. on price review.
- H. We want to keep these farms on beef.
What about marginal aid over whole of U.K. at a lower level?
- J.M. Cost is only £1.2 M. – and money v. well spent.

R.A.B. I believe that * wd. get us out of our difficulty.

1. Parliament.

[Enter E.H.

R.A.B. Monday : Egyptian settlement. Spokesmen : H.A. and P.M.
Wed/Thurs. Consol. Fund Bill. Debates on Cyprus & unemployment.
Cyprus on Thursday. ALB. and RAB. Unemplt. Wed. D.E. & I.M.

2. Nyasaland.

A.L.B. Note on facts is being circulated.
Anxiety re security for some months past. Officer sent out from Security Service. Govr., in view of his report, deferred declaring state of emergency until more troops available. I did not discourage Govr. & declⁿ. was made. Bad faith of D^f. Banda – who knew Perth was coming to agree on a more liberal constitⁿ. but, despite that, did not restrain his people. The revolt, however, went off prematurely : was designed to follow what they wd. have represented as unsatisf. offer by Perth.
Parl^y. situation here – aggravated by our inability to disclose full knowledge tht. a plot was afoot. Also by refraining fr. saying sitⁿ. was made worse by Accra Conference – because don't want to give offence to Nkrumah. Chance of disorder in Tanganyika now put at evens. Trouble in Kenya. All seems to stem from Accra.
Stonehouse incident – also represented as due to Fedⁿ. influence. Benson is under pressure fr. Fedⁿ. to declare emergency in N. Rhodesia. Want to avoid that. Elections on 20/3 – valuable experiment.
Finally, demand for Parl^y. enquiry. 50 deaths to date. In a Colony I wd. have ordered some kind of enquiry. But Labour Party are gunning for Fedⁿ. Suggesting tht. Perth shd. interrupt his tour to go to Fedⁿ. terr^{ies}. C^d. ask him to consider need of enquiry & form of it : and say it is being considered. Sh^d. be limited to Pr. Councillors.

H. Stemmed from Accra.
Labour loath Fedⁿ. & want to break it. But nervous now of feelings they have unloosed.
Somethg. to be said for enquiry if it cd. be limited to events in Nyasaland.
For constitutional review in 1960, I wd. prefer a R. Commⁿ. to prepare opinion – here and there.

R.A.B. Favour enquiry wh. does not encroach on Fedⁿ. ques. Must avoid open row with Welensky.

A.L.B. One man (like Radcliffe) or (2nd. best) three P.C.'s.

Hail. x/ Publish in W. Paper as much informⁿ. as possible. Avoid Parl^y form of enquiry – defer decⁿ. until we see more.

D.S. Parl^y. enquiry is out because issue of controversy betwn. Parties.

H. Sensible report by P.C.'s (if you cd. get it) wd. help to reduce controversy.

- P.M. Will discuss this p.m. in smaller group of Ministers.
Doubtful re Parl^y. enquiry in last year of Parl.
Wait until sitⁿ. is in hand, but semi-judicial enquiry as soon as possible thereafter.
- I.M. Support x/. Moderate opinion doesn't believe there was a plot. Also Perth to go & consider possibility of enquiry – & lead opinion in sense of a one-man enquiry.
- K. Support x/ strongly.
- P.M. i) W^d. like to publish W. Paper limited to proving tht. Govr. & ALB acted rightly on basis of intelligence available.
ii) Enquiry going rather wider, incldg. origins of trouble.
iii) Wait then for a R. Commⁿ. to prepare for 1960.
3. Civil Service Salaries.
- R.A.B. Reported concl^{ns}. reached by Cab. y'day.
4. India : Financial Aid.
- H.A. Discussions last year – ending in agreemt. (Int. Bank) to help India up to end March '59. Our share was £38 M. Agreed to hold further mtg. to consider help for 59/60, and we comm^d. ourselves to giving some help. Suggest we put betwn. £15-25 M. into a joint scheme for this coming year: hope we may not have to go to maximum. Her needs may prove less than forecast. We must keep something in hand for contⁿ. to Indus waters scheme, on wh. Bank may put up a plan in March.
- Agreed. [Exit M., Ch.H., J.M.,
Hail., J.H.]
5. Germany.
- a) Procedure.
- P.M. Sought Cab. endorsement of F.O. tel. to W'ton. 1378 re procedure. U.S. draft was not sufficient or satisfactory.
First task : get Allies to agree on character & date of mtgs. That will help to get them to concentrate on substance.
Expect tough answers for U.S. But don't propose to yield on this until after I have seen President.
French are not averse to this line. C^d. be brought to conform.
Germans more likely to be interested in substance than procedure.
- S.Ll. Fr. & G. now take line tht. if F. Ministers fail, all the more reason for a Summit mtg. That is advance – U.S. view = opposite.
Participation & agenda : may be diff^{ies}., but Fr. won't be awkward.
- b) Visit to Paris.

Atmosph. friendly. Think Fr. & G. realise you can't have a war over this. But if there is a Munich they will cast me as N. Chamberlain!
 When I pressed de G. to say what mil. contⁿ. he wd. make – none. He is indulging in brinkmanship at our expense.
 On substance : Fr. are sensible on G. They agree tht. you can't re-unify G. save by war : must face these facts : but must, for sake of Germans, keep some light at end of tunnel. We shd. have constructive plan, too – prs. on confedⁿ. basis : to keep the G. soul alive. Re-unificⁿ. by free elections is not on : but we can't say so flatly.
 Short-term problem. Fr. wd. prefer to stand on existg. rights – arrangemt. with D.D.R. w'in existg. agreements. Accomⁿ. of detail w'in that.
We have bn. thinking on other lines. Can't stand for ever on rights of conquest : cdn't then make a peace treaty at all. Therefore, negotiate a new agreement, with suitable guarantees.
 Much to be said for either approach. Fr. think first is safer.

- S.Ll. Fr. agree tht. our agreemts. with W. Germany is de facto peace treaty. And recognise too tht. our juridical posⁿ. in W. Berlin is not v. strong.
- A.L.B. People won't understand a war to unite Germany.
- D.S. Progress. No ultimatum. Negotⁿ. K.'s flexibility on guarantees. Hope U.S. can be bght along. W^d. prefer troops & U.N. in W. Berlin.
- P.M. This can't be solved in U.N. But valuable to bring U.N. in as part of settlement – to help in guaranteeing it.
- D.S. Don't like stages in memo. Impⁿ. of weakness. W^d. sooner not appear to be driven back.
 Not happy about disengagement. Our plan is so unfavourable to R. tht. we shd. be pressed to go further twds complete disengagemt. wh. wd. disrupt N.A.T.O.
- H.A. Divided G. is on our interest. Seek modus vivendi on basis of status quo.
- H. Support P.M.'s approach. Tough time ahead, in W'ton. U.N. presence as guarantor – v. useful. Timing : what will F. Ministers do, with Gromyko. Sh^d. we not narrow gap betwn. that & Summit mtg.
- S.Ll. That is ground for fixing date for Summit. It moves For. Ministers along.
- P.M. They cd. do prep^{ns}. – if agenda cd. be widened.
- R.A.B. Statement by P.M. on Wed. before Easter will avert debate. Need for conference on keeping public opinion informed. Need to review state of C. Defence. May have to say somethg : but not w'out ref^{ce}. to P.M. Concentrate on evacuation policy & communications.

1. Holland.

[Enter E.H.]

S.Ll. Assurance : cannot give mil. support but ready to do all in power to assist N. Govt. in [other] appropriate ways.
Dutch ask for omission of "other". Can I agree? [H.M.G. cannot enter into a commitment to provide mil. support, but they wd.]

P.M. Agreed.

2. Visits to Paris and Bonn.

S.Ll. Paris : atmosphere was better than expected. We tried for a fixed date for Summit mtg. De G. decided eventually not to support this. Believe that in the end Fr. will fall into line.

De G. admitted that his view of "blockade" was physical prevention of access to W. Berlin – not wtr "control" was exercised by E. Germans.

Bonn : most of first mtg. spent in describing Moscow. Rest of 1st. day devoted to disengagement : in wh. we argued tht. reference in Moscow communiqué did not amount to disengagement (vacuum) – but, if that is to be resisted, some constructive ideas (e.g. thinning out) must be put fwd. Believe we convinced him tht. our ideas were not dangerous. Second day : I had good talk with Brentano on procedure for mtgs – and also on risk of bluff resultg. in diplomatic defeat. The G. agreed : said tht. they had put this to Fr. : & were leavg. us to deal with U.S.

P.M. With Adenauer – he argued for periodical summit mtgs. Also favours status quo for 10 yrs or so, provided that cond^{ns}. in E. Germany are adjusted in various ways & hope of ultimate re-unification is not extinguished.
He finally agreed to plan of fixing date for Summit mtg – nailing R. to not takg. unilateral action m'while.

Trouble will be with U.S. argument tht. no Summit unless 'progress' made by F. Ministers. This is misreading of R. psychology.

Fear tht. U.S. may land us in humiliating Summit – convened after R. have made the Treaty – and then we shall have to give in.

D.S. Guidance to Press on disengagement?

P.M. Will consider that. But in U.K. confusion is to our pol. advantage.

3. Cyprus.

A.L.B. Grivas left Cyprus this a.m. No disorder.

S.Ll. Will be demonstration in Athens. Fear the King will welcome him.

P.M. V. unfortunate – R. Family here. Can't complain of Govt. welcome – but this is different.

- S.Ll. Too late to prevent it.
4. Diaries of R. Casement. [Enter Att.G.
- R.A.B. Can't deny any longer tht. they exist – now they are being published. Also think we had better open them to [public] inspⁿ. in P.R.O. by selected persons.
- K. Ready to support this line if H.O. will make the “selection”.
- Att.G. Hope P.R.O. won't issue any copies – obscene libel : also copyright with family, if any.
- P.M. Better to return diaries to family, if any. Or to Br. Museum.
- Hail. Might attract I.R.A. attack on the bldg.
- Att.G. Why not say we are seeking owners of copyright with view to handing them over.
- P.M. R.A.B. with K. and Att.G. to consider wtr we cd. put them in P.R.O. or B.M., but making it clear tht. this doesn't affect copyright.
[Exit Att.G. : Enter Erroll.
5. International Development Association.
- E. Easier to influence U.S. if we went along with them.
- S.Ll. Strong support – to avert a worse fate i.e. Sunfed. V. awkward if R. joined in that.
Our contⁿ. (10%) wd. be only a means of getting large amount of U.S. dollars into circulation.
- A.L.B. W^d. be much v. this – unless it cd. be said tht. it wd. be mainly for B. Colonies. C.D & W. will be contrasted v. unfavourably. cf. also v. hard terms of repaymt. for Colonial loans.
I cd. only assent if our contⁿ. were earmarked for Commonwealth, as was recognised for Int. Bank.
- H. This mght eliminate Commonwealth loans, as envisaged at Montreal. It wd. kill Commonwealth Bank project.
- Hail. Other U.S. agencies – I.C.A., and N.I.H. – sponsored by diff. pol. groups in U.S. : all with fingers in this pie.
- M. Impressed by memo. W^d. make it condⁿ. tht. 50% is subscribed by countries outside U.S.
- R.M. Before Delhi we tried to nudge U.S. off this. But at Delhi they pressed it : & it was well received by others, incldg. Doms. Contribution fr. U.K. is not large in relⁿ. to our oversea investment (over £200 M).
- S.Ll. Commonwealth wd. get more, if we didn't seek to make that a condition.

- H. Prefer tht. Doms. shd. get their help from us. (!)
- I.M. If U.S. are going ahead with this, unwise for us to stand out.
- E. Unwise to make cond^{ns}. : shd. get more out of it if we didn't.
- R.A.B. Memo. underestimates prob. risk to our b/payments. Sh^d. be reviewed further in light of that.
- R.M. Flow of dollars into sterling area under this wd. help our b/p.
- D.S. Action to raise st/living in underdeveloped countries must be part of our policy for peace. And we shall get back, in trade etc., more than we contribute.
- G.Ll. But awkward tht. terms shd. be easier than our own Colonial loans.
- P.M. I wd. say to President. U.S. investment abroad is good. But right way is not to lash out cash but to facilitate trade. U.K. in 19th. century – free trade – invest and buy. Why can't you stand up v. your Lobbies? I.D.A. wd. supplement Bank. But many problems – managemt., subscriptions. But our contⁿ. must be related both to our means & to our oblig^{ns}. We must work on these – Ctt^{ee}. of Ministers & later Anglo-U.S. consideration.

Agreed : Ty. to consider this with C.O., C.R.O., before Cromer goes any further: he shd. have a clear directive. Makins to collect officials first.

[Exit S.Ll.]

6. Shipping : Future of Queens.

- H.W. Hope Cab. will recognise blow to prestige if Cunard announced decision to discontinue weekly service. We are share-holders. Cunard haven't studied what type of ship they shd. build – because we have asked them not to start discussions with W^m. Brown.
Despite aircraft, some weekly service will continue to be essential for tourists and trade. No sign of drop in luxury traffic.
- E. Ty. accept commitment in principle. Willing that discussions shd. begin – w'out commitment on size of Ty. contributions.
- M. Demand for sea travel over Atlantic is bound to grow. U.K. can't afford to stand aside from it.

Agreed.

7. Economic Survey 1959.

- M. E.P.C. have considered & approve it.
- P.M. These documents do no good & expose unnecessary flank.

- I.M. As Survey of 1958 it is all right: but doesn't reflect Jan. '59 figures or action taken to deal with it.
- P.M. Yes : para. 44 gives a misleadg. impⁿ. Sh^d. we expand it, to cover all the measures taken by Govt. – developing fr. steps v. local unemplt. to later attack on more general problem.
- E. This cd. be done.
- P.M. Then let it be done.

Agreed.

[Ch. Hill to be associated with it.

To be approved finally by H.A., I.M., Ch. Hill.

[Exit Erroll. Enter Simon.

8. Education: Voluntary Schools.

- G.Ll. A sufficient measure of agreement to warrant legⁿ. Opposition have bn. kept in touch. Good chance to avoid controversy.
- R.A.B. Wdn't trust Chester Ede not to oppose this – qua Free Churches.
- G.Ll. Believe we can get official Opposⁿ. into line.
- E.H. Even so, there may be isolated opposition by individuals – on behalf of both sides.
- Ch.H. Non-conformists will not easily accept second proposal – wh. they regard as a substantial R.C. again.
- ALB. But increasing body of opinion will say that interests of children shd. be paramount.
- P.M. Give careful thought to timing. Sh^d. it be legⁿ. – or in p'mme for Election.
- Hail. Prefer legⁿ., even if it doesn't get enacted. Individual candidates will get into diff^{ies}. over a passage in a manifesto.
- P.M. Let RAB., with K. and Hail. & G.Ll., consider procedure, from pol. tactics angle.

[Exit Simon.

9. Federation of Rhodesia & Nyasaland.

- A.L.B. Tanganyika now looks less dangerous.
Nyasaland. Must be some enquiry – but mustn't prejudice later enquiry into constitutional issue (Fedⁿ). W^d. wish therefore to announce, when this enquiry is set up, tht. a later Commⁿ. will be appointed. First enquiry : not Parl^y. – not judicial. Favour Ld. Morton, Sir D. Magillwray & someone like A.T. Williams (Rhodes House)

W. Paper. Have submitted first draft to P.M. Is being examined on the spot. Now inclined to prefer a despatch from Govr. which cd. be publ^d. : have seen a draft of his.

H. I prefer publⁿ. of despatch. It is a good document.

General agreement this is preferable course.
Likely to be available w'in 48 hours.
Aim at publication at week-end (Friday) or Mon.

Agreed : Monday wd. be better.

P.M. Enquiry. Is there to be any Parl^y. repⁿ. ?Add 2 P.C's to your 3? Or reserve them for later enquiry.

A.L.B. We can't select the Oppⁿ. P.C. They mght nominate Dugdale.

Ch.H. Publ. opinion will be satisfied with the 3.

R.A.B. Strong feeling in H/C. in favour of Parl^y. repⁿ. : but I will cope.

J.H. Is it wise to have an ex-Colonial Govr.?

Further doubts on this point.

P.M. Try Evan Jenkins : might be better. Agreed : try him.

A.L.B. Sh^d. not be conducted as judicial enquiry – with counsel, and witnesses on oath etc.,

P.M. Wider enquiry. Welensky mayn't agree. If he doesn't, don't delay this one.

1. Federation of Rhodesia & Nyasaland.

[Enter E.H.]

No note taken.

2. P.M.'s Visit to Ottawa & Washington.

S.Ll.

Canadians supported our approach & wished us luck.

Washington. First visit to Dulles : v. ill and rigid in his views on Berlin : stand firm & R. will give way.

Camp David. Eis. more flexible. Reconciled to Summit Mtg., tho' not prepared to commit himself now. Agreement on formula.

On Substance : Berlin : Eis. more open-minded than his advisers. Sees you can't hold p. opinion on a negative proposition. If he remains in control, we may get support for a more constructive approach. All others – and Fr. and G. – will dislike new agreement.

Limitation of forces : to be studied. Eis. not against.

Tests. Pentagon & A.E.C. want to go on with undergrnd. tests. Eis. sees advantage of wider agreement, incldg. insp^c., and wd. take risks to get it.

M/East. Broad community of approach. Agreed on Qassim : not wholly lost. They don't trust Nasser, but want to convince him that he need not give up hope of help from West. Accepted need for common line on Kuwait & Gulf.

F/East. Chiang is not reducing strength on K. & M. U.S. see military disadvantages, but disposed to accept Chiang's prestige argument.

Trade. Eis. agreed with us in principle, but argued that if he were more liberal Congress wd. insist on somethg. worse.

Discussion with Anderson on I.D.A. Reduced size of fund – 1 billion (vice 2) dollars.

They were glad to see us. Atmosphere friendly & talks v. frank. We also were able to make more contacts than usual with Congress.

P.M.

Was unhappy at outset. Still concerned at situation in U.S. – relations between Executive & Legislature. For 6 out of 8 years this President will have a hostile Congress. They are v. powerful – both on foreign & economic policy. And true representatives of their constituencies – log-rolling & pressure groups. Dulles – no one can forecast his future. Here he wd. resign.

Herter – v. nice man: easier to handle.

Procedure : read & explained crucial passage in draft reply to Soviet note.

Broadly, we have got our way – in substance, if not in terms.

Substance : too much emphasis on forms and words. But they have moved quite a bit.

Civil side of Pentagon are now hoping for a political solution. Recognise that mil. solution is not practicable w'out use of nuclear.

H.A.

Earliest date of Summit?

P.M.

End July or early August.

- S.Ll. Not sure we can get agreed posⁿ. between 3 W. Powers. Hope we may get support for more constructive approach at N.A.T.O. Mtg – where we shall have Scandinavians & Canadians & Spaak in favour of our approach.
- * Reply to note has bn. approved by N.A.T.O. & will be published at 2. p.m. Thursday.
- P.M. On the 2 Fr. hypothesis, we haven't yet made much impact on U.S. First : re-affirm status quo with such modific^{ns}. as are required by R. transfer of their obligations to D.D.R.
Second (wh. we prefer) : new agreement, with intern^l. guarantees.
[I'm not sure tht. R. will concede 1st. We mght argue for 2nd. & fall back on first.]
3. Iraq.
- D.S. Recommend we now w'draw fr, Habbaniyah.
- S.Ll. No basis now for remaining.
- P.M. I agree.
4. Egypt. Foreign Compensation Commission. [Enter Att.G.
- H.A. a) Ottoman Bank. Not a Br. company, tho' it holds its annual mtgs here, has Br. Chairman & large Br. shareholding. But throughout discussions negotiators treated it as ranking for compensation. Can't now do other w'out charge of breach/faith. Alternatives : include it in Order eo nomine, or include some general words covering claimants in like case. Ty. & Att.G. prefer former course. We know of no other claimants of this kind : if they materialise we can amend Order.
b) Br. subjects who have lost Br. nat^y. or transferred rights to aliens since '56. Prefer to leave them out – & consider on merits later.
- Att.G. Diff. Order to draft. If we widen it, we shall arouse suspicions – incldg Br. claimants who wd. expect their share to be reduced pro tanto.
I support course recommended by H.A. on (a).
On (b) have come round to the view tht. we shd. exclude all f. claimants. & promise to consider hard cases (if any appear) on their merits.
- K. I agree.
- S.Ll. So do I.
5. Cabinet Business.
- P.M. Budget Cab. on 6/4 p.m. If earlier Cab. needed, expect it to be Thurs. or Friday.

C.C. 21 (59).

6th April, 1959

The Budget.

No note taken.

1. Parliament. [Enter E.H.]

R.A.B. Business for next week.

2. i) Germany. Foreign Affairs.

S.Ll. Nipped – not kicked – upstairs. Trouble ahead : he's dodging it.

P.M. Adenauer's speech. F.O. refraining from comment. At our last mtg. he complained of attacks in Br. Press – based on a small appeal for funds for refugees from Nazism : The Ryder Cheshire Foundation. Evidently felt he had to defend present régime v. criticism of anti-Semitism.
We face another gap – possibly until September – with no effective control. We shd. show no resentment at his outburst.

ii) N.A.T.O. Mtg. in W'ton.

S.Ll. Three points of difference –

- a) Shd. we produce a new phased plan for re-unification or stand on '55 plan. Offls. produced a new plan. But Germans were unwilling to support or reject it. Believe we shd. go on trying.
- b) Thinning out. No criticism in N.A.T.O. – G. stipulating for geograph. area & assocⁿ. with a political initiative.
- c) Sh^d. we try for a new agreemt. on Berlin. Thought this inconsistent with abandonment of existing rights : tho' understood, after explanⁿ., that it need not be. U.S. gave good support : they told G. they must not be so timid over contacts with D.D.R. & that posⁿ. was not tenable in negotⁿ.

W. group resumes in Ldn. on Mon. We must argue there for flexibility on these points. Mtg. in Paris 29/4.

On c) : my line is new agreement “without prejudice” to existing rights. G. are nervous about it because slippery slope.

(iii) Iraq. Supply of Arms.

S.Ll. Qassim is not a Communist – tho' he is to some extent prisoner of Communists. Think he wants to be independent of both R. and Egypt. Turks pressing us to give him arms. He asks for tanks & Canberras. We cdn't. deliver until 2nd. half of '60. If we promised them, it wd. become known. W^d. cause uproar here – posⁿ. of I.P.C. etc., Mght provoke anti-Br. outburst from Nasser.

We don't want him saying we are pro-Communist.

But, if we decline, Qassim will get arms from R. – and that will frustrate non-Communist elements in Iraq.

Not sure it will help Qassim to have it announced now he is getting arms.

Told Amb. to put it to him that it wd. suit us both to p'pone this for a time. I wd. then try to hold delivery dates as tho' order has bn. placed now.

P.M. V. difficult issue. This is Trevelyan's advice. Spares or ammunition for arms they have cd. be continued. But additional equipment is different.

- A.L.B. Prefer p'ponement.
- S.Ll. Qassim is certainly getting arms from R. Haven't established truth of report of Kurds trained in Soviet Union.
- D.E. Lee was told in Cairo how Iraq Army was being Communised. E. evidently believe there is nothing to be saved.
- S.Ll. We are trying to remove N.'s suspicions that we are backing Communist as. v. him.

Agreed : put the p'ponement idea to H.M. Ambassador.
M/Defence to overhaul plans for action in Kuwait.

3. Cotton Industry.

- P.M. Spoke from F.A.B.'s note. Para. 2.
On rates of grant (para. 3) main ques is one of tactics. Do we bargain up from a low offer : or go straight out with maximum bid & get it settled. On 2nd. course, D.E. wd. ask Rochdale if that is better approach. If he agrees that it is, H.A. wd. accept D.E.'s figures – if industry's figures are inflated, the diff^{ce} betwn. the 2 percentage figures will not be v. large.
Grateful to Ministers for preparing this scheme. V. gt. pol. advantage to [Enter I.M. have a concrete plan– as cpd. with vague assurances of Labour Party.
- H.A. Quite big money. Total grant £30/40 M. – large & dangerous precedent = for a single industry. Purposes more political than economic.
- P.M. Social rather than purely political.
- H.A. But, like Price Review, we want agreed scheme. For that I wd. accept D.E.'s figures. (Difference, over the 5 years, may be £10 M).
V. important that we shd. not put our final offer as starting point and then have to improve it.
Re-equipment grant is more dangerous precedent than redundancy. With investment allowances, our total grant wd. be 35%.
- P.M. If we can get agreement, it's worth paying the extra. But not sure about tactics.

In discussion: some feeling in favour of negotiation. But be guided by Rochdale on that.

1. Germany : Talks with French.

[Enter E.H.]

S.Ll. French are more flexible in private than in public over Berlin. Evident they won't allow it to drift to crisis. Realism over espionage in W. Berlin etc., Their public posⁿ. is designed to placate G.

P.M. They may be too flexible under pressure : they mght run out. They think F.M. shd. work twds a Summit mtg. They evidently accept need for it.

2. Nuclear Tests: Geneva Conference.

S.Ll. U.S. decided to forestall new R. initiative. But fwd. new double proposal : if R. unwilling to w'draw veto in comprehensive agreemt., offer a limited ban on tests in atmosphere up to 50 km. R. re-action, tho' negative, is mild. Good-will invested in this Conference : must not appear tht. we have allowed it to break down.

3. Trade with Russia.

P.M. Malik has asked us to make formal request for mission to go. This has bn. done & made public by R.

S.Ll. Wise – subject to cond^{ns}. which have bn. made plain : and subject to delay on one month. But we shd. now go fwd. on that basis – otherwise we shall appear to have raised matter in Moscow for purely propaganda reasons.

D.E. Substantial orders placed last wk. by R. with Vickers & Courtaulds on normal medium-term credit terms.

Agreed : D.E. and S.Ll. to concert arrangements. – for mission.
D.E. to accompany mission at outset – tho' he cd. return & send out junior Minister instead.

S.Ll. Leave no room for misunderstanding re credit.

4. Parliament.

R.A.B. Business for next week.

5. Cotton Industry.

P.M. Industry seen : regard offer as reasonable & practicable : reporting to their Executive Ctt^{ee}.

D.E. Must be presented as re-organisation not as bankruptcy operation. Bill is in preparation.

Noted – with satisfaction.

6. Future Status of Post Office. [Enter P.M.G.]

H.A. P.M.G. wants to stress commercial nature of his Dpt.'s operations. This plan wd. do so.
Believe Parlt. wd. still want some sort of annual Estimate. P.M.G. wd. be reluctantly ready to agree to annual Parl^y. renewal, by resolⁿ., of his auth^y. over the Fund.
Contributions to Exchequer } out-standing differences : but these are
Payment for agency services } separate ques.
What do Cabinet think? What will Parlt. think? If Parlt. wd. agree, Ty wd. be content.

P.M.G. Payment in & out of Consolidated Fund : disadvantages:-
i) Ty. control : leads to delay & inefficiency.
ii) Distorts Budget above the line. P.O. cash surplus is included as Ty. profit.
iii) Double accounting : dangerous practice!
iv) Estimates are meaningless fr. angle of trading concern : sensible only qua spending Dpt., which we are not.
Proposal made by Ch.H in '55 will expire in '61.
Seek decision on para. 12. issue – annual resolⁿ.
W^d. show we are ready to make nat^d. services work – with fresh mind.

K Constitutional aspects.
Case is made out on merits – to avoid wasted effort.
But diff^y. is in para. 9 of Annex B. Parlt's control thro' annual voting of money. Retrograde to try new plan plus submission of Estimate : attracted therefore by para. 12 proposal. This annual renewal of auth^y. mght be accepted by Parlt. as sufficient. P.M.G. wd. be well-advised to accept this device – as means of fore-stalling criticism from purists, pedants & historians.

R.A.B. i) Sh^d. consider this in relⁿ. to our general approach to ques. of nationalisation e.g. re-organⁿ. of N.C.B., de-centralisation of gas & electricity.
Can we consider timing, in particular, in relⁿ. to those ques.
ii) Attitude of Parlt. First departure fr. principle of Consol. Fund. Also annual voting of money : not sure para. 12. will do.
iii) Ty. control. If none over nos., other control over staff is unreal. Is that consistent with remaining subject to P.Q.'s.

M. Contribution to Exchequer. Nat^d. ind^{ies}. : notional on turnover. I object to that because a) not related to profits b) ignores nature of profit.

P.M. What is basis of existing contribⁿ.?

E.M. Takes a/c of taxes we don't pay e.g. motor vehicle licences. Only £.0.8. M is in lieu of profits & income tax.

M Contribⁿ. related to turnover wd. introduce a wholly new principle.

P.M. Let this be considered by all [Ministers concerned with nat^d. industries] plus a pundit on the Parliamentary procedure etc.,

H.A. This is separate point, wh. I will be ready to consider with [].

I.M. Is this an attractive political plan? Commercial undertakg. run by C. Servants : less attractive than nat^d. industry á la Board.

Hail. Au contraire I like this. Imaginative & constructive.

P.M. Can't be done in this Parlt. In the nature of a manifesto. Let it be considered by ad hoc Ctt^{cc}. composed of L.P.S., Ch/Exch., M/L., M/P., M/T., P.M.G. & Ch. Whip – esp. in relⁿ. to proposals for manifesto on nat^d. industries.

[Exit P.M.G.]

7. International Development Association.

[Enter Alport.]

H.A. Anderson thinking of 1 billion. We cd. support that – tho' we wd. get larger benefit from larger plan.
Favour this plan. a) U.S. Govt. are under domestic pressure to reduce dollar aid. We ought to be helping them to resist that.

b) From experience, we benefit in trade to an extent larger than our contⁿ. On Bank & U.S. mutual aid, propⁿ. spent on U.S. goods has steadily fallen & that on U.K. goods has increased. As scale of aid is much larger than anything we cd. do unilaterally, it must be to our advantage.
For these reasons we can stand the limited extra strain on our resources.

Also c) we don't want a Sunfed type of scheme.

S.Ll. Support this plan. Risk that Congress will press that all aid shd. be in U.S. goods shipped in U.S. bottoms. This is a good way of avoiding that.
W^d. prefer 2 billion.

A.L.B. My earlier doubts relieved : esp. by para. 11. Support this plan.

H.W. So wd. I. – on assumptⁿ. tht. this cd. not be tied up to U.S. ships.

Alp. Support it, also. Tho' if we can't meet all our commitments in future, Commonwealth loans might rank below this contⁿ.

H.A. Hope that won't arise.

P.M. Converted to this – partly because dislike Sunfed more. Will you earn £450 M. on b/p. in 1959/60? But this won't matter if we get orders for U.K. goods.

Agreed : support plan. Consider later wtr we shd. argue for 2 billion vice 1.

[Exit Alport.]

8. John Waters.

[Enter L^d. Adr., Att.G.

- J.M. Police auth^y. acted properly. No ev^{ce}. on wh. criminal conviction cd. have bn. obt^d. But Police officer did hit the boy : and another offered money to get complaint w'drawn.
Publication. Propose to publish report and evidence, on 15 April.
Disciplinary procdgs. Initiative is with Ch. C. If he decides not to act, no-one can move him.
Diff^{ies} – i) indemnity offered to witnesses. ii) circulars : tho' in law they don't exclude possibility of action.
- R.A.B. Better not to make any statements. Publish report & evidence on Thursday. Give guidance to Press on responsibility for disciplinary procdgs.
- K. Amnesty & circulars add up to assurance tht. there will be no disciplinary procdgs. – at least for the assault.
- Att.G. Procdgs. v. Gunn wd. be breach of faith.
Technically they cd. be taken v. Harper for 'other' conduct. But even that wd. seem to be breach of faith because [after all this publicity it can't be supposed they wd. get a fair trial.]
Problem is how to secure tht. there won't be disciplinary procdgs.
Dep. Ch. C. can seek advice on this : tho' Govt. shd. not give him directions.
We cd. advise Chairman of Ch. C.'s Assocⁿ. of [].
- Hail. To use Tribunal's report as means of enabling disciplinary procdgs. wd. be abuse of Tribunal procedure.

1. Supply of Arms : Iraq.

[Enter E.H., Alport.

- S.Ll. Advantage : may hold Army twds West., & may help over I.P.C. Monckton recommends it. Turks, Jordan, Iran support : U.S., Pak., Canada are ready to acquiesce. H.M. Ambassador commends it, not because of Qassim, but because large elements in Iraq Army & Govt. which are non-Communist & wd. be strengthened by this sale.
We cd. face row at home, prs. Main danger is a row with Egypt.
Tanks – delivery starting Aug. 1960 : Canberras – twds end of '60. (Guns cd. be delivered earlier.) We cd. therefore hold up or cancel if Iraq went Communist m'while.
Nasser seems pathologically suspicious of U.K. Will certainly regard such action as anti-Nasser rather than pro-Communist. But will this make any difference to his action?
We are supplying tanks to Israel. First instalment (16) to go soon : & prob. can't be kept secret.
E. financial settlement : E. are makg. some [satisf.] progress in carrying it out. Tho' there are still important steps they haven't yet taken. No abnormal drawings on balances.
- P.M. Sh^d. be arranged with B/E. tht. they will consult Ty. before authorising any v. large w'drawals. We can't risk sitⁿ. in wh. they don't carry out their side of the bargain and get the money.
How did the oil mtg go?
- M. No concl^{ns}. yet. Not going too badly.
- S.Ll. In Iraq govt. is being conducted by M/Defence – and it is they who wd. be influenced favourably by promise to supply arms.
- P.M. Our formula wd. be : we wd. be ready to accept orders for x & y, with delivery dates as shown subject to financial arrangemts.
Risk = he will make diff^{ies}. over financial settlement.
- R.A.B. Welcome split among Arabs (E. and Iraq) : that suits us – the old historical situation.
Late deliveries are a help.
On balance I wd. favour sympathetic approach i.e. promise to supply. We shall be no better off with N. than we wd. be otherwise.
- H.A. On balance I agree. Much financially at stake in both countries : for Iraq also has large sterling balances.
- R.M. Which has greater influence in Arab World – N. or Q.?
- S.Ll. Unpopular with many Govts. – tho' popular in Gulf.
- A.L.B. Influenced by attitude of T. & Iran, who have most to lose if the arms are put to bad use. On balance, I favour doing it.

- I.M. Agree with L.P.S.
- M. So do I : no objⁿ. on part of Allies.
- D.E. Kubba, M/Trade is plainly Communist : urging importers to buy nothing from West which can be got from Soviet bloc. Decⁿ won't therefore be popular with industry here.
- R.M. C^d. we make cond^{ns}. – e.g. re ban of supply from I.C.I.
- S.Ll. C^d. refer to these points when informg. Q. He wdn't accept "strings."
- Ch. H Do it, if satisfied tht. E. will in any event make diff^{ies}. over settlement on finance.
- S.Ll. Don't believe N. will expect us to act differently.
- P.M. Need we announce?
- S.Ll. Can't avoid knowledge of Canberras.
- P.M. Doubt if N. wd. denounce f. agreemt. But he mght delay, & thus revive pressure from claimants here.
- S.Ll. Mght ask U.S. & Canada to try to convince N. we aren't seeking to undermine him – or working with Q. against him.
- G.Ll. If we cd. avoid big publicity, N. less likely to re-act unfavourably.
- P.M. Form of decⁿ. Authorise H.M. Amb. to inform Q. we are anxious to remain friends : arms (Army & R.A.F.) supplied in past, as consequence of back history. W^d. in principle be ready to supply fr stocks available. Other items wd. take longer to deliver. Give dates. In accord^{ce}. with principle above, we wd. raise no objec^{ns}. – give facilities – subject to financial arrangemts. On his side : we want to see trade cont^d. mention his restrictive acts e.g. on contractors. : on that understandg. ready to authorise negot^{ns}. with suppliers of U.K. arms.
Await his response before making any public announcement.
- Alport. View of Canada : N. shd. be informed in advance.
- S.Ll. We wd. tell them in advance of delivery : but not earlier – in context of explanⁿ. of general attitude to Iraq.

[Exit A.L.B.]

2. Parliament.

- R.A.B. Business for next week.

1. The Maldives.

[Enter E.H., G.W.]

H. New Govt., less friendly, asked in : for review of agreement. Construction of airport is going ahead. Money spent in Gan has made its inhabitants more friendly – but Govt. more jealous.
Advised that a higher rent might appease them. Looks as tho' they will accept our invitation to come to Ldn. to negotiate.

G.W. H. Commr. authorised in '58 to raise rent from £2.000 to £10.000.

H. Offer wasn't made.

P.M. Is it wise to have them in Ldn?

H. They can't speak English : we cd. keep them under control.

G.W. Held up over bldgs – wh. we can't start until village has bn. moved to another island.

P.M. How is the Delegⁿ. to come here? Not via Cairo. Consider wtr we cd. bring them by our route.

Make a good plan for their accommⁿ. in Ldn.

Delay visit of Press to Maldives.

[Exit G.W.]

2. Latin Caribbean : Supply of Arms.

[Enter A.J.]

S.Ll. U.S. desire for suspension of supplies : we shd. in general refrain : but we may make some exceptions.

P.M. Agree – but keep U.S. informed. On spares D.E. & S.Ll. to devise a formula.

[Exit A.J.]

[Enter Att.G.]

3. Obscene Publications Bill.

P.M. Amendmt. to be moved enabling defendant to call expert evidence. Unusual. But authors attach importance to it – and more justifiable as definition of obscenity has bn. enlarged. Political argument re Election (Harrow). Feeling that Tories are Philistines – shd. not be allowed to revive. Hope therefore we shall not be too stiff against this amendment. Advise, if necessary, but don't insist : H/L cd. put it right.

Att.G. Our amendments were designed to make Bill workable, not to wreck it. We lost most of them because no supporters in Ctt^{ee}. Bill is now a mess. Hope we shall not eat any more of our words.

Courts can call what evidence they wish. They shd. not be compelled. And the amendment is objectionable.

They have go tall they need : for there is now an issue on wh. defence can bring fwd. expert evidence. Previously there was no such issue.

R.A.B. Seen Jenkins. Political posⁿ. is that, if we insist, we shall be accused of bad faith. He has now accepted L.O. view on prev. consent of D.P.P. (tho' he had a large majority in Ctt^{ce}.) if we will help on expert ev^{ce}. Also ready to accept new definition of obscenity.
Only 2 diff^{ies}. i) going back on statements of Solr. Genl. ii) have the final words any meaning? Diff^y. is tht. they are mandatory. If we had may vice shall, would it matter?

Att.G. Defence is public good in interest of science etc., This wording is different.

Hail. Why not substitute general phrase – for the avoidance of doubt it is declared tht. expert ev^{ce}. may be admitted in relⁿ, to this defence.

P.M. A compromise amendment wd. be v. helpful.

R.A.B. C^d. be done in H/L. if promoters wd. bring in modified formula. W^d. prefer that. It would give more time. We cd. promise in H/C. that we wd. continue to seek a solution m'while.

Att.G. If we can find answer to-day, we will put down amendmt. to-day.
[Exit Att.G.]

4. Pensions of Higher Judiciary.

H.A. i) Future pensions. No increase for 130 years. Strong case for increase.
ii) Existing pensions. Sh^d. they be increased, correspondingly with C. Servants & offr^s? This is ques of hardship. Ready to agree if wanted by Cab.
iii) Is it to be done in Pensions (Increase) Bill? I wd. not wish these larger pensions to be mixed up with that Bill, under which most increased will be much smaller.
I wd. therefore prefer to handle i) and ii) separately from Pensions (Increase) Bill.
iv) L^d. Simonds. If we increase pensions of Ld. of Appeal, he may be near same point of money. But, if we have to legislate, I wd. sooner do it in separate Pensions (Increase) Bill for Judges.

K. On i), two further arguments : some lower will now qualify for higher pension than some higher. Also disincentive to retirement.
On ii) it wd. be awkward to cover Judges in present Bill. But those concerned are entitled to more : & I wd. like a statement made on this Bill tht. there will be legⁿ. later.
On iv) I wd. hold it over – for the later legⁿ. – and deal with him “ad hunc” (sic).

J.M. Hope there will be a statement foreshadowing legⁿ. next Session.

P.M. Consider wtr increased pension shd. not be linked with requirement to retire.

Agreed : i) & ii) approved in principle.
No inclusion in Pensions (Increase) Bill.
Consider formula for promise of later separate legⁿ. (K. & H.A.)
– to be submitted for P.M.'s approval.

J.M. May we consult Ld. President of Ct. of Session.

K. Yes.

5. Commercial Policy : Liberalisation of Dollar Imports.

H.A. Pol. atmosphere here is difficult because U.S. action of wool, BOAC., Decca, & engineering. But dangerous sitⁿ. also in U.S. – where pressure for less liberal policy.
Remember no quotas in U.S. – whereas we have a wide range of quotas v. dollar goods. Also, in general, liberal U.S. policy since war, on aid. M'tained at 2.3 bill. dollars p.a. were thro' their recession. If Govt. yielded to pressure on this or on trade, we shd. suffer v. seriously. U.S. are worried at their competitive posⁿ. Talk tht. dollar is no longer strong currency. If protectionist forces got their way, we shd. lose v. much more than by this proposal.
U.S. = our largest export market now : and offers expansion.
Deliberate commitment at Montreal. This is minimum to carry that out. Also in our own interest. No reason to regret earlier measures. U.S. competⁿ. is healthy stimulant to our ind^{ies}.
We have liberalised in Europe to 95% – in U.S. only 73% – and Eur. currencies now at least as hard as dollar. Hard to justify treating U.S. and Canada less well in this than G. & France.
Canada has put resolⁿ. to I.M.F. protestg. at failure of Fr. & U.K. to liberalise on dollar imports.

D.E. Agree we ought to do this at some time. Said at Montreal we wd. do it in '59 if all went well. It hasn't gone well. For, tho' no real link betwn this & U.S. action, public opinion think there is. And there will be pressure on us not to do this now.
Don't agree with H.A.'s appreciation of U.S. import policy. They aren't interested in trade. They do have quotas on agric. products.
Up to '50 they tried to liberalise : from then on they have done v. little. Trade Liberalisation Act is no good to us because so many safe-guards. Until Dillon appointed, we got nil. from U.S.
Don't believe they will increase their protectionism, if we don't do this.
This wd. give no benefit to U.K. trade : wd. give us pol. difficulty : wd. do a little good for sterling.
Time for show-down discⁿ. with U.S. on their trade policy.

A.L.B. Pledged to do this if all is well. If we don't, we imply all is not well.
Assumed also that we shall consider my memo.
Hope rum will be excluded. Subject to that cd. not object on C.O. grds.
We rely on U.S. help in mitigating (next GATT mtg) effects of Rome Treaty on Colonies.
Overall, general gain.

H. After Montreal, v. diff. not to do this pretty soon.
W^d. like to see bacon quota for Canada included. Want that examined.

I.M. Awkward time, esp. because of wool. Employers & workers are incensed at U.S. policy – esp. on wool.

If we cd. get 3 steps in para. 10, we cd. accept this. But on c) we are now worse off. And not much prospect on a) or b).
Can't do it now – because of public & industrial opinion.

- S.LI. We are committed to doing this sort of thing. Only ques : can we do it now? Camp David : Congress will force Adminⁿ. to be tougher if they don't make some concessions. Exports to U.S. are rising. Trade war wd. damage us. See the diff^y. of doing it now. But how play hand at GATT. if we haven't announced this.
- M. H.A.'s plan is good for us. U.S. competⁿ. is stimulating. Specific lobby cases are awkward : but they always will be. Favour going ahead.
- H.A. Mtg. of Comm. officials in early May – will ask our intentions. GATT in mid-May – we shall be challenged. Also I.M.F. : but we cd. play that slow.
- Hail. Prospects on para. 10.
- D.E. Caccia's tel. of 17/3. gives little hope on a). On b) a C. Aviation rep^{ve}. is coming.
- R.A.B. When we took our step on convertibility, we agreed to go slow on deliberalisation. Don't let us hurry. B/p. forecast on '59 is not all that encouraging : v. substantial growth of exports will be needed. Admit this (total of £20 M) is not v. large : but need some assurance.
- H.A. It is because of anxiety on long-term b/p. that I want to do this. Decision against it mght cause U.S. re-action which wd. do us more damage.
- R.A.B. C^d. we re-consider timing : examine effect on b/p.
- D.E. If conclⁿ. drawn tht. we had refrained because fear of b/p.. then effect wd. be v. damaging.
- K. Evidence of memo. outweighs obj^{ns}. raised in discussion. Final sentence of para. 7. is compelling. Despite pol. diff^{ies}. (wh. memo. takes into a/c) we ought to do this.
- P.M. i) Date of G.A.T.T.
- D.E. End/May official start.
- P.M. ii) £17M. is estimate, not quota?
- H.A. Yes.
- P.M. iii) Can we have statement showing for each quota what [our] tariff protection there is : in parallel columns.

Agreed : resume discussion at later mtg.

- J.H. We are morally committed. But formidable pol. diff^{ies}.

H. Variant : a shorter list more weighted twds. Canada. *

P.M. Disturbed at increasing anti-U.S. feeling in U.K. Based largely on a feeling v. irresponsibility of U.S. Adminⁿ. Fearful of adding to this – esp. when Berlin ques has still to be resolved.

6. Indus Waters.

No note taken.

1. Germany : Manufacture of A.A. Guided Missiles. [Enter E.H.]

P.M. Resolution in W.E.M. to permit German manufacture of A.A. guided missiles. Joint manufacture with Italy, France & Benelux. Assume H.E. head.

D.S. This weapon is not designed for a nuclear head.

P.M. Moreover, we allowed them last year to make anti-tank guided missiles.

S.Ll. Two-thirds majority of Council is required for ballistic missiles and A.A. guided missiles etc.,
This is participation in joint manufacture : but amendment in form goes wider & wd. enable them to produce on their own "short-range guided missiles for air defence". But at least it is short-range.

D.S. We have bn. encouraging G. to engage in joint projects for manufact^{re}. of this type of weapon – incldg. 30 m. range Army weapon. C^d. not that be covered at same time?
Not much security in requirement of joint prodⁿ. e.g. a Dutch component.

S.Ll. Sh^d. we agree – on basis of assurance from G. that they are not going to build up long-range rocket industry.

D.S. If you fear they may get the know-how, Treaty doesn't prevent their doing r. and d. – only manufacture.

S.Ll. Instruct out rep^{ve}. to stall : no instructions : refer back. Give faint support to any quibbles raised by other Allies. Say we support Hawk project itself. Recognise that, if other Allies favour this, we may be outvoted.

D.S. x| C^d. we surmount present diff^y. by agreeing that Hawk project is w'in existg.
| Treaty (i.e. is short-range). That would avert diff^{ies}.

Agreed : take opportunity for x/ if it offers.

2. N.A.T.O. Deployment of Missiles in Europe.

S.Ll. Agreements re nuclear weapons between U.S. and various European countries. Have to lie before Congress for 60 days. Must be tabled soon-ish, to get approved before Congress rises. Herter inclined to think it better to table them before, vice after, May 11th. Spaak is suggesting a NATO resolution referring back to decision of December '57, from which this stems.
Awkward timing, in relation to Germany because zone of limitation idea.

D.S. Different types of weapon : some are tactical only.

P.M. Tel. 1080 is helpful idea. Present it as N.A.T.O. affair, covering a group incldg. G., & consequential on decision of December '57.

Agreed.

3. Egypt. Financial Agreement.

- S.LI. Facilities offered are not satisfactory.
I favour accepting this, however, and continue to press for some improvement.
Get our foot in the door. There are indications that they may improve on this.
- P.M. Agree. Proceed empirically. De facto position is what matters.
- H.A. Reluctantly, I agree with this course.

Approved.

1. Parliament. [Enter E.H.]
- R.A.B. Business for next week.
Whitsun Recess : 15/5 to 2/6.
2. Space Research. [Enter A.J., G.W.]
- Hail. Limited project – evolved by Ctt^{ec}. of R. Socy. and backed by A.C.S.P.
Scientists are satisfied there is important work to be done. First step is to get instruments. Required in any event, if we are to do anything at all. We need not at present pre-judge either satellite or vehicle. All we need do now is send Massey to U.S. for technical discⁿ.
This project shd. not founder, or succeed, acc. to decisions on defence policy. Steering group.
a) Do we make public statement? I favour it. For if we start this p'mme, Universities must be told well before Oct. term – & Massey's team must go to U.S. Scientists will be critical if we don't seem to be active on this. Mouse – prs., but nil wd. be worse. Not wedded to form of announcement.
- D.S. Important potentialities. To m'tain our posⁿ. in science, we must take our part in this. Can't do that on basis only of U.S. vehicles. They will insist on knowledge of what we are doing – soon wd. be awkward on commercial grounds.
If we can't announce decⁿ. to go into this business, don't say we are going to ride on U.S. backs.
- O.G. Cospar offer is open to all. But Caccia says U.S. wd. also go into a bi-lateral arrangement with us.
- D.S. Only on basis of U.K. participⁿ. (on vehicle).
- Hail. Not acc. to Todd's informⁿ.
- A.J. Agree on instrument p'mme & mission to U.S. But I don't think U.S. vehicles is adequate alternative to our own capacity to launch. We now have all data for decⁿ. to do a p'mme of our own. This is attractg. young minds therefore we ought not to exclude ourselves.
- D.E. Can we afford to compete w'in West on this? Sh^d. we not rather co-operate – in competⁿ. with Soviet Union. Can't we join up with Europe?
- Hail. On first step (instruments) we can act alone.
- Ch.H. Prestige argument. Chapman Pincher has already declared v. L.P.'s plan. Public re-action will be the same.
- G.W. Support L.P. Larger p'mme shd. be measured v. other possibilities – e.g. research into supersonic aircraft etc., These are more commercial projects.

- H.A. Can't hope to rival U.S. in all research. Don't go beyond instruments – reserve other ques until later.
- A.L.B. Can we avoid statement – to avoid anti-climax.
- Hail. Must say something about instruments & about mission. Needn't mention cost at this stage.
Decision to fly in U.S. rockets doesn't pre-judge later decision to fly them in our own.
Wording of statement can be re-considered.
- M. Support H.W.'s view. Reconsider statement. Doubt if we shall be able to afford project of our own.
- R.A.B. We mustn't take on too much. Won't cost grow? Revise statement.
- Hail. A.C.S.P. support.
- I.M. Statement (amount and U.S. vehicle) will do more harm than good. Limit announcement to mission.
- A.J. We ought to start work on adapting B. Knight.
- G.L.I. Agree with M/D. If there is statement, make it appear that we reserve substantive decision.
- H. C^d. Canada & Australia contribute?
- A.J. The important U.S. work is on defence side. We haven't bn. in touch with them – only with civil.
- P.M. Let us decide merits – look at statement later.
From scientific angle what matters = instruments : vehicle is not important. Rocket is not of scientific import^{cc}.
From prestige angle, rocket is. But only point of getting up is to enable date to be obtained.
Quite separate points. Public are interested mainly on second.
Actually, we are not in posⁿ. to decide larger ques. We haven't looked at competing research demands(cf. H.W.). Can't do it before next year's Estimates. Prs. we ought to say that.
Whatever ultimate decⁿ. re B. Vehicle, we have started prelimin^y. work (instruments, mission) – to put ourselves in position to take major decision.
- D.S. Agree : want to keep posⁿ. open. W^d. like to add decision to make design studies on adaptⁿ. of B. Streak etc., That is equally a preliminary preparation. (£50.000 over 6 months).

P.M. and L.P. to concert a draft statement.

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

3. Commonwealth Education Conference.

- H. I want a total of £10 M. – for presentational purposes. viz., £7 M fr. U.K.

- A.L.B. We did pick out education at Montreal, for preference. Strong support for larger figure. Our main emphasis is on teacher-training. Colonial share shd. not come out of C.D.W.
- H.A. Every project rises in cost by 20% p.a. At Montreal we contemplated prs £1 M. p.a. We now start at £1.3 M. – and H. says £1.75 M.
On financial grds. we must look narrowly at these projects. No one is willing to accept any compensating reductions.
Preliminary estimates suggest larger increase in a single year than ever before.
- H. Hope to get £3 M. from Canada & Austr. Rhodesia mght put in something. No one else can be expected to do anything.
- D.E. Teacher-training is more important than post-graduate study. Cd. we hope that others wd. contribute when it's advantages are more plainly known?
- H.A. We have to ration all sorts of productive expenditure – this can't be exempt.
- O.G. More money doesn't always produce results – quality can fall off : this is our experience in Br. Council.
- H.A. We may get £10 M. in the end. But don't offer more than £6 M. to start it off. This is 5 year plan, after all.

Agreed: as at x/.

[Exit H.W.]

4. Commercial Policy : Dollar Imports.

- A.L.B. On details : I am nervous re rum : hope it will be excluded. On citrus & other fruit I hope I can consult W. Indies – tho' sums are small. They will be here on 25/5.
- H.A. We planned to consult Doms. & Colonies on paper : revise final offer in light of comments.
W^d. prefer to include books but omit periodicals.
- D.E. Paper back editions of classics wd. rush in.
- P.M. Make it all books save fiction? At least look at categories.
- H.A. We are bound to make a move in next month or so. We shall be even more criticised at home if we have to move under pressure. Also a modest offer will have more effect if volunteered.
- P.M. Admit that, despite awkward cases, volume of Ango-U.S. trade has increased. Worried about our export of U.K. cars : why don't we liberalise more on cars – they don't take up existing quota.
- D.E. Because we have separate quotas for Fr. and G. But we cd. open U.S. quota further – to equal Fr. & G. quotas together. I wd. like to do that – esp. as we can't liberalise on textiles or oil equipment.

O.G. } Unless we do this, we put our existing export trade to U.S. in jeopardy.
M. } For pressure on Adminⁿ. will grow.

H.A. Ready to cut it down from \$17m to \$15m.

H.A. Work down to \$15m.
Cut out rum : consider books : try to include cars. Send out our proposals for comment, before Commonwealth officials meet.
May be possible to p'pone announcement until Whitsun recess.

5. Iceland: Fishing.

O.G. Skipper who was advised to stand trial on one charge was convicted on others.

J.H. For fishing betwn. 4 and 3 miles, we shd. continue to advise them to stand trial. (Not betwn. 4 and 12).
Iceland have cheated. Must ask them for assurance they won't do it again.
Industry mght be persuaded to offer to pay (estimated) fine for offence w'in 4 miles.
Submission to trial is an act of grace.

1. Cabinet Proceedings.

[Enter E.H.]

P.M. Concerned at publicity given to Cab. discⁿ. on space research.
Hope Ministers will be more careful. Ch. Pincher.

Hail. D.T. was even more serious. Am making enquiries & composing a minute.

2. Germany. Paris Meeting of W. Powers.

S.Ll. Agreement on opening posⁿ. of W. Powers. This is not v. courageous, and includes proposals we know R. will reject. But some improvement (qua flexibility) on 1955 position. Formulⁿ. is wide enough to include all our ideas. Spaak thinks we have lost nothing. German delegⁿ. friendly, but Adenauer v. rigid.

P.M. No real agreement on posⁿ. we wd. take when the real crunch comes. Right to avoid discussing that in advance – because leaks wd. weaken Western position.

3. Egypt : Financial Agreement.

S.Ll. Want to minimise complaint. See how we go. May improve. Shall tell Black, however, we think E. have not shown good faith. He is best able to influence E.

4. Iraq.

H. Hope we are ready to deal firmly with Iraq if it goes Communist & stops oil supplies.

S.Ll. More likely development is civil war or break-down of government.

M. No oil crisis unless it spread to Kuwait. We cd. manage w'out Iraq oil.

P.M. Ruler has indicated that he wd. ask for help. That gets over 1st. hurdle.

5. Aircraft Industry : Dakota Replacement.

[Enter A.J., G.W.]

P.M. Diff^y. of M/S. in forecasting future of industry & its markets. Helped by C.A. Ctt^{ee}. on policy. But Cab. must consider this.
Policy declared : Govt. help to be confined to research & major new development. Do we depart from this to extent of aiding this type, wh. is not a new developmt. w'in meaning of that policy.

A.J. Can we export w'out a home order? My final conclⁿ. : support neither.
Manner of support. BEA have 20 or so Dakotas : they have another 10 years life & don't want to replace them. Only means of support is that I shd. buy

new type (3), lend them to B.E.A., & pay them extra cost as cpd. with existing Dakotas. They are putting same propⁿ. on Rotodyne.

ii) Not convinced we can't export w'out home order. Folland Gnat was sold to India w'out it. Viscount replacement: T.C.A. may be willing to be first user. This wd. be jeopardised if we accepted on smaller type view tht. must have home order to catch export orders.

iii) Two types. Invidious to choose betwn. them.

M. Idea of supporting H.P. Herald was raised in '58 & has bn. discussed 6 times by my Ctt^{ee}. Govt. finance was not excluded merely because no home order in prospect.

This is essentially a problem of Govt. agency helping to prove a new type.

Can be regarded as extension of r. and d.

Sh^d. it be given to more than one type? Yes. Little difference betwn. them.

But H.P. have spent £3 M. on this : & it is flying. £1M. wd. help them to capture export orders. But ready to agree to similar help for Avro type.

Money spent cd. be recovered in sales.

P.M. First ques : is it right to support a Dakota replacement?

H.W. Ctt^{ee}. is only way of resolving these diff. problems. There are other Dpl. interests to be taken into a/c.

P.M. But Dpl. Minister must be free to reserve his posⁿ. for ultimate decision by Cabinet. Coll. responsibility of Cab. must be preserved.

H.W. Position of B.E.A. Corp^{ns}. must make profits if they can. But B.E.A. to do so are right to use Dakotas as long as possible & then to use old Viscounts. That doesn't help M/Supply. Any subsidy wd. go to firm, from M.Supply, not to B.E.A.

A.J. I accepted the principle, but when I see the means, I doubt the wisdom.

H.W. Same diff^y. will arise on Rotodyne. BEA won't take financial [Enter R.A.B. responsibility for proving it.

H.M. Real ques : is home order essential prepⁿ. for export sales? If that is answered in affirmative, we can get round problem of means. Erroll was constrained to answer in affirmative.

Impressed by A.J.'s argument re dangerous precedent. We ought to take a line on ques of principle. If we decide affirmatively, we shall be expected to do it for all – not only for new generation.

K. What is the prize? 250 aircraft at £83 M.

M. Possibly £80 M. – arrived at differently.

D.E. On ques of principle : must be v. diff. to sell aircraft which hasn't bn. proved.

A.J. Can be proved by foreign operator. We have exported w'out home order. Also what is value of artificially contrived home order?

H. N.Z. wd. buy Heralds, but won't place first order.

India wd. buy Avros if they had full backing of H.M.G.
These replies suggest a home order is necessary.

- A.J. India wd. not make this a condition. Australia wdn't buy, even if we had placed home order.
- D.S. Why do this at all? Why do we support aircraft industry – defence, prestige, export earnings?
Doubt if Govt. support has earned a dividend in the past.
- P.M. U.S. subsidise their aircraft & shipbldg industries openly. We can't carry our industry on basis of mil. orders. Do we want to m'tain airframe industry. Will our engines persist w'out it.
Earlier policy of limited support – for novel types only. Are we to go further? That is the first question. Means (i) money : cheap supply of first models : (ii) who is to prove them, as first operator? (iii) can you get export orders for aircraft you don't buy yourself?
- M. x/ Believe we shall lose engine industry if we have no air-frame industry.
- I.M. No doubt we should give support. Ques : is how?
- R.A.B. Nor have I.
- A.J. I don't accept x/. Even so, I favour an air-frame industry. Policy announced was right in the main – tho' we may have to make some departures. We shall have to do so for Rotodyne & for Viscount replacement. But this is too small – and means are too difficult.
Herald. We declined to support its development. Sh^d. we now subsidise sales.
- D.E. This is a special case because large no. of Dakotas to be replaced. The export potential is so large.
- D.S. Don't accept H.P. estimate of sales. No future for H.P. as a firm.

Aircraft Industry : Replacement for Dakota.

[Enter A.J., G.W.]

- P.M. Is there a case for making this exception from our general policy – because of its larger export potential?
- H.A. On balance, yes. But shd. not be a precedent.
- P.M. Will it get the market? Is market as large as supposed?
- A.J. Change in my thought is due to diff^{ies}. of method of support.
Method. Fake a home order to spark of exports.
Suggⁿ. : I shd. buy, lend to B.E.A., compensate them for operating loss. This wd. be novel. My legal powers wd. probably cover it. But shd. have to include in Estimates & explain to H/C.
(i) If I begin to subsidise home operators, I shall reduce their readiness to place firm orders. This is happening on Rotadyne. Dis-service to long-run interests of industry.
(ii) Objective : give confidence to f. buyers. Will a fake order give it? Doubt if it will bring f. orders.
M.'s alternative : I shd. lend to H.P. to enable them to give aircraft cheaper to B.E.A. But this, equally, cdn't be concealed.
Only other alternative : Transpt. Command to order 3. Straightfwd., but wd. it give confidence to f. civil customers.
- M. £1M. over 10 yrs. W. party report on powers. Concln. : not a novel exercise of powers to demonstrate quality of aircraft & attract f. sales. No real diff^y. in method.
- H.W. B.E.A. don't want this type. But they wd. order 3. Bargain wd. involve (i) contⁿ. by H.P. ii) B.E.A. contⁿ. because they wd. get 3 more modern aircraft iii) M/Supply contⁿ. of £³/₄-1 M. over 10 years.
Wd. not appear as gift to B.E.A.
- D.S. Will they sell abroad? Firm can't carry risk tht. they won't. Are Govt. prepared to carry it?
Nothing in the "cachet" argument unless Govt. order is genuine. A mere 3 aircraft won't do it.
- P.M. Ques for Cabinet is wtr we do want to support these 2 types?
- A.J. We turned down H.P. project in '54 : we ought not to cough up now, after he went on on his own. This wd. be propping up weak members of industry.
- I.M. Wdn't. discourage others from risking own capital : for it wd. be because H.P. had taken a risk tht he got Govt. help in the end.
- P.M. Situation has changed because of that & because industry is not over-loaded. A Govt. investment, as speculⁿ., wd. not be out of place now.
- M Avro project is much the same but 2 years behind.

- H.A. Is it feasible to support whichever firm gets the Indian order.
- A.J. To support both wd. make nonsense of a rationalisⁿ. policy.
- D.E. I agree with that.
 * But I subscribe to doctrine of home order as pre-requisite for exports.
 It wd. have effect – cf. N. Zealand.
- D.S. I doubt wtr there is much prospect for export sales. They need 60 or so to break even.
- A.L.B. I support *. I wd. go ahead with this.
- A.J. Both firms are trying to sell to India. Objective test wd. be to back which India chooses. 2 years' ahead argument : timing of Hawker may be better, for airlines aren't buying at present.
- P.M. We are ready to make exception to general policy.
 The aircraft wh. is ready is made by the weaker firm.
- H.A. How long before a decision likely in India?
- A.J. About a month. I cd. ask Indian M/Def. how his opinion is moving.
- P.M. Cabinet are unwilling to lose all chance in this market.
 C^d. we say : we will support H.P. & thereby get N.Z. order : we will inform India tht if they are hesitatg. to buy either because doubt wtr U.K. have faith in them we will support whichever they choose.
 Having decided that in principle, Ty. with M/S. and M/T. can work out best means of providing support.
- A.J. Will go along, subject to –
 i) no announcement until we have told India.
 ii) no communⁿ. to BEA until we have worked out method in consultⁿ. with Ty.
- P.M. iii) no word to either firm.

1. Parliament. [Enter E.H.]
- R.A.B. Business for next week.
Congestion : need to have Cotton Bill as early as possible.
- D.E. Draft available : will discuss with Ministers concerned to-morrow.
- P.M. Aim at publⁿ., with W. Paper, on day of adjournment. Take at Legⁿ. Ctt^{ec}.
Tues. next.
2. Germany. [Exit E.H.]
[Re-enter after 2
- S.Ll. As in memo : para 11. To enable them to make defensive weapons only, but change needed to cover techn. changes since Treaty.
Seek discretion to support somethg. on these lines, if Fr. put it fwd. If they propose somethg. quite different, Cab. will need to consider again.
- P.M. Viz., support Fr. in principle but enlarge limit so as to make it possible for G. to go in for joint prodⁿ. of Superbloodhound with us.
- S.Ll. Agreements on nuclear weapons will be announced to-day, from N.A.T.O.
Our line will be – implementg. old decision of Dec '57.
3. Pensions. [Enter B.C.]
- R.A.B. i) Cost of increasing retirement pension – to Exchequer & contribution. Latter wd. off-set any political appeal. Also wd. need legⁿ.
ii) Increase of n. assistance. More justified on merits. Cost £32 M. Lesser plan, with fewer adjustments of dis-regards, cd. be done w'out legⁿ. Time-table for larger plan : cd. just be got thro' by end July and wd. enter into force early in Sept.
Stigma. Need to remove the old age people from the atmosphere of [Enter R.M.] charity. Want to give some impression of doing this.
- B.C. Larger version of ii) is on balance the best. Those on assistance have had v. little share in improvemts. since '48. But I need the larger plan, with legⁿ. This is strongly urged by Chairman of N.A.B. Cannot otherwise be represented as a piece of social policy.
Stigma :easiest course wd. be to print “supplementary pension” on book for aged : and “supplementary payment” on those for younger people on long-term assistance.
- H.A. i) must be out. Cdn't. contemplate it w'out increase in stamp, which wd. be politically disadvantageous.
ii) is the only starter. Questionable what pol. advantage we shd. get from perhaps a little : but no Tory enthusiasm & Labour criticism.

But serious weight on Ty : £18 M. this year (Supplementary) & £32 M. next year – in addⁿ. to v. heavy expenditure forecast. Threatens an increase in taxation equivalent to red^{ns}. made in last two.

We shd. therefore consider v. carefully wtr we need do larger plan. I thought of £25 M. as maximum. Now £27 M. on scales + £5 M. on disregards.

If we must do disregards, cd. we decrease the improvement on scales. Dislike legⁿ., however : controversial, & pressure to go further.

* Agreed : reject (i) entirely. Choice is between (ii) in some form, or standing pat.

- I.M. (ii) can be presented as advance in social policy.
x/ C^d. we plan whole operation, but leave legⁿ. on disregards to next session
Disregards must be included if this is to be presented as social policy.
Stigma. Mostly words. But much support for a change & I wd. support it, out of sentiment. But avoid increasing stigma on the short-term people (unemployed etc.,).
- Ch.H. Hope we will seek further methods of reducing stigma – or talk about it.
- M. Support I.M. on that point. Explore that further.
- Hail. Had hoped we cd. stand pat. But can't leave poorest on 1948 standards. Sh^d. have thght. we cd. do x/. W^d. save £3M.
- H.A. Less than that.
- B.C. x/ wd. spoil the plan. Share view of N.A.B. that 2 shd. be simultaneous. They wd. argue that scales shd. wait if disregards can't be done. Short & tightly drawn Bill cd. be got thro' in July.
- P.M. Can we stand pat? Good record on o.a.p.
If we can't, how much of (ii) do we do : tactics & Parl^y. row, rather than money.
(ii) won't please the larger number of people on ordinary o.a.p.
- E.H. (ii) wd. please the 1.m. or so concerned, but [it wd. also ease public conscience of larger number.]
We wd. have to make it clear that this is not our answer on o.a.p.
Legⁿ. is difficult this session. C^d. it take the form of enabling Minister now & in future to alter all disregards by Regⁿ.
- H.W. and others. Stressed [].
- B.C. As regards next year, N.A.B. will propose something of this kind in any event.
- H. Doubt if we shall get any political value out of this.
- R.A.B. But must consider v. background of Budget concessions to richer people.
- B.C. 1.600.000 on NAB., of whom 1.m. are pensioners.

- P.M. Can treat them as transitory because as time goes on more of these will have supplements fr. industrial schemes.
- I.M. The 10 yrs. qualifying period being now over, all new pensioners get the contributory pension. Pattern has changed since '58.
- G.Ll. Support []. Reception of Budget went unexpectedly sour over o.a.p. We may not get political plus out of (ii) : but we shall avoid further political minus. But nervous of discussion wh. legⁿ. wd. involve.
- B.C. Can't in any event avoid debate – affirmative resolⁿ. on scales.
- Ch.H. And I wd. welcome public attentⁿ. to size of disregards. Legⁿ. wd. be valuable from that angle.
- P.M. Stronger case for disregards than for scales. Need we do all the scales?
- B.C. Less than 5% wd. be treated with derision. [Enter J.M.
- Hail. Fear that, if we don't do this, we may be driven out of a sound position on o.a.p.
- D.S. Think we must do this – and change the name.

Agreed : Proceed with (ii) in full form.
Consider form of legⁿ. on disregards : in R.A.B. Ctt^{ee}.

[Exit B.C.

4. Treasury Control of Expenditure.

- H.A. As in memo. This Ctt^{ee}., as reporting to Ministers, cd. make sugg^{ns}. on Parl^y. procedure.
- R.A.B. Doubt if we shall escape criticism if Chairman is an ex-Tory Minister.

Proposal approved in principle (w'out enthusiasm).

5. Transport : Rural Bus Services.

- H.W. As in memo.
- H.A. Rural M.P.'s (Tories) feel we have done little on this. Services are deteriorating Pressure to remove petrol & diesel duty fr. rural services. But we cant draw a line. Gave limited assistance to all bus services. Our supporters say it isn't enough for the rural – and want at least an enquiry, so we can say so in Election. But it prob. means a recommⁿ. for subsidy – in 18-24 months' time.
If approved, I wd. wish to be consulted on composⁿ. of Ctt^{ee}.
- R.A.B. W^d. avoid discⁿ. on Finance Bill.
On merits, there is as much rural trouble over electricity & sewerage.
- J.M. If we have a Ctt^{ee}., it shd. cover Scotland.

Agreed : Ctt^{ee}. to cover Scotland. Composⁿ. to be settled, in consultⁿ. with H.A.

6. Commercial Policy: European Free Trade Area.

No note taken.

[Exit R.M., J.H.]

7. Education: Teachers' Salaries.

- G.LI. Agreement reached with Ty. on differentials for specialists. Disagreemt. on minimum of normal scale. L.a.'s want to go to £520. That is more than c/living increase over last 3 yrs. and a little less than increase in wages. I have duty to approve : & on than basis I cd. force them to a lower figure but they wd. say that I had bn. unwilling to go further. Dangerous to risk b'down of Burnham for a difference of £2M.
- H.A. Cost of (c) wd. be £11 M. in addⁿ. to interim increase of 5% already given. That is bad enough. But, even more, this is a moment when we are aiming at an industrial pattern of 2% : and these figures (about 4%) go far beyond anything which can be justified on c/living. I wd. have preferred (b) : I have improved on that : can't go to (c). Sh^d. be possible to persuade l.a.'s that improved (b) is fair.
- R.A.B. C^d. M/Ed. convince l.a.'s that improved (b) wd. do?
- G.LI. They are convinced that (c) is least teachers wd. accept. Doubt if I can persuade them to lower figure on their responsibility.
- I.M. Improved (b) is risky. (c) wd. be fatal qua effect on wage levels. It is increase of 11% over the years, on c/living argument. I wd. not fear a b'down : a row with teachers wd. not be a disaster.
- H.W. Support I.M. qua industrial wage. Ready to risk a row.
- J.M. Mine will follow – and that can lead to arbitration. And shortage of teachers is an awkward complication.
- G.LI. N.U.T. attach more importance to minimum than to differentials.
- H.A. We must be firm in all wage claims this year – and be ready to risk a row.
- I.M. Agree. See what we gained last year by being firm with N.H.S. clerks.
- H.A. x/ We must tell them that improved (b) is the most the Govt. can support.

Agreed as at x/.

1. Information Services : Exports of Books. [Enter Alport, O.G.]

Ch.H. Enlarged upon his memo.

H.A. Don't dispute importance. But never any off-setting economies. My concern over growth in expenditure is even more acute in relⁿ. to oversea expenditure. Blocked currency is esp. difficult.
Can't accept this new expenditure (likely to grow) until I see where I am.
Shall see my way clearer in a month.
Ready to agree tht. anything can start wh. can be got w'in existg. ceilings of expenditure this year plus increase of £¼ m. next year. (to a total of £16¾ m.)
And ready to review remainder later.
Shall have to take this line on all proposals for new expenditure.

Alp. Pressed by our rep^{ves}. in I. and P. to counter influx of R. books etc., We ought at least to start this p'mme. Can distinguish between Ch.H.'s various proposals.

Ch.H. Only asking for £100.000 next year – don't want £¼ M. But expenditure, if this p'mme approved, will rise later, inevitably, in 2nd. & 3rd. years.

R.A.B. You cd. find another £150.000 on vernacular languages & Br. periodicals.

H.A. If these alternatives are discussed with Ty., we can get phased plan.

Hail. Why cut B.B.C. in favour of books – the first being more potent.

Ch.H. Because there is waste in B.B.C. overseas p'mmes.

A.L.B. In Colonies we keep out the Soviet lead-in material : but after independence we shan't be able to ensure that. Support p'mme, esp. for library schemes & cheap books.

Hail. Scope for Anglo-U.S. project. Cost less & avoid duplication.

Ch.H. U.S. concerned only with American books.

D.S. Worth this money to get more Br. books read. Mght avoid need for defence expenditure.

G.Ll. Support that view – based on my experience in S.E.A. Books have impact on rising middle-class minority.

A.L.B. Better to raise this again in July than make too small a start.

H.A. Let Ch.H. give me minimum figure for each of 3 years.

D.S. And consider increasing it in July.

O.G. W. party shd. re-consider priorities. [Exit Alport, H.A.]

2. Foreign Affairs.

- a) Middle East. Iraq. All M/E. countries feel that, on balance, our decision was right. Even Nasser has said this to Canadian.
- b) Mtg. of Foreign Ministers. First hurdle surmounted – seating of the 2 Germanies. Next may be Poland/Czecho. S.Ll. will avoid handling that.

3. Parliament.

R.A.B. Business for next week. Progress with legⁿ. – satisfactory.

P.M. Unprecedented scale of effort in 4th. year of a Parlt. Large legislative projects. We shd. take credit for that.

4. I.L.O. Conventions.

I.M. Discrimination. We can't ratify – for reason given. Mild difficulty from F. Brockway etc., Otherwise not likely to be trouble.

Memo. approved.

5. Education : Church Schools.

R.A.B. Pressure by R.C.'s is coming : will be asked wtr Govt. going back on negotiations foreshadowing 75% grant on primary & secondary. On other side warning that Free Churches will object. Theirs is a plainly anti-Roman line : with high emotional content. Their extreme fringe will harm us in some constituencies, esp. in E. Anglia Devizes and some marginal seats esp. where Liberals are running a non-conformist candidate. We may carry it off, but it's quite serious.

Next move : G. Ll. shd. see Opposⁿ.

We can't go back on merits or on negotiations. But we might say we haven't time for legⁿ., so late in session. We wd. have to declare intention to legislate later. On balance prefer that – wd. at least avoid charge that we are rushing Free Churches.

G.Ll. I favour other course. We have all Parties & all R.C. & C of E. authorities now in favour of doing this : go forward while all are agreed. We always expected Free Churches to make a fuss but thght they wdn't press it – is this still so? R.C.'s are beginning to get cross – & if we don't legislate will assume we have given way to Free Churches.

Ch.H. On balance, get it over before Election. Statement of intention wd. serve to keep it alive.

J.M. From angle of re-action in Scotland, I wd. sooner get it over.

- J.H. Support Ch.H. Easier to defend action taken, in election campaign.
- D.S. Also, on a mere declaration, Opposⁿ. cd. hedge more easily.
- I.M. On balance support R.A.B. – if 2 other Parties can be firmly associated with declaration.
- E.H. In debate on Bill, individual Labour M.P.'s will be free to speak against, but will not vote against it. Front Bench wd. support. They wd. also support a statement.
- P.M. We can't abandon our position on this. Solely ques of tactics.

Discussion adjourned.

5. Cabinet Procedure.

- P.M. i) Next Cabinet, other than for emergency business, on 28th May.
ii) Only another 8 weeks of session. Start no fresh hares. Avoid rows over small issues ; watch Dpl. administration in the dog-days of July etc., Thought shd. concentrate on future (for manifesto).
iii) Public presentation of dollar liberalisation. Ch.H. to watch timing.
- H.W. No sign of progress on my subjects – Decca, or shipping.
- P.M. Alternatives [or additional??] : play it down as product of strength of £.
play up increase of anglo-U.S. trade v. background of which these protectionist acts shd. be seen as exceptions.
- R.M. cf. export of B. cars : where large unemplt. in Detroit.

Ch.H. to discuss with Ty.

1. Parliament.

[Enter E.H., O.G.]

R.A.B. Business for week opening 8th. June. Need to complete N.I. Bill (pensions) and Finance Bill in that week, before moving on to Educⁿ. etc., and N. Assist^{ce}. Bill.

2. Foreign Affairs.

a) Russian Defector.

O.G. M^{me}. D. defected from the Soviet dacha : and applied for asylum. We weren't sure she was seeking it on political grounds. She was persuaded to see Soviet officials. Because clear tht. her troubles were really matrimonial, husband threatening divorce. But she has said she won't return to Soviet Union. We can't force her to do so. She won't go to Embassy. She has no means of livelihood. If we treat her as defector, we can give her money from public funds.

Hail. Is it justifiable to sustain her on Secret funds?

G.Ll. If you give her no help, you leave her no option but to take money from Press.

O.G. Even if we treat her as defector, we can say she was influenced largely by personal considerations.

P.M. We can't enforce her return to R. F.O./H.O. to work out a statement.

b) Germany.

R.A.B. Pol. diff^y. here because few of our people care much for re-unification of Germany. Feeling may develop strongly v. re-unification.

P.M. In fact, no-one wants status quo to be changed – at least for years to come. Even Adenaner was content to leave over re-unification. Tactics for us – don't show our hand too clearly before Summit. Try to get enough "progress" (mainly by analysis) to bring U.S. to a Summit.

O.G. U.S. have now rumbled what G. and Fr. are doing. And Herter is looking for "progress".

H.W. Support RAB.'s political point. Our people don't want to see G. united.

3. Education: Voluntary Schools.

P.M. We are agreed on policy. Problem is only one of timing – shd. we legislate this session & get it over, or shd. we merely announce intention to do it in next session of Parlt.

- G.Ll. Favour legⁿ. Declⁿ. wd. increase controversy, and keep it alive.
- H.W. After legⁿ., disgruntled vote by Free Church people.
- I.M. Favour statement. It wd. commit Oppⁿ. more squarely than legⁿ. which they haven't opposed.
- Ch.H. Favour legⁿ. Less likely to remain a live issue.
- H.A. On balance, favour legⁿ.
- D.E. Favour legⁿ.
- H.B. So do I : will kill it as election issue.
- Hail. Favour legⁿ.
- M. So do I.
- J.H. So do I – increasingly convinced.
- I.M. No direct Sc. interest. But I wd. favour legⁿ.
- Ch.W. Party will be relieved by nature of Bill, when they see it. They wd. sooner get legⁿ. over, on balance.
- R.A.B. Previously favoured delay because no general acquiescence by Churches. Free Churches are on warpath. After reflection – Opposⁿ. will support declaration, but will plainly make capital during election. They will take more advantage of us than if we pass the legⁿ. R.C.'s have made it clear to me tht. they will magnify significance of our not havg. legislated – and will break away from agreement and will ask for more. There will then be trouble in R.C. constituencies. Poole and Central Office favour legⁿ. : because they think R.C. trouble is more dangerous than Free Church opposition. Conclude therefore that legⁿ. will give us less trouble. If we so decide, we ought to try to get Free Churches in better order. Defer introdⁿ. of Bill for 10 days for that purpose.
- P.M. Views of Cantuar. In effect, don't disturb the agreement. On the politics, my concern is about the Liberals – who might try to revive their Party appeal on this issue, if it were a live one. Which course wd. be least damaging from that angle? On balance seems preferable to have had the legⁿ. passed.
- P.M. General view is in favour of legⁿ.

*Special secrecy. P.M. to settle, with L.P.S. and E.H., timing of any announcement.
C.A.

[Exit G.Ll.]

4. Klaus Fuchs.

- R.A.B. F.O. have amendment on 3rd. sentence. "It will not therefore be for HMG. to determine, on his discharge, where he shd. live."

O.G. Some U.S. resentment may be voiced – tho' Adminⁿ., on warning from Caccia, have taken it quietly.

Agreed : subject to this amendment.

5. Coal.

P.M. V. interesting picture.

i) reductⁿ. in demand is not due to industrial recession – cf. para. 7. Total demand has bn. m'tained.

ii) increased use of oil : para. 9.

iii) precarious posⁿ. over oil (para. 10) : for we get all our oil for nil and bonus to b/payments as well.

H.A. Tho' income is return for v. large capital investment.

P.M. Future action. In terms of efficiency, we shd. not check use of oil. In terms of politics, there wd. still be a v. large coal industry. But, in view of risk of losing our oil, we must keep a healthy coal industry.
Clear : we shd. run down open-cast p'mme and hold it as reserve.

M. Have warned E.P.C. & Cab. of movement v. coal. I raise it again because proposals by N.C.B., wh. are not acceptable. This year we shall have to make a policy statement. Transfer to oil is world phenomenon. Doubt if can keep industry at output of more than 200 m. tons p.a. This wd. involve i) running down open-cast, over period up to '62 [no new sites] ii) p'mme of closing pits.

H.A. | Some sites where contracts let but work not started. C^d. we look at cost of
x| cancelling those contracts.

M. Will consider that. Enough to have decision in principle to bring open-cast p'mme to an end as soon as practicable. Agreed.
Proposal to reduce price in S/England. Object : to halt transfer to oil. This wd. cost £3 M. – & he proposed to offset that by increased price in Scotland. I wd. prefer a wider range of price changes – both by quality and district.
P'mme for closing pits – to maximum extent on basis tht. they are worked out. Further report from N.C.B. by end/June. Some announcement may have to be made in Sept., but wd. not be necessary to have actual price increases operating by then.

H.A. Hesitate before we take doctrinal position on future policy. Must keep room for manoeuvre.

y| Coal is our main raw material : oil supply is uncertain : don't exclude all
| possibility of giving some preference to coal. E.g. I wdn't exclude add^l. duty
| on oil, to enable coal to compete. Freedom of choice of fuel doesn't exclude
| duty on oil.

Prices. We have no legal right to limit discretion of N.C.B. We must bear in mind eventual potential burden on Exchequer. Power-stations : shd. use maximum of small coal and there shd. be a propⁿ. of dual user.

(M. We are turning back to coal : all new power stations are coal-fired).

- H.A. Open-cast. I endorse policy subject to x/.
- M. I don't agree with y/. Wrong conception.
- P.M. Avoid dogma either way. Let us remain pragmatical.
- M. Shall have to say we don't intend to act on N.U.M. for tax on oil. [Enter K.
- P.M. May be : but take stand on practical grounds, not on dogma.
- D.E. It is cheaper to use coal than oil. (Sterling balances.) Also, Soviet cd. cut severely into profits of our oil companies.
N.C.B. has not freedom of price policy because over the years must pay its way. This prevents them from selling at a loss in order to stimulate use.
- Hail. What about oil from coal? Turned down some years ago on a background v. diff^t. from to-day's.
- M. This is a live issue now.
- P.M. Immediate tactics : play this long : develop plans for announcement later in the year.
Next discussion to be processed thro' E.P.C.
M'while reject N.C.B. proposals on price & on restrictg. import of oil.

1. Parliament.

[Enter O.G., E.H.]

R.A.B. Business for next week.
Debate on Hola incident shd. not be delayed : prob. shd. be on 11/6, in lieu of Finance Bill Committee. Motion is tantamount to vote of censure.

P.M. Monday of followg. week? Giving as reasons, A.L.B.'s absence & need to publish documents.

R.A.B. Announce business as previously planned & adjust later, if need be.

[Enter B.C.]

2. National Assistance.

B.C. As in memo.

H.A. No comment.

R.A.B. Statement. Last para. but two. Shd. be carefully studied. On the whole I think it's as good as we can get.

P.M. Terminology. Changing names doesn't alter facts. But suppose we must bow to it.
Worried also about "as of right".

B.C. Suggested an alternative formula for 3rd. sentence.^x

P.M. Prefer that. [Exit B.C.]

Approved – subject to amendment of statement

x "In our society to-day assistance when in need, according to the provision made by Parlt, is the acknowledged right of the citizen."

3. Pensions : Higher Judiciary.

K. Terms of proposed statement.

P.M. Not raised on 2nd. Rdg. of Pensions Increase Bill. C^d. statement be made in H/Lds? On 2nd. Rdg. there.

H.A. I wd. prefer that – a casual reference. And Fin. Secy. can make it in Ctt^{ee}. on Bill if it is raised.

Agreed.

[Enter Perth, Amery, Att.G.]

4. Kenya : Hola Detention Camp.

- P. Note not taken.
Main issue : can we stand on action taken? If we are going to be driven to do more, better to do it early.
- P.M. Political situation. Oppⁿ. will say : i) alleg^{ns}. of beatings etc., earlier : if action taken earlier on those, Hola need not have occurred. ii) K. Govr condoned use of force. iii) scurvy. iv) Att.G. shd. have prosecuted.
What is best way of meeting that case?
- Att.G. My informⁿ. is tht. they will concentrate on (ii) – use of illegal force was auth^d. by Govt. Forcing the men to work.
- P. Can defend this – w'in limits of genl. instructions to police & pn. officers.
- Att.G. Can also say that it had no effect on action actually taken.
- Hail. Sullivan never saw the letter.
- Att.G. His verbal instruct^{ns}. didn't authorise force.
- P.M. Can we defend it – tho' admitting the lr. was unfortunately drafted.
- Att.G. No new form of enquiry wd. help us – it wd. disclose no new facts.
I agree that Att.G. Kenya was right not to prosecute.
- Hail. I don't. A conviction shd. have bn. possible.
- Att.G. No real ev^{ce}. tht. Sullivan instigated use of illegal force. Nor any ev^{ce}. to show that deaths didn't result from legal force.
- K. cf. para. 7 of Annex I. Also 10 and 11.
- Hail. I see tht. no case can be brought against individual warders : but I believe a case cd. stick v. Sullivan, who was responsible for the whole operation.
- P.M. Apart from all that – public opinion will be sore that nothing happened.
- K. But serious disciplinary procdgs. are now being taken against Sullivan.
- R.A.B. But no share of blame is taken by K. Govr. for approval of Cowan plan. Sh^d. not there be some censure of Minister who approved it.
- P. But trouble occurred because S. didn't carry out C.'s instructions. E.g. he took them all out at once : he failed to explain what he was going to do before he took them out.
- Att.G. Scurvy story, if it comes out, will be grim – for looks as tho' that caused death in circs. in which it wd. not otherwise have occurred. K. Govr. wd. be v. vulnerable on that count also.
- Hail. Don't defend this plan.

P.M. & H.A. Agree : it is not defensible.

I.M. An enquiry at high level (as in Waters case) wd. relieve public opinion even if it is established tht. no prosecutions cd. have bn. taken.

P.M. More likely finding is tht. the Minister was at fault.

P. Cowan's method had bn. successful previously.
There is an enquiry into the camps – now procdg.

Att.G. Enquiry cd. not, on facts, add to evidence given before Coroner.
If Minister shd. not have approved Cowan lr., better he shd. resign now.

P.M. All this points to deferring debate until Mon. week. We can say i) no prosecutions practicable, but disciplinary procdgs. are being taken & not yet completed. Can't rest on that, however. [Must say Cowan plan shd. not have bn. approved.]
Further enquiry on Waters model wd. be unprofitable.
Looking into scurvy problem, wh. also may be unsatisfactory.
But what do you do if [] is your conclusion?

Hail. We must assert our authority over K. Govr.

Att.G. May be driven to enquiry into whole conduct of K. Govr.

H.A. There is a case for some enquiry.

Agreed : P'pone debate.
Resume discussion after A.L.B. returns.

[Exit P. & Amory. Att.G.]

5. Teachers' Salaries.

G.Ll. As in memo.

H.A. Omit para. 4. On para. 8 omit 4th. sentence.

I.M. Agree, and believe we shall get a settlement.

G.Ll. W^d. prefer amended para. 4.

P.M. Then keep it v. short.

C.C. 34(59).

11th June, 1959.

1. Parliament.

[Enter E.H., Profumo.]

R.A.B. Business for next week.

2. Germany.

P.M. Crisis of F.M. Mtg. has now bn. reached. Skill of S.Ll. in handling this over these 4 wks. has bn. outstanding. In spite of Adenauer's efforts, and de Gaulle's posⁿ., he has succeeded in getting reasonably flexible attitude on W. side. I have never concealed my view tht. W. posⁿ. is untenable, & may lead to dipl. defeat. This made me suspect, but at last others are beginning to see it. G. insistence on enjoying indefinitely the consequences of their defeat. W. insistence on juridical posⁿ. wh., in practical terms, is ridiculous. Latest R. offer. a) offers a year's pause, b) contains unacceptable cond^{ns}. Best way out : preamble rehearsing views of each side on juridical posⁿ. followed by agreement on practical arrangements. Have told S.Ll. we want a Cab. discⁿ., with him, at this point. U.S. proposal of long adjournment – too dangerous. Brought down now to "inside a fortnight". May be 2 weeks + this week-end. W^d. give us chance to put a plan to other Heads of Govt.
* Propose Cab. on Monday a.m. Circulate some more tells. or summary of
* Prisecs. before week-end. At 10 a.m., if S.Ll. has to return.

RAB. R. proposal may, fr. their angle, have bn. designed to be helpful – at least not offensive.

[Enter Att.G.]

3. Kenya : Hola Detention Camp.

A.L.B. Cab. decision of '54. Has resulted in drastic redⁿ. in nos. detained. Debate in H/C. Propose to go back over long history of re-habilitation policy. In general a success : occasional lapses, wh don't conceal, have bn. firmly dealt with. Over whole period, record is good.

K. We mustn't let down K. Govr. in order to get out of pol. diff^y. But at same time must not appear to take this incident lightly. Must not prejudice discipl. procdgs. Sh^d. see how defendants develop their case re superiors before we announce any enquiry into their action.

Att.G. Sullivan & C. gave ev^{ce}. on oath before R. Mag. It wd. be inconsistent with that ev^{ce}. for them now to say tht. Cowan ordered them to do what they did. Can therefore be said these procdgs. have no bearing on criticism of Cowan or Minister.

I had assumed Hola was isolated incident. Have now found lr of Cowan of 26 April '57 – indicatg. that batons were used v. detainees at another camp. And this has bn. an exhibit. Shows that force was used on detainees : and cd. be read into Cowan plan.

Forcing detainees to work is breach of I.L.O. Convention. Circs. in which this has bn. done in K. cannot, I think, be related to emergency. Moreover, laying hands on them wd. amount to a technical assault.

All this, in a formal enquiry, will come out – and will reflect unfavourably on conduct & policy of HMG. since '54. I wd. therefore refuse enquiry. All facts known (save reasons why Minister approved C. plan : & that can be ascertained before Tues. debate). Sullivan's ev^{ce}. in discipl. procdgs. can't throw light on (). Deplore incident : but full investigⁿ. already made & no further enquiry cd. throw more light. Deal only therefore with action of Minister and responsibility of Col. Secretary. Rpt. of disturbance on Thaila: repts. in Times' y'day : will be thrown in A.L.B.'s teeth : can only be rebutted by record over whole period. Force : wd. prefer to treat it as form of physical therapy.

Sh^d. be in worse debating position after a further enquiry.

If satisf. explanⁿ. not f'coming fr. Minister, may be best tht. he shd.resign – before next Tuesday.

- I.M. My Dpt. view is tht. '53 K. Regs. were prob. in breach of Convention. Because of that O.L. brght matter to Cab. in '54. Our view was tht. amended Reg. was defensible in I.L.O. – and hasn't bn. questioned there. Further I.L.O. Convⁿ. of '37 was accepted only for U.K. because inconsistent with our action in Colonies.
- Att.G. I dissent from that view of the legal posⁿ.
- R.A.B. Anyhow, Cowan's language is not consistent with Convention.
- Hail. Att.G.'s line can only be taken if we accept findings of Coroner. And they include : i) meaning of C.'s lr. was to give carte blanche ii) no adequate provⁿ. in C. plan for supervision iii) scurvy in camp. iv) Campbell's report was unsatisfactory – virtually untruthful. If we rest on that report, we must be ready to act on it : wh. implies action v. Cowan, Minister & Campbell.
- A.L.B. Have asked Minister why he approved C.'s plan and what he thght it meant.
- P.M. 1) Press now seeing difficulties.
2) Our conscience can be clear. At outset, public criticism of K. Govt. was of insufficient action & firmness.
3) Rehabilitation has, in general, bn. successful. Inevitable tht. there shd. be some recalcitrants & propⁿ. of these is higher as problem is solved. Sh^d. prs. have bn. realised tht. use of force wd. be more dangerous as they got down to hard core. Importance of small nos.
4) We must stand by '54 decision : can't leave blame for that with K. Govr. Dangerous to have judicial enquiry into that. Tho' we can say we didn't contemplate forced labour wd. mean this form of force wd. be used. For future, new Ctt^{ce}. must consider wtr remainder must just stay in detⁿ. with no attempt at rehabilitation.
5) If we decline enquiry, it must be because facts are known. What do they reveal? Deplorable incident. Not the first (Cowan's 1957 incident). Await final picture fr. disc. procdgs. We will then take whatever admin^{'ve}. action is necessary re past, and such review of policy & practice as may be needed to prevent recurrence in future.

- A.L.B. Happy to follow that course.
- R.A.B. Public won't tolerate action v. Sullivan and Coutts only. Are we prepared to take action against superiors – e.g. require resignation.
- A.L.B. Minister is due to retire (age) in 4-6 weeks. [Exit Profumo.
- I.M. Oppⁿ. can mount a v. damaging case. Sh^d. we be v. flat in oppⁿ. to further enquiry? – even tho' we know it will reveal no new facts. Can we not say we don't now exclude all possibility of enquiry.
- Att.G. Nothg. can come out of disc. procdgs. to justify enquiry – nothing we don't know now.
- Hail. Convention. Difference betwn. requiring prs. to work and using violent means to make them do so.
- P.M. Reserve the “don't exclude enquiry” for 2nd. speech in H/C.
- H.A. Case for it, since some new ev^{ce}. emerges. Put it on basis that on facts now known, no case for further enquiry.
- K. Final ques in Times leader. How do we put our posⁿ. on that? Can't appear ready to sack him w'out giving him chance to defend himself.
- P.M. Must say – if we need further enquiry to be sure admin'^{ve} action will be fair, we shall be ready to take it. Not a ranging enquiry.
- * N.B. to look at relevant passages of A.L.B.'s speech.
- Att.G. Amendment to motion?
- E.H. Will consider this p.m. after 1922 mtg. [Exit A.L.B., Att.G.
4. Hilton Hotel, Park Lane.
- H.B. Quoted ruling on “high bldg.” Alternative scheme made wh. goes as far as poss. to meet obj^{ns}. 80 ft. lower. But M/Works and Fine Arts Commⁿ. are against it.
- H.M. Qua amenities of R. Parks, my duty is to question this. F.A. Commⁿ. accept towers, vice slabs, round Parks. And this, now is a tower. But risk tht. Parks will be surrounded by these : cf. Central Park in N. Yk.
- H.A. London must go higher. Skyline is bound to change. Need for hotels, and they must in Ldn. be high. N.Z. House : and St James' Park.

CLOSED UNDER THE

FREEDOM OF INFORMATION

ACT 2000

P.M. “The highs have it.”

1. M^r Menzies.

[Enter E.H.]

P.M. Precedent. Take advantage of him being here. No domestic business.
Admiration for M.'s achievement. Welcome.

2. Berlin.

S.Ll. In 5 wks. no success. Wider disc^{ns}. in 1st. 2 wks : no debate : no prospect of any agreement – at least before a solⁿ. of Berlin.
Possibility of composite agreement on Berlin – at one time thought possible.
Atmosphere : at first was assumed we were ready to sell the pass. From Dulles' death, others have come round to large extent & Alliance is now pretty firm. But Germans are still v. suspicious of our policy.
Pen picture of personalities.
Gromyko's public presentⁿ. on Friday of his latest proposals. I don't like paper presentation of W. position. Have prepared a more flexible version. Have also sought to discover wtr R. intend to provoke a break-down.
M'while Thompson plan. Geneva Tels. 228 and 229. Described it. This is being revised by W. officials.
Next steps. How long shd. we continue? Sh^d. we draw out discussions, or introduce some new theme? Back Thompson plan if it proves a runner. But confine discⁿ. to Berlin : don't introduce new subjects. Work for some agreement on Berlin : try to avoid b'down. Possibly aim to wind up at end of this week. U.S. prob. won't favour a break – tho' French & G. may.
Best outcome = some agreement on Berlin for submission to Summit, which wd. confirm that & lay down procedures for discussion of other subjects by F. Ministers.

P.M. Cabinet advice needed –
a) Any purpose in moving to a new subject?
b) If we confine it to Berlin, how conduct next week's discussion? I'm against long adjournment : for disagreement on juridical ques won't be understood by public opinion & discussion will erode W. position.
Adjournment sine die wd. be better because leaves open other means of seeking settlement.
Thompson plan is improvement. I wd. still prefer preamble acknowledging opposing juridical views & confine substance to practical arrangements.

S.Ll. A rational version of original W. paper wd. be more acceptable to R. than the Thompson plan.

D.S. Thompson plan wd. remove Berlin from Summit agenda – not good.

H. Preamble idea : cdn't we state tht. each side is in each part of Berlin by will of inhabitants.

S.Ll. R. power to bring pressure on W. Berlin. Unsafe therefore to base our position on their consent.

- D.E. Not sure R. want a Summit Mtg. now – hence proposal for year's delay.
- S.Ll. Doubt that. The year was designed to press 2 Germanies to come together.
- H.W. Br. public wd. be content to leave juridical posⁿ. on one side, if we cd. get a practical plan.
- S.Ll. Agree : but Allies won't link it. U.S. and Fr. won't abandon (or even change) our occupⁿ. rights.
- S.Ll. C^d. alternatives be submitted to a Summit? K. will want something to do at a Summit.
- R.G.M. Geneva. Hasn't failed entirely. W. case is being understood, slowly, by uncommitted countries – its disinterested fairness. Attitude of S.Ll. and Herter will yield dividend.
Juridical argument is barren : no rapprochement & no Judge to settle it.
Dangerous to base our posⁿ. on consent of inhabitants – for that cd. disappear overnight. Better to state opposing views, with reasons.
Work therefore for practical arrangements. which will last for some time.
Don't embark on other topics. W^d. enhance impⁿ. of futility.
Summit Mtg. Hope it will be at our (W.) initiative, not at M^f.K.'s. Let us keep it, if we can.
- R.A.B. Effect on U.K. political situation. Do we want Summit before Election, or ask for mandate for one after it. The first isn't so advantageous if Summit is unlikely to be successful. Can we instead exploit the danger of the internat^l. situation? Actually, we cd. play it either way electorally.
R. are takg. into a/c. the no. of disagreeable old men – Adenauer. Also Ike's departure. They may prefer now to have a later Summit.
Break this off in a week. Don't have 2 month adjournment. Don't keep it in F.M. Mtg. Refer to Govts or some other body.
- K. Para. 14 of memo. See notes on memo. Views.
- D.S. Must have early Summit. We shd. keep initiative, not be summoned by M^f.K. Favour submission of some version of Thompson plan. Put it as advance twds. R. view & seek R. comments. Then both cd. be submitted to a Summit, and justified as a narrowg. of the gap.
- P.M. Continue G. disc^{ns}. on a practical plan for Berlin.
Keep it in mind there may be a break & tht. our plan must therefore be defensible to p. opinion in the West.
Carry on for 7-10 days, so we may concert later steps.
If there is a break : R. may make their Treaty with DDR. or may demand Summit at given date. Dilemma for us.
If U.S. can be persuaded to follow D.S. line, we can expect to plan for a Summit Mtg. If U.S. rep^{ves}. aren't ready to regard that as progress, we must have a chance to consider what action U.K. Govt. can take. Need time for that.

C.C. 36(59).

17th June, 1959.

1. Export of Books.

[Enter E.H., O.G.]

Ch.H. x/ On further thought, I cd. come down to nil this year and £450.000 next year. A v. modest start. Second year will be less by any savings on overseas b' casting : but I can't put a figure on that.

H.A. Not large figures : ques. of principle viz., breaking beyond ceiling of £16½ M. Can't go on adding fresh commitments w' out off-setting economies. W^d. like to see red^{ns}. in some other part of oversea expenditure. Can't agree until I can foresee the future – prs. in 5 wks' time – more than increase of ceiling to £16¾ M. Favour this scheme : want it to start : but can't go "blind" on new commit^{mt}. But in all circs. I will accept x/ above.

Agreed as at x/.

2. Parliament.

R.A.B. Business for next week.

[Enter Wood.]

3. Education: Teachers' Salaries.

G.Ll. Receptⁿ. of my statement was stiffer than expected. Both sides resented Govt. interference.

L.a.'s sugg^d., & teachers accepted, a 2½ yr. duration for award. Awkward because our argument tht. 4½% wd. set off spiral : for it was related to 3 year period, while industrial settlements are normally (?) annual. Danger of our argument : mght lead to demands for annual reviews by teachers. Choice of £510 + annual reviews or £520 for 2½ years. Is the advantage (if it exists) worth a row with both sides.

Recommⁿ. will come to me formally on 8/7. If I reject it, no chance of teachers getting their increase by October. This mght lead to physical trouble – e.g. working to rule.

If we are to m'tain our present position, we must be clear about our economic case for intervening. Ty. & M/L. were not anxious for me to deploy it publicly.

W. Hope we shall stand firm. The duration offer doesn't weaken us much. The increase wd. still be 4½% this year – for however long it lasts.

On presentation, dangerous to rely overmuch on economic argument. C^d. we not also rely on educational argument tht. £510 put them in same purchasing power as they had in (?) 1948.

H.A. Don't see why £510 shd. precipitate annual reviews. Normally Burnham awards run for 3 yrs : no gt. concession for them to offer duration of 2½. Strong arguments in favour of spending the £15 M. on differentials & higher pay.

But, most of all, weakness of w'drawing from posⁿ. twice taken.

Political (electoral) arguments were then developed.

- M. We shall be confronted with many wage claims. We shall have to stand firm. But I'm worried about electoral consequences. We might be able to present the 4½% as related to 3 year period. Total of 9½% over 3 years wd. not compare unfavourably with successive smaller annual increases.
- A.L.B. Continuing row with teachers wd. be v. awkward. And we shd. have to admit we were ready to concede total of £15 M.
- M. Prs. offer £520 if they will take a 3 year duration.
- H.W. Yes : take a tougher line – on that basis.
- R.A.B. Danger if Burnham Ctt^{ec}. procedure doesn't work : deadlock & trouble in schools.
Weaknesses : ready to accept £15 M : offer of 2½ years.
Try to get the 3 years – and then accept it.
- P.M. 2½ to lodging of next applⁿ. may = 3, takg. a/c of length of negotiation.
- G.Ll. Not on their formulation.
- P.M. If we stand firm, we must choose a single ground – either the general economic case or a special educational reason.
- H.A. I shd. like to know how firm the 2½year offer is.
- P.M. Adjourn discussion. G.Ll. and H.A. to consider wtr 3 yr. currency can be made firm. I.M. to be consulted also.

4. Berlin.

- P.M. Moving to critical position. S.Ll. has persuaded Allies to table a more reasonable statement of Western position. This, if it can be published, will be defensible. Unlikely that R. will accept it.
[Message to President : his reply : we don't see eye to eye on action in impasse.]
Decⁿ. of future course of F.M. Mtg prob. on Friday. Alternatives :
- a) Short adjournment. [Fr. won't accept ; they wd. prefer indefinite adjournment.]
 - b) 1 month ..
 - c) 3 months ..
- Of these c) wd. not suit us at all.
Initiative – thro' U.S., if possible, for F. & G. are so jealous of U.K.
On a) – c) my choice wd. be between b) or a final break forcing a Summit.

1. Berlin. [Enter E.H.]

P.M. Welcome to S.Ll. Skill & patience. Specially glad this has bn. recognised by world opinion.

S.Ll. W. proposals as tabled. Better presented. (Tuesday.) G. temporised before tabling his – to co-incide with K.'s speech. This was reported to be tough & Allies became v. emotional. Seemed best in those circs. to play for recess. Situation now. Each side is trying to get status quo, w'out abandoning real objectives. Solidarity of W. is m'tained. But far from agreement on Berlin and on developmt. of rel^{ns}. betwn 2 Germanies. No advance twds certainty of Summit – or its success. Next task : i) seek to narrow gap betwn. our plan & Soviet. Get U.S. to take lead in putting fwd. any compromise. ii) Convince U.S. re Summit. iii) Be sure what we can get out of it. Must try to achieve these in next 3 wks. No W. Summit. W^d. give impⁿ. of anxiety. Ad. wd. need to come : & he wd. freeze W. posⁿ. W^d. need to be in Europe & wd. therefore reduce E.'s willingness to attend 4-Power Summit.

H.&H. * Can we have F.O. memo. setting out last proposals & comparing them? *

S.Ll. Yes. We may have to put out as W. Paper: all has bn. made public. Choice - a) seek new permanent agreement & pay price for it. But R. cd. repudiate it, or bring econ. pressures on W. Berlin. b) accept moratorium (preferably for 2½ years). Not certain we shall be in weaker posⁿ. then to make new agreement. Only price for that = persuade 2 Germanies to talk.

P.M. At W. Summit F. & G. wd. combine to bring pressure on U.S. We must therefore concentrate now on getting Anglo-U.S. agreed position. Either get E. to admit “progress” and fix a Summit date. Or get it agreed tht. ques to be reserved for Summit are i) no. of W. troops ii) period of moratorium iii) all is open for negotⁿ. at end of moratorium. iv) status of discussions betwn. 2 Germanies : can they report to a future Summit. Summit for these ques after compromise plan settled by For. Ministers.

D.S. x| Hope Summit can also present machinery for discⁿ of other subjects
| e.g. general disarmament.

P.M. It mght even settle the major points on nuclear tests conference – after de G. had left.
Can't dissociate x/ from U.N. Cd. discuss machinery w'in U.N.

R.A.B. Need for education of Br. public opinion. S.Ll. shd. consider means.

S.Ll. Statement to-morrow in reply to a no. of P.Q.'s.

P.M. Debate prs. in week before F.M. Mtg. resumes – that Thursday.

Hail. C^d. F.O. & Ch. Hill compose a puff for S.Ll.?

Ch.H. S.Ll. has come out pretty well in U.K. Press. I mght do more, on basis of S.Ll.'s statement to-morrow.

S.Ll. Press comments have sufficed – v. good.

2. Parliament.

R.A.B. Business for next week.

3. Maldiv Islands.

H. Gan is going well & shd. be ready by early '60. But fallen foul of Mali Govt. Sh^d. we get them here early or late. On balance I favour October.

P.M. What is point of negotiation?

H. To get agreement on Protection as well as lease of Gan, and get it all into one document.

D.S. C^d. we not get a lease longer than 30 years? What is our posⁿ. at end?

H. In theory they cd. turn us out.

D.S. Then shd. we not try for 100 yr. lease?

H. Better stand on firm lease for 30 yrs. than on Protection Treaty, which they cd. say they no longer needed.

Hail. C^d. we not buy outright?

H. So far they have rejected that. Difficult to find anyone to negotiate with.

P.M. Let them come in September.
Make a proper plan of negotiation before they come.

4. Nuclear Power Programme.

M. Plainly right. But may be criticised i) because of decline in coal ii) amenity and nature conservancy grds.
On i) we must go fwd. with nuclear power & defend it – despite diff^{ies}. of coal-mining industry.
On ii) these points have bn. considered by insprs. at hearing.

H.B. I accept my insprs' recomm^{ns}. But his report (to be published) includes El. Bd. statement re need for nuclear as well as coal, which can be exploited by amenity fans. Agree, however, we must approve.

- L.P. Dungeness is largest unit of land wh. has grown out of sea – and this will destroy its value as such. This will upset scientists.
- D.E. Serious effects on exports if we cut this p'mme because of coal.
- H.A. Since '57 capital cost & running costs have risen. Latter are now 40% above conventional stations. Sh^d. we construct any more Mk. I. stations? Mk. II will be more economical. Is keeping consortia together a sufficient reason for going on with Mk. I.
- M. Cost of nuclear stations and fuel is dropping. We shd. be v. ill-advised to disperse the teams. Capital cost is 3 times : operating cost is only $\frac{1}{3}$ rd. of conventional.
- P.M. We depend on skill. We have backed this enterprise. Folly to w'draw now. Can't fall back on coal-age.
- D.E. Too many consortia?
- M. Yes : 5 : hard to employ them all.

Memo. approved. Announce in H/L. debate.

5. Industrial Disputes: Printing.

- I.M. 200.000 involved. Large loss of man-days. Little comment in Press because they are nervous of ink supplies. Little interest in H/C. Men reluctant to accept arbitⁿ. because think they wd. do better in negotiation. Men's leaders include 2 bad men, of whom one (Willis) is Chairman of T.U.C. The other is prob. a Communist. Spear-head of demand for 40 hr. week. Eventually, they will have to talk. Some of smaller unions can't afford a long strike. Tho' large ones cd. & may go it alone. Ct. of Enquiry won't be favoured because unhappy experience of this in printing trade. Shall continue to do nothing pro. tem.

6. S. G. Brown Ltd.

[Enter Selkirk.

- S. Have wanted to sell for years. P'poned because high Bank rate. Started active steps last autumn. Not a true Adm^y. propⁿ. : much of their work is commercial. W^d. cost us £1 M. over 5 years to keep it going. M^{rs}. Brown : little connⁿ. with business as it is now. Running a Zoo at Sidmouth. Can make plain conditions on which we are prepared to sell.
- R.A.B. Tories want to be sure original owner has chance to re-buy. Can't give her more than opportunity to buy at market price. Hope we will do that.
- K. Merely to bring it to M^{rs}. Brown's attention will conform to our policy on land.
- E.H. They may say it shd. be offered on a valuation, not on competitive tender.

- H.A. C^d. you not extract from her a lr. saying she doesn't want to buy.
- K. Business now is quite different from what we bought.
- M. C^d. we not find guidance from precedents – on firms, not land.
- R.M. We must be able to say we are getting best possible price – fr. that angle we must rely on competitive tender.
- P.M. Ty. with Adm^y. shd. draw up conditions. Then notify M^{rs}. B. & ask if she wants to make a competitive bid.

P.M. to see – also draft of lr. to M^{rs}. Brown.

[Exit S.]

7. Distribution of Industry.

- D.E. Diff^y. over Cotton Bill will be – how do we propose to re-deploy labour displaced? We are about to review D.I. policy, on basis of a report by officials. Will it be wise, in this debate, to disclose an intention to revise D.I. policy in next Parliament. We know Labour Party will produce a new plan. We think we can improve on that.
- I.M. I wd. favour holding our fire. Cotton Bill has gone well, and we can bring it to port w'out this aid. Our strength is that we legislate – they only promise. Don't anticipate results of our consideration of D.I. policy.

Agreed : don't say anything to-day.

1. Berlin.

[Enter O.G., E.H.]

Tels. to W'ton. 2807, 2808, 2811 and 2881 and from W'ton 1465, 1474, 1485 were available to Cabinet.

P.M. We now await Herter's reply – likely to arrive here on Thursday. President's message was encouraging. He accepts my view tht. our posⁿ. is weak : and is not shocked by idea of moratorium. He will, however, be subject to pressures the other way – esp. as Democratic Party are alleging tht. he is weak twds R. U.S. public desire “to be tough”, without knowing how. If F.M.'s after adjournment cd. make a frame, on basis of moratorium, we cd. identify ques suitable for decision by Summit – duration, level of troops, method of consultⁿ. between Germanies.

S.Ll. Our own posⁿ. is diff. Allies wd. be glad of respite in fact ; but in form they will seize chance of accusing us of weakness. Satisfactory therefore tht. U.S. seems to be willing to take initiative. Better that they should. Worst risk = Mayor of Berlin, for he is in posⁿ. to influence Socialists. Our plan is consistent with his view tht. Berlin shd. not be finally settled save in context of general solution of Germany. In these circs. we must refuse N.A.T.O. Mtg before Geneva – avoid appearance of panic.

D.S. Presentation. R. have changed their posⁿ. quite a lot in last months.

H.A. Don't stress that now : wd. make it more difficult for R. to settle.

I.M. R. will take all our offers & assume that as bargaining position. How do we play the hand?

S.Ll. On nos. of troops and duration, reserve it all for Summit. Reserve also procedure for handling complaints re propaganda & subversion.

2. Parliament.

R.A.B. Business for next week.
8 and 9 July : C. African Federation : F. Affairs – in opposite order, so as to give more time for discⁿ. with Welensky.

P.M. Make one effort to defer African debate – until next week.

R.A.B. Will try – think we shan't succeed.

[Exit S.Ll.]

3. European Economic Community.

O.G. As in memo.

Approved.

4. Civil Defence. Evacuation Policy.

- R.A.B. Can we last out until end/Session w'out announcing any policy?
If pressed, I shd. like to make statement as in Annex.
Alternative : say no evacuation, stay put. Alarming to public and impair f. policy.
W^d. try to p'pone statement – and wd. certainly not open discussion with l.a.'s before autumn.
- H.B. We have got a policy – the 12 m. plan. It isn't practicable – but nor is any other.
Convinced no Govt. wd. order evacuation. If they did, remainder wd. evacuate themselves. We must therefore work twds. stay put or at least acceptance of no organised evacuation plan.
If this is so, how do we handle Parlt. No pressure on me. L.a.'s don't believe in evacuation.
New plan involves saying no evacuation to cities wh. suffered heavy damage in last war.
- D.S. Avoid any statement. If Annex B. has to be used, I wd. introduce many more doubts about practicability.
- P.M. Avoid any statement, if possible.
If it can't be avoided, make anodyne answer after consultⁿ. with Ministers concerned.
Certainly no discⁿ. with l.a.'s.
Re-consider policy later in the year.
- R.A.B. Wrong not to have a policy.

5. Industrial Disputes : Printing Trade.

- I.M. (i) S.O. Willis' statements are challenge to Govt. Threat to call out S.O. if Govt. continues to take "provocative" action re pickets etc. No actual dispute w'in S.O. Don't yet know wtr. W. was in earnest trying to spread strike. Standing Ctt^{ec}. of officials now appointed to consider posⁿ., and risks involved in takg. improvised action.
- (ii) Printing Ink. Not now being delivered. National newsp. likely to stop on Friday. Diff. situation may arise in due course. Employers are getting v. tough : threatening to squeeze the firms which have come to terms.
- (iii) My own position. Am disposed to act before newsp. go out. Have called in both sides of ink trade – to ask them to follow as usual printing dispute : but unions declined and I therefore cancelled invitⁿ. This was telephone invitⁿ. I have renewed it in writing. Object : to bring it out that Unions are unwilling to p'pone action or even have declined to talk to me.
- Ch.H. Facts of (iii) are now known. We can use that, in publicity.

P.M. Real solution is in structure. Sh^d. be separate settlements with newspapers and with printers. Former can be blackmailed to pay more. Printers can't : for their work can go abroad.

6. Education : Teachers' Salaries.

G.Ll. Period of agreement. Wiser not to ask for undertaking. Better to rely on their offer.

P.M. You mean : accept their offer.

M. Some of us wanted to try for 3 years vice 2½.

I.M. They want Apl. vice Oct. Real choice therefore is between 2½ and 3½.

H.A. Diff. to eat our words. But, apart fr. that, no gain in stability : for in the past assumption has bn. 3 years not 2½. Can we get an assumption (if only by M/Edⁿ.) of 3½.

G.Ll. C^d. only be a unilateral statement by me, in accepting recommⁿ.

D.E. That wdn't do : we want an offer or undertaking from them.

P.M. Amendment shown in ms. on Annex.

I.M. Deprecate this decision. Shows weakness. But, [unlike H.A.] I do attach some importance to fact that duration is offered by the Ct^{ee}. This gives us just enough to avoid a row with teachers.

Agreed : H.A. and G.Ll. to agree terms of reply.

7. Commercial Policy : Butter.

H.A. This is only a spot purchase – once for all – not a contract.

J.H. Denmark can't give us more.

H.A. Shall have to consider liberalisation for Canadian & U.S. butter.

1. Commercial Policy : E.T. Association. [Enter E.H.]

- R.M. Saw Danes, with J.H., y'day : & am seeing them again to-day. The most diff. country because nearer the Six & also agric. Cab. agreed tht. we shd. make concessions to get them in to Stockholm Group. Public opinion, farmers & Oppⁿ. Parties in D. are all at best lukewarm : but Govt. are still interested to join the 7.
Y'day they said they definitely want to join. A considerable advance. They want to make a deal now. In eggs, butter & cheese they make the point tht. we are offering them v. little. They have lost traditional market in eggs in U.K. They must be able to convince their public they have some prospect. Want they want, in addⁿ., is abolition of tariff on luncheon-meat : immediate abolition of tariff on bacon : and statement wh. gives them prospect of continuing market in U.K. We cd. clinch an agreement on that basis.
- P.M. Are we to make any advance on document drawn up on Friday.
- J.H. i) Add some general principles now, in advance of Stockholm.
I see no great danger in that. Limited to References to opportunities for D. to expand their market.
ii) Bacon tariff. We have come down from 10 yrs. to 5. We mght come down to 3 years. I wdn't go further than that.
iii) We cd. make the concession on luncheon meat.
This wd. add up to a reasonable offer, wh. we cd. defend to the rest of the 7.
- P.M. Issues narrow down to rate of redⁿ. of tariff on bacon and cancellation of tariff on luncheon meat.
- R.A.B. Bacon. Quicker redⁿ. wd. not harm pig producers, but wd. affect curers. I wd. sooner not go beyond 4 years. (Viz., 25% p.a.)
- R.M. Danes wd. not be satisfied with that. They want immediate removal.
- H.A. V. considerable prize to get Danes in. To do so, we shall have to offer more than abolⁿ. in 4 yrs. Manageable to offer 3 years – either in equal thirds : or one redⁿ., 5% now and the other 5% at end of period. We can't expect them to make a deal for less.
- R.A.B. But industry has 10 yrs. in wh. to accommodate themselves to tariff abolition.
- J.H. I wd. offer 3 years.
- R.M. So wd. I – with H.A.'s alternatives on methods.
- D.E. Worth the row to get the agreement with Danes.
Agreed : offer 3 years on alternative bases suggested.
- E.H. Warning : this will be a shock to our agricultural Members.

Luncheon Meat. Import of £5 M. at 10% tariff.

H.A. This is a small, and painless, concession.

J.H. Better to concentrate on pigs.

P.M. Why not offer same arrangement as for bacon. Then justify it as consequential on the bacon concession.

R.M. General Declaration. While we can't give any undertakg. re outcome of future price reviews, or reduce our obligⁿ. to own producers, we don't intend to use subsidies for the purpose of driving Danes out of their market in U.K.

J.H. No objⁿ. to this. But it is the card we shall have to play in Stockholm talks. Do we weaken our bargaining posⁿ. there by giving it to the Danes now.

R.M. They want it v. much – for they are getting v. little else.

P.M. Do we present it as special treatment for Danes or as somethg. we can give to anyone because means nothing. [Exit R.A.B.]

Ch.H. Prefer 1st. line. Insert in declⁿ. some words pointing to special position of Denmark as an agricultural country. And divide up sentences.

Agreed : As consequential, we must liberalise imports of bacon from Canada. [Exit R.M., J.H.]

2. Parliament.

E.H. Business for next week.

3. Shipping Industry: Cunard Liners. [Enter Selkirk.]

H.W. Chairman of Cunard is diff. to handle, has upset the industry, and can't be trusted to handle this tactfully.

The Company's reply is not a good document.

We shd. protect ourselves by seeking independent advice. W^d. help to get industry happy : wd. help on when ship shd. be built etc., And wd. give us time.

P.M. Who?

H.W. E.g. Heyworth : Sir John Hobhouse : lawyer or ch. accountant e.g. S. Brown.

P.M. Must know when it will report & have some idea what it will say. If they are to report in favour, early report wd. be useful.

M. C^d. we take decⁿ. in principle and ask them to consider size, place of bldg etc.,

I.M. I wd. prefer Govt. to decide in favour, and in favour of Clyde.

H.W. Their best offer (Cunard) will make it appear a strong Govt. subsidy. And we shd. still be lobbied for bldg. elsewhere than on Clyde.
x| Prs. I cd. play it out until after end/July.

H.A. I wd. prefer x/.

P.M. W^d. like announcemt. at end/session indicatg. we won't abandon N. Atlantic
y| service : but size of ship, financial arrangements etc., present large problems
& on these we intend to seek advice of a Ctt^{ee}. of Three.

Agreed : Adjourn discⁿ. – M/T. to consider y/.

I.M. Believe some factors – e.g. Govt. finance – is a matter for Govt.

H.B. Ctt^{ee}. can clarify issues for Govt.

P.M. M/T. to consult Ty. M/Power M/Labour.etc., on y/ & produce draft statement.
[Exit H.W., Selk.]

5. Defence: Move of U.S. Squadrons to U.K.

S.Ll. Saceur's plan for redeployment. Will cost U.S. \$40 m. – and much of this and
m'tenance costs will be to our economic benefit.
Recommend acceptance. To do otherwise wd. be blow to N.A.T.O.
x| The existg. agreements on use (of aircraft with nuclear capability) will apply to
these – tho' under Saceur control.

D.S. Announcement will be made from N.A. Council. We shd. make reference to it
in H/C. and add explanation of x/. [Exit H.B., D.E.]

P.M. Agree – parallel statement to Press from M/Defence simultaneously.

G.W. Hope we can discuss with U.S. Air Force.

D.S. Not before announcement.

H. Believe some Canadian squadrons are affected. [Exit G.W.]

6. Government Expenditure.

H.A. A correction on teachers' salaries – shd. be £10 M.

D.S. There is, in def. exp^{re}, £50 M. wh. is on civil account.

Adjourned – for a later Cabinet.

7. Industrial Dispute: Printing Trade.

I.M. National newspp. Reprieve until Sat., if Unions will allow use of 14 tons? of
ink. They are not parties to dispute & I can't refrain from seeking armistice –
tho' some wd. like to see national newspp. stopped – as a lever on main strike.

On main strike I'm trying to promote settlement, not buy it.
Presentational difficulties may therefore grow.

[Re-enter R.A.B.]

- R.A.B. Debate in H/C. y'day went well. Newsp. will increase pressure for a settlement (high price).
- P.M. Earnings – £25-30 p.wk. in newsp. offices. C^d. this be brought out. W^d. alienate sympathies of other Unions.
- I.M. They aren't on strike.
- P.M. C^d. we not release informⁿ. re earnings on provincial newsp.
- I.M. Employers are prep^d. to pay more in return for somethg. on restrictive practices.
- Hail. Issues underlying dispute have not bn. bryht out by Press – public haven't therefore taken sides.

1. Procedure. [Enter E.H., Profumo

P.M. Called attention to rules re speeches on f. affairs.

2. Germany : Manufacture of Guided Missiles.

J.D.P. Put a new proposal for amendment of W.E.U. Treaty.

P.M. Don't insist on Nov. date. For leaks are likely.

3. Germany. Geneva Meeting.

P.M. U.S. reply to our approach : gave me full satisfⁿ. tht. U.S. will work in direction favoured by us. But important tht. they shd. take the initiative. Our pre-arranged posⁿ. shd. therefore be kept most secret.

4. Industrial Dispute: Printing.

I.M. Now in 4th. week. 4 out of 10 Unions concerned are feeling financial pinch : and most of men want to get back because holidays. The remit to Chairman was therefore satisf. – based on employers' draft. Enquiry may, however, be protracted : at least 2 wks. and prs 4-6 ; for Willis will fight on.

D.E. Quota on imports of printed material. Employers want it enlarged. Have taken view tht. Govt. shd. not take this "strike-breaking" action.

I.M. That view shd. be m'tained.

5. Agriculture : Marginal Production Grants.

J.M. Addⁿ. of J.H.'s formula will provoke immediate row – whereas in '62 we may be able to find a plan which avoids a row.

J.H. W'out this Formula it will be assumed tht. M.A.P. will continue in Scotland. This will create pressure for re-opening it elsewhere in U.K. Don't get into trouble in 3 parts of U.K. to avoid it in 4th.

J.M. The 3 parts will gain over next years : but Scotland will not. Can be demonstrated to them tht. they will get more out of small farmers' scheme than Scotland will.

M.A.P. may prove to be best method for Scotland.

J.H. Problem in Scotland is confined to 2.000 farmers.

H.A. What about "the existing m.p. schemes"?

R.A.B. N.I. are now kicking hard v. further concessions to Scotland. What they now ask will have repercussions in E. & W.
And this will arise on either formula.

J.H. I cd. resist that, if my formula were added.

H.A. M/Agric. has gone as far as he dares : w'out his formula the new Act will be broken up hopelessly.

P.M. 1) Find a formula for incldg. J.H.'s reference in the preamble – rep^{ns}. in view of the decision tht. MAP as such shall not be continued.
2) Consider merits – on basis of factual statement of posⁿ. in N. Ireland etc.,

I.M. Why make the statement in Parlt. Easier to announce to Press (publication of a lr.) early in recess.

Agreed : as above (this page).

6. Government Expenditure.

H.A. Forecasts, as they are refined, continue to rise – cf. para. 10.
Supply : increase 6.2%. Defence : increase
[Try again : it's really para. 9. And to that, add Pilkington etc., I calculated total increase at £350 M., on present forecasts.
Suggest tht. all Ministers shd. review his estimates. We must decline new expenditure & try to reduce costs of existg. services. Lessons for a Manifesto!

H.B. Approachg. stage for heavy capital expenditure – on hospitals & roads – both of wh. are carried above the line. We cdn't carry p'mmes on housing or educⁿ. if cost had had to be carried above line.

H.A. In part that is explanⁿ. But also heavy item for General Grant.

R.M. But Death Duties are above line, too!
What about public investment?

H.A. Will rise by £30-35 M.
And private will bump up if Tories win Election. That will be an awkward sitⁿ.

D.E. Bound to be a boom if we win – followed by deflationary Budget.

7. Egypt. Financial Agreement.

No note taken.

Agreed : Must be some interim payments.
Loans shd. be deducted from these – & reserved for final settlement.
Proceed on basis tht. there will eventually be a graduated scheme.
F.O. and Ty. to settle on this basis, with L.P. in consultⁿ.

F.O. to assume responsibility for Loans.

8. British Transport Commission.

H.W. Re-assessment of development plan – will have to be published ; and, if so, sooner rather than later. I wd. hold joint Press Conference with B.T.C. Propose to publish after N.U.R. Conference circa 22/7.

Agreed : subject to deletion of words in para. 70 giving estimate of coal production.

9. Irish Republic.

D.E. Ireland conclude they can't join Six or Seven. Turning therefore to thought tht. their economy shd. be integrated even more closely with U.K. They have £50 M. of imports fr. foreign countries. They wd. be ready to consider bi-lateral deal with N.I. on goods coming s. across the border.

H.A. V. odd ideas are being floated.

10. Licensing Laws in Scotland.

P.M. Necessary?

J.M. Gt. pressure for it. Takes it out of politics for a time.

R.A.B. Good case on merits. Tho' awkward because we aren't going to look at in in E & W.

1. Parliament. [Enter O.G., E.H.]

R.A.B. Business for next week.

2. Federation of Rhodesia & Nyasaland.

P.M. Long discussions with Welensky. Efforts to get Oppⁿ. agreemt. to preparatory work for 1960 review. Doubtful if they will agree, tho' may be less hostile than before. We must have a plan. Ours is to have a preparatory Commⁿ. incldg. local rep^{ves}. : Oppⁿ. will prob. press for Parl^y. (U.K.) Comm^r. We propose 26 members : 13 fr. Africa, of whom 5 are to be Africans : from U.K., 6 P.C.'s of U.K. Parlt. and 6 others, of whom 2 wd. be fr. other Commw. countries with experience of Federal system. This apart fr. Chairman. Wd. be advisory only – in prepⁿ. for 1960 review.

A.L.B. Welensky's talks with them didn't go badly – they may agree.

P.M. Propose announce this on 21st. July, for debate on 22nd. Commⁿ. wd. not begin to work until Nov.

3. Nyasaland : Emergency.

P.M. Devlin Rpt. – completed but not yet submitted.
Normal procedure wd. have bn. to collect Govr.'s obs^{ns}. & publish together.
But better, esp. if awkward rpt., to get it over before Recess.
Now looks as tho' we can't have a single African debate because this is now lagging, and it is a long report.
If it can't be done earlier we must publish, with Govr's comments, on Monday, 27th. July. Then offer debate on Wed. 29th. & adjourn on Thursday.
* Copies, when available, will be circulated to Cabinet.

K. B.B.C. asked if Devlin cd. give interview on report – a month ago. I said, as L.CH., that it wd. be improper for a judge so to appear.

R.A.B. Hard to get H/C. to debate if no publⁿ. before 27th.

P.M. But damaging to publish before week-end because Sunday newsp. p.

E.H. Prefer Thursday 6.p.m & see 1922 that evening.

Agreed : aim at publⁿ. on Thursday 6.p.m.
[also Hola documents at same time.]

4. Police. Ch. Constable of Nottingham.

R.A.B. Telling Watch Ctt^{ec}. to review their decision. Alternatives : dismissal of Ch. C., followed by an enquiry, which Ctt^{ec}. won't like. But, if they ask me to hold enquiry, I can only do it under 1921 Act – and we've have enough of that.

5. Nationalised Industries.

[Enter E.M.]

R.A.B. No need for immediate decisions.#
Padmore's valuable rpt. – cd. form basis of 2 Bills, but neither wd. be suitable for 1st. Session of a new Parl.
Financial & organisational recomm^{ns}. are broadly acceptable.
Prices : Ministerial intervention shd. be preserved, but shd. be rare & overt.
Procedure (para 20). We shd. say v. little on this in Manifesto. Leaves our hands free, and avoids provoking discussion.

M., H.A., H.W. All agreed with this presentation.

E.M. Accept this conclⁿ. – because can't go fwd. w'out discⁿ. with Bds.

R.M. Word of caution re financial targets : more thought needed on this.

D.E. Can't expect Bds. to borrow in market if Ministers control prices. W^d. like to examine this more carefully.

R.A.B. Much more work to be done. Welcome views of other Ministers.

6. Post Office.

R.A.B. Ministers bless this plan in principle.
Main ques : do we announce before or after an election? Main argument is tht. publⁿ. now wd. precipitate discussion on nat^d. industries.
Present, in due course, as a natural evolution – not a violent revolution.

H.A. Point of doubt : do we under-estimated strength of Parl^y. obj^{ns}. so this removal fr. Consol. Fund. Hard to guess in advance.
Certainly favour delay, as proposed.

E.M. Two points on para. 10
i) accept omission of proposal tht. all tariffs be subject to neg. resolⁿ.
But believe we shall have to concede this point to Opposⁿ. for existg. posⁿ. is v. untidy.
ii) contⁿ. to Exchequer & agency charges. Ready to settle with H.A.
But we shd. have a target, as other nat^d. ind^{ies}., and charges & contⁿ. shd. take a/c of that.

RAB. Ready to re-consider (i).

[Exit E.M.]

7. Gas Prices.

- M. Informed Tuesd. tht. 3 Bds. propose modific^{ns}. amountg. to increases. Due to heavy losses last year.
E.P.C. advised me to inform Cab.
Suggest I seek to p'pone until first wk. in August.
- H.A. Strong financial case for this. On timing, Aug. wd. be preferable.
- J.M. 10% for Scotland is swingeing.
- M. Due to increased cost of coal, wages – & in Scotland uneconomic production.
Hope is rationalisation betwn. gas & electricity.

8. Spain : Abolition of Visas.

Memo. approved.

1. Nysaland : Emergency.

[Enter Profumo, E.H.]

P.M. Normally one wd. have delayed publⁿ. for about a month, in order to get & consider views of local Govr. As session is about to end, we must hasten publⁿ., even tho' it means rushing Govr. – more awkward if it all came out in Recess.

Govr.'s despatch shd. go to Press to-night.

Two courses open to Govr. i) condemn Govr. & call for his resignation. This wd. involve resignation of ALB. & other C.O. Ministers. Tho' ALB has made it clear tht. his personal posⁿ. shd. not obstruct national interest. His resignation is at my disposal. We must bear in mind effect on other Col. Govts. and C. Servants.

ii) Devlin vindicates Govr's decⁿ. to declare emergency – plan involving assignation – ample ground for apprehending violence. Criticism mainly on action taken thereafter – its roughness etc., No middle course. If we believe tht. it is in national interest tht. this shd. be treated in a balanced way, then we shd. support Govr.'s action – tho' ready to see what lessons can be learned.

K. Effect on Africa. Rpt. makes it clear. Necessary to declare emergency : Govr's decⁿ. not influenced by Welensky : disturbances in N., road blocks etc., had already occurred, and policy of violence adopted (with readiness to kill). Kenya example : action too late & too slow. Congo. Govr. had no alternative but to declare emergency. Execution : I have considered all incidents : hope B. people haven't reached condⁿ. when they condemn a man for firing when 4 military face crowds of several hundred. Govr.'s comments – based almost wholly on facts found by Devlin.

Att.G. (In reply to P.M.) Surprised by D.'s report. Support K.'s attitude. Distinction between killing and cold-blooded assassination – can't be sustained. Content with Govr.'s answer. On legal grounds we have nil to fear.

Hail. There is difference between “plan” as put fwd. in W. Paper and what D. found – violence, incldg. murder. But it is not material. Second justified declⁿ. of emergency. We can support action taken – tho' presentⁿ. mght have bn. different. Matter of emphasis.

H.W. Support C.O.

I.M. We did prs. stress overmuch possibility of a planned campaign of assassinⁿ.
* Suggest x/ on p. 77 shd. be included in Govr.'s comments.

D.S. Real ques : what wd. have bn. thght of Govr. if he had not acted and murders had occurred.
A.L.B. shd. come out v. well from this debate.

D.E. Support K. and Hail. Support Govr.
Why did D. take this line? People must have thght the murder plot was cooked up from outset. Difference of opinion on D^f. Banda (betwn Govr. and

D. Commrs.) – cf. Govr.'s belief that he wdn't compromise. This will be important point in debate.

- M. Establ^d. tht. Congress advocated violence : tht. Govr. was right in declaring emergency : tht. it was right to act firmly. Rest is detail.
- G.Ll. Politics of debate. Gruesome reading for average man. Don't take too much of a true-Blue line in public. Illustrates diff^{ies}. of transition from paternal rule to democracy. Where all turns on respect for authority, hard to concede all the 'democratic' rights. Sh^d. we stress these difficulties – at least, show awareness of the problem.
- J.H. Africa's debt to A.L.B.
How many (African) lives were saved by firm action.
How far has Govr. pressed on with constitutional talks? May be criticism on this point.
- H. Acceptance of this report w'out reply wd. undermine posⁿ. of all Govts. in Africa.
Be ready to quote criticisms of Kenya Govt. for failure to act.
Diff^{ce}. betwn plot and plan is hair-splitting.
D^f Banda : can't have bn. unaware.
Conduct of operations – more uneasy. Rhodesian parallel is awkward. We mght concede enquiry into Police organisation – too few, too young.
- R.A.B. Must see it thru' : on merits.
D.'s impression was tht. Govr. took sitⁿ. too seriously. He has failed to realise effect of his own report – too dramatic.
- Ch.H. D.'s report alone justified declⁿ. of emergency. Our embarrassment will be on minor points – inaccuracies in W. Paper ; Govr's failure to mention plot in his b'cast : burning of a house.
- H.B. Difference betwn. completed plan for assassinations & dangerous readiness to contemplate violence. There is a difference, but second alone warrants actions taken.
Length of Govr's comments (& detail) may reduce its impact.
Discussions may concentrate on p1. – police state. Hope these cond^{ns}. won't continue.
- Att.G. Para 168. They didn't conclude there was even a design to kill. This is diff. from analysis of Hail & H.B. It is this para. to which the Govr. rightly replies.
- P.M. Revise Govr's despatch, in light of this discussion.
Shorten passages re W. Paper and murder plot.
This is urgent. More time to consider our line in debate. We shd. include ref^{ce}. to problems wh. lie behind it. Need for firm action at outset : to save suffering in long run. cf. Kenya & prs. even Indian Mutiny.
Why were Devlin Commrs. so naive? Try to judge that, in readiness for debate.
Bring out G.Ll.'s point : don't be afraid of this.

H. Also clear tht. it was not oppⁿ. to Fedⁿ. tht. Congress was after. That was pretext.

2. Kenya. Hola Detention Camp.

P.M. Exchange of despatches : & findings of disciplinary board. Changes in organisation and personnel.
Organisation. Responsibility blurred betwn 2 Dpts. There will now be clear chain of command for i) detention camps & re-habilitation and ii) prisons.
Personnel. Summarised changes. Campbell remains. But discip. board has found tht. he was misled by Sullivan.

A.L.B. Campbell was one of 3 : and the most junior : he wrote the note. Unfair to penalise him alone. Nor wd. action v. all 3 be just : not a commⁿ. of enquiry: merely to collect situation report. Campbell said [“opinion of all we met” was violence had not bn. used.]
Thompson thght it had, but wasn’t asked his view.
Fairn thinks Campbell one of the best men in Prison Service.

Att.G. A.L.B. has told me this. But magistrate treated Campbell as leader of the 3 and spks. of “Campbell commⁿ.” ; and attached importance to it and esp. to []. Misleadg. report led to Govr.’s first statement tht. deaths due to drinking water.
Can’t be said tht. Sullivan misled Campbell on this particular fact – [presumably []].
Sh^d. nil be done re these 3, despite serious strictures. Dangerous to decline enquiry.

A.L.B. Read tel. from Govr.

P.M. Formal enquiries had already bn. set on foot by C.I.D. This was a recce on behalf of Govr. Mistake was to treat it as formal report : but that was mistake of Govr. Surely enough if Govr. formally recorded tht. the three had carried out their enquiry pretty carelessly.
Possibly in reply by ALB. to Govr. – say the 3 were a little careless.

I.M. Better in a debate.

P.M. In debate some words shd. be used to show tht. we think it was pretty inefficient on part of these three. Cab. to consider formula on Thursday.
Despatches to be publ^d. as they stand.

1. Federation of Rhodesia & Nyasaland. [Enter O.G.]

P.M. Saw Gaitskell y'day. His attitude was correct : but I don't count on his support. He will begin by asking a no. of ques. He doesn't think any local rep^{ves}. shd. be included.

2. National Health Service. [Enter D.W-S., J.S.]

Financial Structure.

R.A.B. Concluded we can't adjust cont^{ns}./grant/charges. Or abolish charges. We mght offer experiment on prescribing. Free drugs for private patients (£2M) shd. be w'held pro. tem.

D.W-S. Can't reduce gross cost : longer people live, the more it costs. Charges. Any move to increase cont^{ns}. shd. be accompanied by abolition of charges – better tht. people shd. pay when well than when ill. Voluntary limitⁿ. of prescribing will be helpful experiment. Need for more investment in hospital – wd. eventually reduce running cost.

J.M. BMA have urged p'mme of £750 M. on hospitals over 10 yrs.

Memo. approved.

Opticians' Fees.

J.S. Charges were subject of investigⁿ. – wh. pointed to reduction of dispensing fee. H.A. agreed tht. this shd. not be reduced provided "hybrid" (c) was reduced. This package was accepted by Ministers & by Whitley Council. a) cost us £½ M and b) £¼ M. Ty. are now being asked to spend £¼ M. for 600 opticians' votes.

Ch.H. Full logical case for this. Mitigation : dispensing opticians are out-voted in their Union : and for them it is a straight cut in remuneration.

P'pone decision until H.A. returns.

[Exit D.W-S.
[Enter Alport.]

3. Agricultural Policy.

Pigs.

J.H. Danger to agreemt. with Danes is tht. our pig-keepers will panic and stop breeding. H.A.'s "provided no failure in confidence" – but this is whole problem.

P.M. We must say now tht. we won't reduce price in next Review. But we needn't ask for more breeding : viz., don't say "we don't want any decline in production." Latter will re-act on Danes.

R.A.B. Constituencies are disturbed – think we are going back on farm policy. C^d. we at least say we want “to m’tain the herd”.

J.S. Stick to Maudling’s formula. Doesn’t matter much here : may make whole difference in Stockholm.

P.M. “I, as M/Ag., want to m’tain efficient pig prodⁿ. As a Govt. we assure you tht. price will be m’tained at next Review.”

I.M. Dangerous distinction to draw.

R.A.B. C^d. we say : no reason to lose confidence. He wants m’tain pig prodⁿ. on efficient basis. To encourage them, he can assure them re price in next review. Refer to earlier case of advance notice.

Alp. This mght be contravention of Anglo-Austr. or N/Z. Trade agreemnt.

P.M. No. This is not a change of policy. Wait until they raise it. Don’t warn A & N.Z.

Tariffs.

J.H. Shall be asked about horticultural tariffs in debate. But don’t want to rush Cabinet. I cd. stall in this debate.

4. Casement Diaries.

R.A.B. Diaries have bn. shown to Irish Ambassador.
Propose to put diaries in P.R.O. and allow public access, after applⁿ. to H.O.
Otherwise mystery will continue.

P.M. Copyright will run – as protection v. publication.

Hail. Also law relating to obscenity.

R.A.B. Shall say : publication at own risk – because copyright.

K. Agree.

Alport. So do we.

Approved.

5. Legislative Programme.

R.A.B. B.I. wd. be enough to start us off : and we cd. bring some up from B.2.
Bills which are lagging marked x. Hope these can be chased up.

D.S. International H.Q. & Defence Organⁿ. Hope it can be promoted from C. to B.2.

I.M. Payment of Wages by Cheque. Sh^d. be added & put in B.

H.B. Charities (Rating) can go to bottom.
But Caravans must be promoted.

P.M. Get things ready, as possible : don't argue about priorities.

6. Parliament.

E.H. Hola, with other subjects, on Monday. (Incldg defence)
Devlin on Tuesd.
Wed : Transport (B.T.C.)
Thursday : Adjournment 11. a.m. Can announce to-morrow adjournment.
Oct. 29. New Session 3 Nov. That later.

1. Parliament. [Enter E.H., O.G.]

R.A.B. Business for next week. 22nd. re-assemble. 27th. Opening of new session.

2. Podala : Arrest.

R.A.B. P.Q. in H/L. to-day. Read draft reply.
D.P.P. wants to give circs. of arrest in procdgs before Magistrate. Must also avoid any statement re his mental condⁿ.
Procedgs. in court have bn. put back another week – Tues. week.

K. Circs : after 1st. charge on door, P. unlocked it : 2nd. time therefore door hit him in face.

R.A.B. Removed to hospital etc., Sorry we can't say any more at this stage.

3. Commercial Policy.

H.A. E.T.A. went well. Atmosphere good. Conclⁿ reached on agriculture. Fish left in the air – & everyone is content with that. Finland – will be kept in touch so tht. they can decide how close an association they want.
Will make statement after P.Q.'s to-day. Hailsham in H/Lds.
Institutions: launched idea of advisory Council.

4. N.H.S. Opticians' Fees. [Enter D.W.S.]

H.A. Thght Ministers had accepted package before Xmas last.
a. Increase in sight-testing fee was larger than merits warranted.
b. Dispensing fee was left unchanged tho' on merits cd. have bn. reduced.
c. Hybrid dispensing fee was to be reduced to off-set a & b.
Opticians collectively accepted this finding – tho' those interested in c. were out-voted.
How can we justify re-opening package – making change wh. is not justified on merits. Politics : can we spend £¼ M. to buy off 600 men? Only 1/5th. of the money wd. go to this type of optician.

D.W-S. Opticians never accepted c. – tho' I admit we have legal right to make the cut. 7.000 involved because all opticians wd. side with dispensing opticians. These are small men, with little T.U. backing & no rights of arbitration. The more awkward therefore to announce in just before recess.

I.M. Works out at almost £100 each. Cd. we not leave it over until later – apply in next years Estimates.

P.M. Pity all 3 decisions were not put into effect at once.
Why not pay increased fee only to men who do nothg. but dispense.

D.W-S. Same job.

P.M. But different people.

H.A. If deferred, as I.M. suggests, package will be completely bust.

H.A. Pretty much to pay £250.000 more annually for the sake of giving £50.000 to 600 people.

K. Why not p'pone decⁿ. until end/year.

D.W.S. Package wd. be too far back.

P.M. Inform them tht. we reserve right to make decision later.

H.A. x| If Cab. accept in principle tht. this cut must be made later, e.g. in Jan., I am content tht. we shd. say nothing at present.

Agreed : as at x/.

[Exit D.W-S.
[Enter Bevins.

5. Employment: Distribution of Industry.

D.E. As in memo.

Para. 17. (iv). One list, at discretion of Ministers, as proposed.

J.M. Two lists wd. help twds solution of special Scottish problems, and also prs. Wales.

I.M. Bad system : everything wd. go up to List A. – nothing cd. ever go down.

H.M. cf. priorities for production in war.

J.M. V. well. *But in that event we must seek some other remedy for Sc. areas.

*[Repeated on each item]

Para. 17 (vi)

H.A. Apprehensive – will grow. But see need for it & accept it in principle. Percentage will need further thght. 40% wd. be too high : prs 25%.

P.M. Better prs. to have no formula : merely an upper limit e.g. of 33 $\frac{1}{3}$ %.

D.E. Grant shd. reflect diff^{ces}. of cond^{ns}. betwn. one area & another.

J.M. Need for flexibility.

I.M. Declare admin^{ve}. policy vice statutory formula.

Para. 17 (vii).

- H.A. Investment allowances (tax) provide incentive – dangerous to add this. Also v. diff. to discriminate in respect of existg. factories : hard enough on new bldg.
- H.W. Agree. V. diff. administratively – as betwn competing firms.
- J.M. DATAC operates that way – & hasn't caused much trouble.
- H.A. May be v.small dividend in terms of emplt.
- M. Impossible to administer. What if firm moves or sells?
- D.E. 40 empty out of 300 Govt. factories. This wd. help to get tenants.
- P.M. W^d. prefer to omit this & have higher percentage on bldgs.

Para. 17 (xii)

- D.E. Good to invite Parlt. to look at it again after 7 years.

Para. 17 (ii).

- D.E. a) Don't want to give right of appeal b) Ready, however, to give written reasons for refusal.
- P.M. b) Wd. be dangerous.
- I.M. Don't put a. in at outset.
- P.M. Nor b). Wait & test feeling in H/C.

Agreed : as above. No statement for time being.

- P.M. Effect on N.I.?
- R.A.B. Reduces differential advantage which N.I. now has. They will ask for higher grants for them.
- H.A. They are at present v. generous.
- P.M. And what of similar problem in Scotland?
- J.M. Shall discuss transport costs with Sc. Council for Industry.
- H.W. My problems mght be brought into a/c – Sc. is not viable transport area.
- Bev. H.B. wants to reserve his posⁿ. re Development Fund etc.,
- D.E. Depopulated areas are not in pari materia.

[Exit Bevins.
[Enter Perth.

6. Commercial Policy.

Liberalisation of Dollar Imports.

H.A. [Not heard].

P.M. i) General principle. ii) Do we move from Art XIV to Art VIII. iii) Composⁿ.
of a list. iv) Identify permanent hard core.
Avoid hasty decisions. Need for care. Discuss at another mtg.

7. Channel Tunnel.

No action.

1. Pensions of Higher Judiciary. [Enter J.B-C., O.G., E.H.]

Future pensions. ^x/"Authorized prepⁿ. of legⁿ. on basis outlined in memo."
Existing pensions. Will be contracted with Colonial servants.
Lord Symons. To secure him the better of alternative pensions.

Agreed as at x/.

2. M^r. Speaker's Pension.

R.A.B. ^x/£4.000 & something for his wife but no lump sum. Even this wd. set a precedent.

P.M. He has asked for less – diminished pension in considⁿ. of wife's pension.

E.H. Any change will raise ques of pensions for Members.

Agreed : prepare legⁿ. on basis of x/.

3. Agricultural Policy. M.A.P. Grants.

Announcement. Agreement reached on formula – and on announcement by letter in August.

N. Ireland.

R.A.B. There will be a row from Belfast.

P.M. Why not tapering off scheme for N.I. too?

H.A. Because they wd. then get double value. They do benefit from Small Farmers Scheme.

R.A.B. * Register my dissent. But content on that basis, tht. we go fwd.

Approved, subject to *.

[Enter Hail, H.B.]

4. Investment Programme. 1958-63. [Enter Boyle, Thompson, D.W-S.]

H.A. As in memo. Recent experience illustrates diff^y. of securing quick re-actions, up or down, even in public sector. But some things move pretty quickly – e.g. housing.

And in autumn we may want to ask for red^{ns}. there – housing, educⁿ. minor works, gas and prs. B.T.C. (figure in memo is £30 M. less than rlways' demands : but I may have to ask for more). Changes required wd. not be v. large.

H.W. Accept £220 M. pro. tem., but subject to re-appraisal.
[Roads expenditure dropping wd. not be acceptable for Party manifesto.]

M. Accept this.

D.W-S. No objⁿ.

E.B. Minor works cut provokes much more political trouble than the money it saves. Timing is therefore important.

H.A. Not saying now that this will be necessary at all, and shall certainly consult G.Ll. on timing.

H.B. Housing. Miscellaneous.

I.M. Planned increase over 5 years is only £90 M. H.A. speaks of cutting £35 M. off this v. small target.
Cuts in housing & educⁿ. minor works immediately after winning Election wd. look v. bad.

H.A. But remember private sector – wh. wd. get a big stimulus from such an Election result.

D.E. Does this planning work? On last experience, not for inflation : the jump came much too late.
Fringe projects, identified as quick re-acting, are the most unpopular. Do they really help the economy much?
If you have to cut back, better to do so by restraining private sector by dearer money.

H.A. I'm not asking for any decisions to-day.

P.M. This estimating is both difficult and dangerous. Mistaken to suppose tht. estimates of out-turn of public expenditure are more reliable than those of private sector.

y| Remember probable collapse of ship-building industry. We may need something to off-set that.

Take note of this memo., with scepticism and recollection of y/.

[Exit D.W-S., E.B. Thompson.]

5. Atomic Energy : Nuclear Merchant Ship.

[Enter Selkirk.]

P.M. Summarised issue – as in brief.

S. Firms are interested. Must retain that interest. Can't pursue r. & d. effectively unless we get a ship to sea. Can't at present put fwd. economic propⁿ., but forward-looking people believe it will be important.

Ctt^{ec}. 's proposal won't retain interest of firms.

Many new problems for builders, only to be learned in construction ; and in operation ; and in safety. None can be learned until there is a ship at sea.

M. Discussed with E.P. He thinks it will dissipate energies of AEA. I don't think that is decisive. I wd. prefer to go ahead – even at some risk.

D.S. So do I.

J.M. Sure it's right tht. we can't develop w'out a ship at sea. True even of conventional types.

H.W. Sympathise with that view. But owners don't favour B.W.R. Also nervous about safety. If we go ahead with course B., I hope we shall get experience of O.M.R. as well as B.W.R.

P.M. V. large issue. Short notice. Wish to circulate E.P.'s memo.

H.A. Ready to go fwd. But inclined to course B.

Cab. Ctt^{ee}. to study this further (September).

[Exit Selkirk
K.

6. Metropolitan Police Fund.

RAB. } As in memoranda.

P.M. }

Agreed : bring this up again later.

7. Commercial Policy : Import of Canadian Bacon.

H.A. Canada used to do quite a trade pre-war. Since war ended, they haven't be interested because their prices too high. Now their interest is reviving because their prices are likely to drop.

H. supports E.P.R. decision – but will want to ask Cab. to do more if their reply is violent.

D.E. Reply now received – read it out. Protest v. continued restriction in view of tariff dec^{ns}. re Denmark. Ask for o.g.l. at once.

H.A. No need to go beyond present offer Agreed.

J.H. a) We shall have to open it all in next 12 months. Then Poland etc.,
b) Am proposing to E.P.C. liberalising Canadian butter because rising price.

Germany.

- P.M. On 13/7 Herter told S.Ll. in gt. confidence tht. E. had concluded Summit was inevitable : war c'dn't be allowed to start w'out this attempt at settlement. Contemplated Summit Quebec Sept. 1. Sept., preceded by i) mtg. of W. Govts about 20/8 and ii) short visit by K. to U.S.A.
My message of 21st. June to E.
On 29/6 received further message from E.
Then Herter's disclosure to S.Ll. of E.'s invitⁿ. to K. to visit U.S. By muddle this had not bn. linked to Summit & was w'out cond^{ns}. He sought our advice. I gave it – in my message to E., which was shown to ??? before despatch. Read this to Cabinet. No answer received. But long disc^{ns}. in Geneva, which continue.
G.'s posⁿ. has hardened – no doubt because K. has got his free invitⁿ. to U.S. At Geneva y'day the 2 sides produced their papers. Don't like them. [Fr. have now bn. told about K.'s visit ; & this will probably leak.] I consider the R. paper more reasonable than ours. Madness to break on this : our posⁿ. wd. be v. weak.
Tough talk at Geneva cf. Codel 360 para. 16 – read.
E.'s plan to travel in Oct/Nov : Japan, India, Pakistan, Moscow [and London]. I still prefer Alternative A. But it's clear U.S. won't agree to it.
Read Codel 364.
Alternatives. i) We cd. demand early Summit, but it wd. involve threatening to say so publicly.
There are, however, obj^{ns}. Risk of later start & dragging on. Don't want Election late in year. Risk of a bad Summit. That wd. give us, not Election, but crisis.
ii) Allow U.S. to have later Summit – if we can present intervening stages as further progress twds settlement. But part of that picture wd. need to be firm decision to have a Summit.
Read tel. to S.Ll. of to-day.
- R.A.B. i) P.M. had done all he cd.
ii) Posⁿ. is serious, both internationally & for presentⁿ. to public.
P.M. foresaw, months since, tht. our Allies wd. be inflexible and liable to take indefensible position.
How soon will news break?
- P.M. W'ton has leaked W. Summit. No harm in that. Can't tell when rest may come out.
Must persuade Allies to say there will be a Summit. May not be possible to do that before W. Summit.
- H.W. Politically, there is advantage in later Summit.
- D.E. Political risk here of its appearing that U.S. and R. are settling behind our back.
- R.A.B. Stress W. Summit : this is our best hope for opinion here.

P.M.

Cab. alarmed at consequences, wh. E. can't have foreseen, if appears U.S. about to do deal with R. (Moscow different). This can be avoided if a) Geneva ends on basis of reportg. to Govts b) W. Summit early : not later end/Aug. c) K.'s visit presented as part of contacts. [Posⁿ. only tenable if decⁿ. to have Summit before end of year is made a latest at W. Summit.] Cab. feel that b) is specially important.
On a) end on hopeful note.

1. Foreign Affairs.

[Enter E.H.]

Germany.

P.M. K. has swallowed bait w'out taking hook. Visits : but no commitment to Summit. Long-term therefore not v. happy. But in short-term Alternative B. has not turned out too badly.

E.'s reception in U.K. v. moving. Public reject view of experts that he is finished. Since Dulles' death he has roused himself.

My immediate objective : avoid any row with K. in this interval : Keep all balls in the air.

S.Ll Diffy. : bring home to U.S. odd sitⁿ. tht. you invite to dinner someone with whom you are unwilling to do business. Disappointing tht. E. still insists on "progress". We must insist on a business mtg. in due course : successful visits cd. be "progress".

S.Ll On substance, E. thinks A. is more flexible on moratorium and on a new solⁿ. for Berlin and on contact betwn. 2 Germanies. This is encouraging.

E. has promised to avoid open disagreement with K. But both men are impetuous & touchy.

France. Over Algeria we have tried to get U.S. to see diff^{ies}. of multi-racial society. de G.'s text : pacificⁿ. followed by free choice. Hope we can all support that. U.N. mtg : must get Fr. to handle it & we c'dn't do it for them as AngloFr. rel^{ns}. are now so sensitive.

Disarmament. At one with U.S., on new body.

Nuclear Tests. Recessed until 12/x. M'while, posⁿ. is : we hope R. will consider new scientific data. U.S. have extended the moratorium until end/year. R. have now said they won't be first to resume testing.

W. Indies Base. Tactics. Better to go on & sound out W. Indies.

Wool. U.S. are announcg. to-day another review of the tariff. May get results by Jan.

Laos. They won't have Commⁿ. back because undermine their auth^y. Lookg. for some means of getting observers – to boost Laos & deter communists. Contact with Nehru, who shares our anxiety & is realistic. Alternatives : i) Laos shd invite Sec. Genl. to send someone ii) No. of interested countries shd. ask U.N. to send observers. Other plans too. No one agrees with other's plan. No U.S. intention to turn it into a mil. base.

U.N. Assembly. Worst thing will be Fr. tests in Sahara.

A.L.B. Is it to this that R. declaration is aimed.

P.M. No : language is in terms of "resumption".

A.L.B. Wind fr. Sahara blows into Nigeria.

S.Ll Shall try to help Fr. to get this merged in a genl. debate on Disarmament.

S.Ll Europe. Secured lip-service from U.S. for the Seven. Urged H. to say somethg. publicly.

P.M. If we are returned to power, we can take new initiatives with force. M'while we command no auth^y. with G. or F. Can talk intimately with U.S. Otherwise, let this be a pause.

H. China. Nehru has now openly described this as aggression.

H.A. Will damage Ch. prestige with the uncommitted.

S.Ll. Moderates in China are out of favour : increasing toughness. May be cross at suggⁿ. tht. R. & U.S. can settle world affairs à deux. Even so, odd to upset India. Tho' they are genuinely cross with them over Tibet – for allowing Dalai L. to talk.

2. Economic Situation.

H.A. Short-term borrowg. rate in U.S. is higher than here. Some money has therefore bn. crossing Atlantic. Even so, Plus £10 M. on reserves for Aug : v. good for this month.
Iraq has drawn £30 M. of sterling balances – spending some & putting some in other currencies.
Expectⁿ. of rise in Bank Rate. As result, gilt-edge prices faltered but have now recovered. Have feared weakness there as prodⁿ. increases & equities rise.
Has not gone badly.
Radcliffe report. On balance will be useful. Will strengthen Govt. v. Bank.
Remarkable tht. it is unanimous.

P.M. Sh^d. Ty. circulate a summary.

R.A.B. Doubtful : there is a good summary in Economist.

P.M. What are points of danger? [For Central Office : not Ty.]

3. Colonial Affairs.

A.L.B. Kenya : Africans are at 6's and 7's. Will help us in constitutional conference next year.

C. Africa : we have invitation.

Nigeria : I'm worried about Fr. test in Sahara.

4. Employment: Individual Relations: Wages.

I.M. i) We shall place these school-leavers. : & adults are doing better. Therefore Sept. figures will be satisf.

Shan't now fall below 400.000. May be 1.9%

ii) T.U.C. If we win, it's a moment for high-level talk.

iii) Wages. If Co. reports are satisf^y., we shall have to press for reduction of prices.

5. Crime.

- R.A.B. a) Enquiry into Carlton Approved School. Indication of bad spirit among young. Shall have to tackle this.
b) Open Prison at Ford. Shall not tell Pn. Commⁿ. tht. it won't go fwd.

6. Coal.

- M. NCB's draft plan leaked, after confl. commⁿ. to N.U.M. Expect they will meet again this month & submit to me for approval.
Miners' superannuation. Retirement at 65 + payment of £200. Have warned N.C.B. I shan't be able to approve (because of repercussions) ; but will try to delay any row.
Price changes went w'out public fuss.

7. Legislative Programme.

- R.A.B. D/Industry Bill : want it ready when Parlt. meets.
- D.E. Hope we can do that. Five major dec^{ns}. required : will submit these, for consⁿ. by H.A.
- R.A.B. Betting & Gaming also needed before Xmas. Will submit to H.A. Ctt^{ec}. ques re Jockey Club (levy on bookmakers) Think there will have to be enquiry.
We must then take powers to apply any scheme wh. proves to be practicable.

8. Trade.

- D.E. R. agreement now concluded.
Disposal of rubber stocks – Anglo/U.S. agreement.
Cotton. We thought we shd. aim at 6. m. spindles redundant. We have had appl^{ns}. for 12 m. This gives chance of small efficient industry. Looms : 270.000 in all : we took target of 45.000 but have had appl^{ns}. for 90.000. This, again, wd. leave a healthy industry.
Absorption of workers : examining this by localities. The D/I. Bill will be the answer.
Exports. Feeling growing tht. ECGD are not doing enough on long-term credit. But see no reason for haste : credit is doing well enough.

[Enter E.H.]

- P.M. Cab. meeting after Election – in accordance with precedent.
Last mtg. of Cab. formed in autumn 1956. Only 3 survivors of W.S.C.'s Cabinet of 1951. Encouraging qua promotion prospects. But spirit has not changed. Three elections – increasing hold on country – remarkable record : tremendous responsibility. We can discharge it. Have largely broken up tribal organisation of the nation. Unity of nation is more important than differences wh divide us.
Thank all most sincerely for support given over last 3 yrs.
Ask all Ministers to regard offices at my disposal, for reconstruction : but carry on with supervision of Dpts until my wishes are known.
Cab. Ctt^{ees}. thereafter. M' while, group to prepare Queen's Speech, on personal basis.
- R.A.B. Congrat^{ns}. to P.M. personally on conduct of campaign. Steady course. Steadying effect on supporters.
Must now keep face of Conservatism turned to future.

Mr. Macmillan's Second Administration.

October, 1959

[Enter M.R.]

1. Cabinet.

P.M. Wishes to 2 have left – A.L.B. and G.LI.
Welcome to newcomers. Hope we shall keep unity thro' diff^{ies}.

2. Foreign Affairs.

S.LI. U.S. have proposed W. Summit at end Oct., & Summit in Dec. We are willing.
Europe. Going to Paris mid-Nov. to discuss diff^{ies}. G. won't help.
Iraq & Egypt.

U.N. Debate on Tibet. We supported inscriptⁿ. on agenda : resolⁿ. is v. mild.
But [Amendment (?) unacceptable because] we have always taken line tht.
U.N. can't pass on human rights w'in a particular territory. Better therefore to
abstain. We can't complain of aggression because have agreed tht. T. was
under suzerainty of China.

H. Agree. Our general line is v. important because of our Colonies.

I.M. I agree.

H.A. Our people won't understand that posⁿ. because emotionally sensitive.

H. India won't vote for : abstain or vote against. Deplore any U.N. activity on
this because mght unite R. & China.

S.LI. We can have explication de vote. Agreed.

Arms for Cuba.

S.LI. Castro wants to exchange his Sea Furies for Hunters. We have got U.S.
agreement to general embargo on supply of arms to Caribbean. If these are
supplied, embargo will be broken – and supplies will be renewed. It is in our
interest not to do this. [Unfortunately, U.S. have announced unilaterally they
are supplying civil aircraft & boats.] Propose therefore to tell Cuban we can't
break embargo, but are ready to review posⁿ. from month to month.

P.M. Bring it out publicly tht. there is an embargo. – wh. at the moment is being
observed. Stick to this until embargo is broken.

D.E. Cuba may call off our exports, out of pique.

P.M. Avoid final refusal – keep him in play for a week or so. Agreed.

3. Parliament.

R.A.B. Election of Speaker. 2 Tories will propose H. Foster. Labour will prob. propose Williams & press it to a vote. For Govt. the less said the better – even tho' H.G. makes unpleasant sally.
Debate on Address – will continue prob. until Tuesday night. Main subjects :
F. Affairs : Youth

[Enter G.W.]

4.

CLOSED UNDER THE

FREEDOM OF INFORMATION

ACT 2000

[Exit G.W.]
[Enter B-C.]

5. Legislative Programme.

R.A.B. We have quite enough legⁿ. now. W^d. prefer tht. W. & Measures shd. not be mentioned in Q. Speech.

P.M. No objⁿ., so long as it is contained in Programme.

D.S. Add to P'mme Bill on licensing air services, wh. is mentioned in Q. Speech.
B.1.

R.A.B. W^d. also omit fr. Speech the Bill on Wages by Cheque.

P.M. Atomic Energy (members of Authority) must be done.

Hail. Pension's for employees of A.R.C. – urgent & non-controversial. Add to A.2.

I.M. Rules Publⁿ. Bill may be necessary – tho' controversial.

H.A. Steel Loans is urgently needed.

M. Coal Bd. (Borrowing) Bill will be needed in December. Wise to take another Bill (?) at the same time to avoid 2nd. debate.

R.A.B. All this means that some Bills can't proceed – e.g. Land Drainage.

J.H. Must ask for decⁿ. (H.A. Ct^{ee}.) to do it next Session.

R.A.B. Matrimonial Causes will also have to stand over. I wd. prefer also that Trunk Roads (Acquisition of Land) shd. stand over – unless it proves essential.
Also wish to p'pone Crown Estates Bill.

6. Queen's Speech on Opening.

Approved – subject to amendment.

7. I.L.O. Conventions

Approved.

8. Transport Fares.

E.M.

Had to be made public prematurely because of Ev. Standard leak.
Press receiptⁿ. is not bad. – esp. because off-peak travel. If it proves popular it can be extended.

1. Parliament.

[Enter M.R.]

R.A.B. Business. Concl'dg. stages of debate on Address – ending Tuesday.
Private Members' Motions. Shall have to make modest concessions – prs. 2
Wednesdays. Shall consider what effect on legislative p'mme.

P.M. Take wed. p.m. up to 10. p.m 3 Ctt^{ec}.s upstairs : to avoid morning work &
allow part-time membership. A thought for considⁿ.

H.B. Try to more with agreed time-tables.

R.A.B. Will bring up resolⁿ. on procedure – for introdⁿ. in Feb^y.

2. Foreign Affairs.

a) Meeting of Heads of Govt.

S.Ll. W. Summit – de G. seems to have accepted 19/12 : Adenauer joining for
German business. He also contemplates big Summit in Apl. followg. a visit to
France by M^f. K. Better close with this qua W. Summit.

b) Supply of Arms to Cuba.

I will explain posⁿ. to U.S. – who have sold helicopters & transport aircraft –
& say we can't avoid exchange proposition. Careful presentⁿ. Will bring up,
at next Cabinet, in light of U.S. views.

3. Betting and Gaming Bill.

Part I

P.M. Thought new Cab. shd. have opportunity to consider – tho' early Govt.
approved in principle.

H. Told 6.000 shops in B'ham area alone.

R.A.B. Unlikely, I think.

J.M. 300 illegal ones in Glasgow now.

R.A.B. Scramble at start, but will settle down.

R.M. Are rest^{ns}. (e.g. no sitting down) necessary?

Hail. Yes : gives effect to R. Commⁿ. report.

Ch.H. Will it be illegal for one man to place bets for his mates – i.e. runners.

R.A.B. No. Licensed runners wd. be ludicrous. Thus, no mention in Bill.

Part II.

RAB. Cl. 10. brings law of gaming up to date. Satisfy. But Cl. 13 – gaming in clubs is more doubtful. Suggest incldg. a limit (e.g. of £1) in Cl. 13(b). W^d. wish to discuss with K. & Att.G.

Att.G. Concerned at this. W^d. permit gaming in any club, w'out supervision. Not sure that limit suggested will suffice to allay anxieties.
C^d. you subject gaming to control by Justices with exemptions for bridge, whist & cribbage?

I.M. You can't have a schedule of permitted games – too many.
Limit : diff^y. is that stakes are quite out of scale with card money.

Hail. To bring law into line with existg practice need not mean much more gaming.

R.A.B. Don't want to try to deal with bogus clubs in this Bill. Can't therefore risk inspⁿ. to ensure compliance with Cl. 13.

Genl. view : in support of R.A.B.'s line.

I.M. Fruit machines. Income to reputable clubs. Why not limit the percentage accruing to proprietor?

Ch.H. Can we drop this?

R.A.B. Will consider that.

Genl. View : re-examine in mood of generosity to fruit machine.

[Exit Att.G.]

[Enter G.W.]

4. Civil Aviation – European Control.

D.S. Higher speeds & greater heights make international control inevitable. This gives us a chance to go in with Six on something. Let us see wtr we can find basis of co-opⁿ. – & not decide at outset tht. we can't.
Many problems to solve. Let us try to solve them together.

G.W. Support this. Joint mil/civil study may be requ^d.

S.Ll. Avoid appearance of sabotage – by saying in advance we wish to be members.

Agreed.

[Exit G.W.]

5. Commercial Policy : Liberalisation.

a) Question of Principle.

P.M. First, do we agree there shd. be immediate further liberalisation?

H.A. We agreed in July we shd. have to do it soon, tho' not in Aug/Sep. Argument no less strong now. No case at all on b/p. grds. for refraining. And pressures in U.S. to go v. far in cutting back on expansionist policies – aid & trade. Current pressure at G.A.T.T. mtg.

K. Support. We agreed at Montreal over 12 mos. ago to set this course. Also U.S. movement cd. be v. dangerous.

H. Doms. expect this now. But wd. hope for quota on bacon (for Canada).

R.A.B. Not sure we shall be able to m'tain favourable b/p posⁿ. Swings can be v. quick & strong. Need for caution : strike that note at outset.

H.A. Results of refraining (on b/p) wd. be graver than of doing this. My proposal is designed to protect our b/p. posⁿ.

R.M. Support. Estimate of imports resulting may well be high.

Agreed : some measures must be taken.

b) Detailed Provisions.

R.M. Paper. This is manufactured stuff, not wood pulp.

J.M. Won't damage Scottish interest.

H.A. Textiles. If we can't compete with U.S., at their wage levels, it's a poor show.

P.M. Cdn't we concede this in return for better deal on U.S. wool tariff?

D.E. We have chosen to protect b/p. by going competitive : can't job back into protectionism on particular projects. Can't go on selling quality clothing in U.S. & expect to keep out their cheap quantity stuff. We must go for a 2-way trade in clothing.

J.H. Canned Pigmeat. Can't distinguish between this & un-canned. Want to omit it all.

R.M. Content.

H.A. "Meat other than pigmeat?" Yes.

J.H. Omit Liquid Milk – Agreed.

J.H. Can add Flower bulbs : if agreement with Dutch in time.

H.A. Announcement. Inform Doms. Announce in Parlt. before Nov. 4th. – viz., before debate in G.A.T.T. ends. Agreed.

6. Commercial Policy. European F.T.A. : Frozen Fish.

P.M. Alternative courses – as in brief.

We shd. make it clear we don't accept principle tht. fish is industrial.

H.A. Fishing is even more emotional for Norway than for us. Downright refusal wd therefore wreck 7 negotiations – with lamentable results.
I therefore favour conditional offer – i) vol. agreement on quantity ii) lapse if Law of Sea altered to our disadvantage. They may be readier to take i) than ii). Quantities. At present imports are unimportant : but idea may catch on with consumers & imports may grow substantially.

Hail. Scientists think this will be natural development here.

H.A. If so, we shd. be able to compete w'out tariff.

J.H. Fishing industry v. worried. Law of Sea likely to go in favour of Scandinavians. N. now trying to have it both ways : we understood they wd. be satisfied if canned fish were treated as industrial.
I cd. accept conditional proposal so long as ii) is firm. We shd. tell Coulson we are adamant on ii).
Frozen fish is the thing of future. We are doing 40.000 t. or so. Quantity under i) shd. not be increased.

R.M. Our economy doesn't depend on fish. This is a political ques only in U.K.

J.M. Ready to accept. But will cause pol. row in Scotland.

S.Ll. Time is against us. Delay means worse terms. U.S. & Six are getting wary of Seven.
N. won't accept ii). We shd. be ready to modify that in direction of review vice lapse.

Agreed.

Can we use Swedes as middle-men in negot^{ns}. – procedure.

J.H. Swedes & Danes wd. support us on ii).

H. S. Africa will claim tht. this affects hake – & we may have to compensate them on that.
Doms generally are not being brrght along enough – by early informⁿ. & are getting more suspicious.

P.M. These pol. diff^{ies} must be weighed v. great economic advantages of preventg. ourselves being strangled by the Six.
Procedure. Enlist support of Sweden as intermediaries – start with i) as positive offer. On ii) we “reserve our right” to re-open : better formula than “all bets off”. E.g. reserve our right to re-negotiate tonnages if Law of Sea goes to our disadvantage.

7. Egypt. Suez Canal Company.

H.A. No. concerned about 400, holding 30/40,000 shares at £4 a share.
No escape from income tax liability – short of legⁿ.

Agreed : care in presentation (Ty. to brief Ch. Hill : Fin. Secy. to see Ctt^{ee}.
of M.P.'s.)

8. Trinidad.

I.M. Propose to appoint as Govr. the (W. Indian) Ch. Secy. All support, incldg
Hailes.
Deputⁿ. here seeking full internal self-Govt. – with Govr. appt^d. on advice of
W. Indian Ministers. Can't accept that. But this appointmt. wd. take sting out
of it : & avoid break-down of conference.

P.M. New departure. Cab. shd. know.

9. Wages Policy.

P.M. Propose to appoint Ctt^{ee}.

H.A. W^d. welcome that.

1. Parliament. [Enter M.R.]

R.A.B. Business for next week. Oppⁿ. seeking debate on Radcliffe Rpt.

H.A. 23/xi wd. be convenient – to allow time for discⁿ. in Party Ctt^{ees}.

2. Foreign Affairs.

S.Ll. a) Security Council. Propose to work for a split-term solution. Poland : then Turkey.

b) Atomic Test : Sahara. Afro-Asian resolⁿ. (Tel. 769 from N. Yk.) is so extreme that we can safely vote v. it – implications of it on our past tests etc., We have drafted alternative. Fr. have seen & like it. It wd. command support & mght get majority. Fr. suggest we, Belgians & Argentines shd. table it. We think no Colonial or African Power shd. sponsor : better get e.g. Scandinavians to do it. Instruct^{ns}. to PD : keep with U.S. : we can vote v. Afro-Asian resolⁿ. – don't therefore seek to improve it : work for our resolⁿ. to be sponsored by someone else.

P.M. Diff. emotional atmosphere among our friends in Africa. On other hand we seek to repair Anglo-Fr. relations.

H. Hope we can get milder resolⁿ. W^d. have preferred to abstain on Afro-Asian.

I.M. Operative words in that resolⁿ. are not bad. If we can't get our milder form, I wd. sooner abstain on Afro-Asian. If we vote v. it, effect will be v. bad – esp. in Nigeria.

R.A.B. If we had worked hard for first, cd. we not stand aside on Afro-Asian.

S.Ll. French wd. never forgive us. They think we are trying to stop them becoming n. power.

P.M. Tel. 780 N. Yk. – para. 2. Fr. are emotional too. Somethg. to be said for sponsoring milder one ourselves – to show Colonies we were taking positive action.

I.M. Yes : wd. make it easier to abstain on other.

S.Ll. Or we can logically vote v. everything else. Fr. will be furious if we don't vote against the Afro-Asian : because they know our & U.S. tests have bn. much more dangerous.

P.M. Our resolⁿ. is positive attempt to suspend tests. C^d. we get U.S. to support it.

S.Ll. Latter wd. help.

H. Certainly with Africans.

- Agree : i) Work with U.S. for best majority for milder form.
ii) Hope Afro-Asian resolⁿ. mght then fall.
iii) Let it be known discreetly tht., if good majority for ours, we wd. prob. vote v. Afro-Asian, in its present form.

[I.M. & H. Reminder of serious effect of (iii) in Africa.

Hail. Diff. on merits not to vote v. it.

P.M. Afr.-A. "quite unacceptable" in present form.

After further discussion –
Instruct Dixon as at (i). Ask him wtr he can avoid at this stage committing himself on (iii) : on basis we hope it won't arise.

S.Ll. Get Africans to understand facts, as stated by Moch in U.N., & disseminated in Nigeria etc.,

Agreed : C.O. & C.R.O. to do this. [Exit D.S.
[Enter B-C.

3. Pensions: Higher Judiciary.

K. As in memo.

J.M. L^d. Pres. Ct. Session expressed doubts re retiring age.

R.A.B. Fear it will start trouble over salaries generally – and pensions for M.P.'s.

B.C. Will add a little pressure for increased retirement pensions.

Memo. – approved. [Exit B.C.
[Enter Att.G.

4. Territorial Waters.

K. Disc^{ns}. with Canada were inconclusive. Conference in Ldn. 16/xi with Europⁿ. fishing states & U.S. – to seek another compromise solution. But U.S. have got together with Canada & agreed on 6 + 6., on basis of bi-lateral agreement on phasing-out. They will press this solⁿ. on others at conference. This is not acceptable : for Norway etc., wdn't make bi-laterals with us once 6 + 6 had bn. adopted.

We want to persuade U.S. not to circulate to others their agreement with Canada. High-level rep^{ns}. to U.S. stressing dangers to us – asking for delay until conference – & no approach m'while to Denmark etc., Ctt^{ec}. can then meet & consider future tactics.

Agreed. C.R.O. to send corresp. message to Canada.

[Exit Att.G.

5. European Free Trade Association.

H.A. Reported progress of negotiations.

6. Supply of Arms: Central America.

S.LI.

Long reply from U.S. – reasoned case v. exchange.

x/ Cuba has threatened expropⁿ. of Br. property. Have told Amb. that this reduces chance of favourable answer on aircraft.

I need further time for thought. Disposed to tell Amb. it must now wait until
x/ quietens down.

C.C. 57(59).

10th November, 1959.

1. Parliament. [Enter M.R.]

R.A.B. Business for next week.

2. Kenya. [Enter Att.G.]

I.M. Explained plan of ending Emergency and introducing local legⁿ. empowering Govr. to take less extreme semi-emergency measures. Amnesty. 4.000 in prison, detentⁿ. or subject to restriction orders. This plan will reduce them to 1.000. Convicts will be released or moved into detention. Of detainees & restrictees, 500 will be freed by end of year. Offences by officials or loyalists. Procdgs. wd. have affected
x/ Minister for African Affairs (Johnston). Att.G., Kenya, has now decided not to prosecute.
Presentⁿ. : concentrate on relinquishing powers not on retaining some.
Corresponding statement in H/L.

Att.G. Suggest retention of 1st. sentence of para. 2 on p. 2.
Worried at final para. on p. 2. Final sentence shd. at least be omitted.
Emphasis will draw attention to offences of mal-treatment in detention camps.
[Exit Att.G.]

3. Supply of Arms : Central America.

S.Ll. Rep^{ns}. to Cubans have had some effect. They recognise we can't decide for a few day. This gives chance to make reasoned reply to Herter.
Cubans have a mission in Czecho.

4. Federation of Rhodesia etc.,

H. Recalled – Rhodesia wdn't accept U.K. Commⁿ. : insisted on their being represented. This meant a large body. Circulated list of proposed members.

I.M. Nyasaland : African members not yet fixed. Govr. hopes to get these men to ser.

H. Fedⁿ. Parlt. rises for Xmas recess on 19/xi.
x/ And we have yet to settle the Privy Councillors. (6).

P.M. Want all the others settled before I tackle Opposition on x/ – asking for suggestions. Method of approach to H.G. – part letter, part talk. He will object a) Africans are not convicts therefore not rep^{ve}. b) not clear from t. of r. tht. Commⁿ. can discuss secession. On a) I shall say witnesses can come from prison. On b) I must say tht., as this is preparatory to statutory commⁿ., we must keep w'in statute – but witnesses can range widely in evidence & cd. cover secession.

- R.A.B. Believe they want to come in. On b) they want Commⁿ. to be free to recommend link alternative to Fedⁿ.
- I.M. Agree. Shepherd's name will make it diff. for them to stand out. But R.A.B.'s b) is v. important. Hope we can offer some hope on that. Banda's people (Cherwa?) wants Labour co-opⁿ. : he stresses the importance of (b), Phrase in P.M.'s lr. on this is v. important.
- H. No rep^{ve}. of our Liberal Party.
- P.M. If Labour refuse co-opⁿ., is it agreed we go on? Agreed.
- I.M. I agree. But 2 Govrs. feel that, without Labour, we might get African boycott.
[Exit M.R.]

5. Nuclear Tests: Sahara.

- S.LI. L. Americans have tabled amendments to Afro-Asian resolⁿ. & greatly improved it. This will prob. be followed by further Afro-Asian amendments. Time has come to indicate tht. we wd. vote v. original Afro-Asian. Posⁿ. of other countries : U.S. will vote against. Canada may abstain, on strong form. Belg./Italy will vote against – & prs. Holland & Luxembourg. Scans. prob. abstain. Portugal against. I wd. like to vote v. extreme resolⁿ. : persuade as many as possible to abstain on mitigated resolⁿ. (France not participating). If we cd. keep with U.S. & Six on that basis, we shd. be alright. But we shd. be in diffy. if U.S., France & Six all wanted to vote v. moderate form of resolⁿ.
- I.M. On reflectⁿ., I believe we must vote v. extreme resolution. Hope O.G. will include in speech approp^{te}. reference to anxieties in Africa. On milder form, wd. like to abstain – on basis tht. it's meaningless.
- P.M. Instruct O.G. to have regard to character of resolⁿ. & its supporters. If most friends are v. extreme resolⁿ. we also must vote v. it. On milder form, we can abstain if we can persuade a no. of friends to do the same. We must not cast a lone vote v. French.

6. Government Expenditure.

- H.A. Warning of diff^{ies}. ahead. All Ministers shd. cut back Estimates. Object of policy : to reduce Govt. exp^{'re} as %age of G.N.P. With inflation checked, revenue shd. be less buoyant. No sign that public expend^{'re} is dropping automatically on that a/c.
- P.M. All Ministers i/c Dpts. must do their best.
- H.B. Much is due to policy dec^{ns}. desired by our supporters – e.g. more hospital bldg, education etc.,
- D.E. Youth service – pledge.
- H.A. But they wish, simultaneously, to see taxation reduced.

1. Foreign Affairs.

[Enter M.R.]

S.Ll. France. Visit went well. Evident they want to impress atmosphere.

Arms to Caribbean. Still awaiting Herter's reply. May P.M. and I decide if decision has to be taken before next Cabinet.

2. Parliament.

R.A.B. Business for next week.

a) Speaker's Pension Bill. There will be trouble – and we shall have to push it through. May take ½ day.

P.M. Can't run away from it. Unwise to contact L^d. D. Make it clear it is appointment made on advice of Australian Govt : [and that salary in these jobs doesn't wholly cover cost] : provision for abatement dates from time when all such appointments were made on advice of U.K. Ministers.

D.S. W^d. Austr. Govt. like []?

P.M. Can't object if point is put generally.

b) Metropolitan Police.

R.A.B. This is ordinary case. N.S.Y^{'s}. Solr. acted for the man & settled, on advice of counsel. I can't intervene on that aspect.

K. You are in posⁿ. of good employer – & paid for his defence.

R.A.B. Many precedents for paying for defence, if action was taken in good faith. Nothing unconstitutional about that.

S.Ll. Distinction betwn. taxpayer paying for defence & paying for a settlement.

R.A.B. Disciplinary posⁿ. No responsibility of mine – power rests wholly with Commr., who is not prepared to take disc. procdgs. I must uphold that decision.

K. Revised disciplinary code for Met. Police was introduced only 7 years or so ago : wrong for a Minister to intervene.

R.A.B. Recognise that this won't satisfy H/Commons. Propose to suggest a wider enquiry – pay & cond^{ns}., powers, public confidence etc., Will indicate tht. I'm ready to discuss with other Parties ques of a general review of rel^{ns}. of police and public.

J.M. W^d. like to be consulted. Police Fedⁿ. in Scotland may be upset.

- R.A.B. Police Fedⁿ. E & W. are in favour of such an enquiry.
- P.M. Care over scope.
- H.A. Avoid pay & conditions.
- R.A.B. A pay claim will be submitted soon : this wd. give opportunity for balanced view.
- E.M. Consider in this connection the distraction of traffic work – wardens and tickets.
- H.W. Strong support for this.
- I.M. Separate issue of pay – Fedⁿ. will run T.U. view on that, and public anxieties will be overlaid. You might have two enquiries.
- P.M. Confirm public statement to review of rel^{ns}. with public, posⁿ. of p. auth^{ies}. etc.,

3. Commercial Policy : E.F.T.A.

- H.A. Majority voting – agreed.
Frozen Fish Fillets. Not yet heard Norwegian re-action to our latest offer. They may press us to go above 20.000 t. Our landings are 900.000 t. v. which this wd. be 40.000 t. maximum.
Fresh Fish. Norway pressing us not to raise tariff above 10%. We have offered a statement tht. we have no intention of doing so. We reserve right to review (re-open) frozen fish issue if fishery limits are extended by internat^l. agreement.
Other points – as in memo.
- S.Ll. * Agree to Paris, but don't propose it – because of Belgian susceptibilities.
- J.H. Some magic in 20.000 – for this is figure we have put to our f. interests. Moreover Norwegians are really more interested in the system than the amount – for system will enable them to make a bargain with Six in due course.
- H.A. We shall do our utmost to avoid any concession.
- P.M. Refer back if you can't conclude on that basis. For Cab. Friday, if need be.
- P.M. * Ridiculous to put H.Q. in Paris : this rival organisation. Almost better in Geneva. At least don't let us propose it.
- D.S. Favour London.
- D.E. Danger of being near O.E.E.C., as well as Six.
- P.M. Lobby for delay in concluding on site of permanent H.Q. But if the others favour Paris, we can't stand out v. it. I wd. prefer temporary H.Q. Stockholm, at least until ratification : or no conclⁿ. until then.

4. Commercial Policy. Canadian Pigmeat.

H.A. As in memo.

J.H. Must do something for Canada. In 2 yrs. we shall have to accept full liberalisation. Clear tht. Canada will then come back into our bacon market. W'out balancing factor of liberty to reduce Polish imports, we shall have trouble with our producers and also heavy load on b/payments. Also wd. upset Denmark.
Won't be so difficult as F.O. fear. Poles are going v. short of meat themselves in order to build up their export market here. Poles are coming here to ask for quota of 52.000 vice 47.000 t.

P.M. We can tell Canada we must adjust slowly.

J.H. Admit the frozen pork. (Canada) and then progressively raise quota for Canadian bacon. M'while warn Poles that their quota will have to come down – & begin reducing now, by 6-month instalments.

H.A. Fixing now only the 1st. instalment.

R.M. Will damage our exports to Poland.

P.M. Make a 6 months deal on that basis.
Remind Canada tht. they are running a pro-Polish political policy.

5. Bank Notes.

P.M. I disliked £2 note alone. This more numerous plan is less difficult.

R.A.B. Don't like it.

P.M. Will put up tipping standards!

J.H. Serious psychological obj^{ns}.

Approved – save for £2.

6. Companies Act etc., Enquiry.

Agreed – subject to circulⁿ. of text of statement to Cabinet.

7. Land Drainage.

J.H. As in memo.

Agreed.

C.C. 59(59).

20th November, 1959.

Commercial Policy : E.F.T.A.

[Enter M.R., Erroll, Barber

- J.H. Norwegians have misled their Parlt. re effect above 24.000 t.
Swedes have come in to press for 24.000 v. threat re men's outer clothing.
H.A. v. anxious to have liberty to conclude on basis of 24.000 t. and the
formulation in Stockholm 539.
V. tiresome, but I feel we must go along with H.A. Awkward because J.M.
and I have mentioned 20.000.
- J.M. I agree.
- P.M. Cabinet must take collective responsibility – support Agricultural Ministers.
Agreed – authorise H.A. to make concession proposed.
- J.H. Add : provided you have made it clear text in 539 is m'tained & assurance on
fishing limits is secured.

1. Parliament. [Enter M.R.]

P.M. Business for next week.

2. Companies Act.

P.M. Statement circulated, as requested. Foreshadows legⁿ. on Bldg. Societies. There is also a Private Members Bill next spring.

3. Foreign Affairs.

a) Refusal of a B. ppt. to a man in China who interrogated Br. prisoners (Korea)

S.Ll. Approved – on basis tht. he can get travel cert. for return to U.K. only.

b) Supply of Arms : Caribbean.

S.Ll. Supply wd. bust embargo, & annoy the U.S. Large order in money terms. My own view : balance lies against giving authority. Pray in aid the embargo & say things are not yet sufficiently settled in Cuba.

P.M. Business with Cuba is doing well. How wd. payment be secured? C^d. we offer to supply for cash but not on long credit, Gov^t. financed.

S.Ll. W. Allies won't provide, if we don't. If they buy from behind Curtain, U.S. will be pleased because may turn scale v. Castro.

H.A. If supply damaged rel^{ns}. with U.S., it wd. do us more harm economically than we wd. gain by expanded trade with Cuba.

S.Ll. U.S. anxieties – their base in Cuba.

Agreed : decline to supply, on basis proposed.

4. British Forces in Europe. B.A.O.R. [Enter C.S.]

P.M. Recommⁿ. from Def. Ctt^{ec}.

H.W. Not now asking for full £5 M. – but minimum necessary amount over £1620 M.(?).

H.A. This wd. add £9 M. p.a. on overseas bill + £5 M (or prs. less) on home budget. On second point, I hope we cd. still get it w'in total of £1620 M. On first, I'm more worried : our overseas posⁿ. is worsening & will prob. so continue next year. Surplus (£250 M) on current a/c this year, offset by capital investment : but next year it won't balance. Against request for increased aid, no prospect of red^{ns}. in overseas costs.

If we must do this, for pol. reasons, we shall have to reduce elsewhere, prob. in aid to underdeveloped countries. That is opposite of direction in which we want to move.

H.W. May be able to reduce a little, if others do.

P.M. Pol. obligⁿ. to W.E.U. We don't want to dishonour this now, when we are striving to turn 6 : 7 to our advantage.
We shd. at least refrain from raising it as an issue at present. Just carry on.

D.S. Keep obligⁿ. on basis of nos., not div^{ns}.

H.W. We wd. put it in whatever way suits Army best.

C.S. Army plan was made on basis of 60 units at home & 64 abroad. This means 10 more abroad. Will make it 40 : 84 – an unbalances distribⁿ.
N.A.T.O commitment, when given to WEU, was 18% of Army : now it will be 30%. Is this a sensible distribution? Certainly not in longer term.

P.M. For the moment we must carry on.

I.M. Contrary to general policy – i) reduces aid to underdevelopeds & ii) Europe is not area where we are most likely to need troops.

[Exit C.S.]

5. Defence : Ballistic Missile Early Warning System.

[Enter G.W.]

H.W. Article by Ch. Pincher : based on leak from Washington.

P.M. Why shd. we contribute twds. cost?

D.S. Only a fraction of what it wd. cost us to put up our own.

H.A. Agree in principle, but don't accept at once figures of cost to U.K.

H.B. Amenity : no-one (but me) will believe that this is only spot for it. We shall have to seek other means of re-building our prestige as protectors of amenity. I accept need & location. We must be prepared for a row & face it. Hope we can undertake to remove it, when no longer needed.

Agreed : F.O., Ty., M/D & Air Min^y. to consider how to negotiate a smaller U.K. cost., & to co-ordinate any statements. (Para 17 (b) not approved).

[Exit G.W.]

[Exit M.R.]

6. S.E.A.T.O. Laos.

P.M. Apprehensive re appointing a Commr. or designating Thailand as country responsible for action.

S.Ll. Prefer that this shd. be arranged secretly on an informal basis.

- P.M. In principle, we can't refuse to have any planning in SEA. when we are always plaguing U.S. to do just this in M/E.
- I.M. Even if informal there is bound to be a leak.
- S.Ll. Can't help that – so long as no formal resol^{ns}.
- H. Nash (N.Z.) doesn't agree : hope we can have 2 days to talk him round.
- D.S. At least this must be done to retain confidence of Asiatics.

Memo. approved.

7. Tanganyika.

- I.M. Constitutional reform. Urgent. Unity among nationalist parties. They & Chiefs favour it. Risk : if we give this to backward country like T, awkward repercussions on Fedⁿ. C.P. Ct^{cc}. therefore suggested a modified franchise pending conference in '60. On that basis we can go fwd.
- H. I agree.

8. Piccadilly Circus.

- H.B. Memo. for informⁿ.

1. Parliament. [Enter M.R., Solr. Genl.

R.A.B. Business for next week.

2. Police: Interception of Telephone Communication.

R.A.B. Done by Reading Police with agreement of subscriber. Police were subpoena-d. L.O.'s advised me not to plead Crown privilege. Tribunal cd. have got the informⁿ. in ev^{ce}. from subscriber. W^d. have involved extension of privilege.
Police practice – investigating a death & also essential in blackmail.

P.M. Make it clear a) not tapping b) informⁿ. was obt^d. in investigation of possible criminal offence. Then pose dilemma : GMC sub-poena cd. only have bn. overcome by use of arbitrary claim to Crown privilege – to wh. genl. objⁿ. on other grounds.

[Exit S.Genl.

3. Central African Federation.

P.M. Long consult^{ns}. with Ministers concerned re co-opⁿ. of Labour Party. Have told M^f.G. tht. I have gone as far as I can to ease his posⁿ. Still no final reply. Have asked for it by 12 noon to-day.
If they decline we can either i) find other Parliamentarians of Labour or cross-bench type or ii) go ahead with 3 Tories only, having empty chairs. Inclined to prefer ii). Don't want to risk more refusals under (i). Must determine this by reference to effect in Africa.

I.M. African boycott turns, not on Labour attitude now, but on local feeling in Africa when Commⁿ. goes our in Feb^y.

4. Egypt.

S.Ll. Moorhouse Museum – as in Press. Instructed Crowe to say it will have bad effect here & to suggest it be denied.
Tape brought it : report has now bn. denied in Cairo.

P.M. These incidents, if more occur, are reasons for having dipl. rel^{ns}: for then we have means of making protests.

5. Foreign Affairs.

Antarctica. Treaty signed.
Anglo-Soviet Cultural Agreement.

[Enter W-S.

6. Noise Abatement.

K. Explained project for Ctt^{ee}.

[Exit W.S.]

7. Maritime Consultation Organisation.

[Re-enter Sol.Genl.]

No note taken.

Agreed : present the case to the Court.

8. Law of the Sea.

[Enter C. Solr. Genl.]

K. Owing to rep^{ns}. to U.S., we escaped our last diff^y. – prev. Cabinet.

Our preferred formula A will not get $\frac{2}{3}$ rds. majority.

Alternatives : go for B : 6+6+ phasing out of historic rights. Shall we take that fall-back position? If so, do we tell U.S. in advance & let them lobby for it? J.H. disliked that idea, because of our fishing interest.

Latest tels. show tht. Canadians are taking v. stiff line in favour of 6+6 without mitigations. Not only because it's only one which will prevail : but because they seek leadership of small nations v. imperialist powers!

J.H. This is purely tactics. U.S. wd. try to help : but lobbying means inevitable leakage of our fall-back position. W^d. it be better to tell U.S. in confidence, x| but ask them not to disclose our readiness to accept it : they cd. give it, in | lobbying, as their opinion tht. we wd. in the end accept it.

H.A. Support J.H. compromise.

S.Ll. Don't mind starting off on that basis. But some of our friends won't try if they think we shall stick to our extreme position.

P.M. Support x/ as tactical position.

S.Ll. We want to get U.S. openly committed to B. If they ask, as condⁿ., tht. we come out in favour of it, we may have to.

K. Para. 7 of my memo?

J.H. Difference : personal to leader of U.S. delgⁿ.

H. y| I shall remind Drew tht. his own plan provided for 5 yrs' phasing out : he has | therefore admitted the principle. We must have at least 12 yrs.

P.M. Instruct Att.G. as in para 7. – askg. him to deal with leader of U.S. delegⁿ. personally.

Try Drew out, as at y/. Deal with him not by Att. G. going to Ottawa.

Att.G. to ask for inst^{ns}. if Dean wants more latitude.

[Exit C., Solr.Genl.]

9. Police: Royal Commission.

R.A.B. T. of r. don't extend to police taking ev^{ce}., Judges rules etc, Those are legal ques. This is concerned with admin^{ve}. ques. Composition wd. not be suitable for legal ques.

H.A. *| One member with experience of fixing remuneration of p. services.
x| What are precedents for having M.P.'s on R. Commission.

10. Kuwait: Jurisdiction.

S.Ll. Shall lose Ruler's friendship & auth^y. if we don't liberalise. This is good moment because there is an Egyptian working on their law.

K. Sure we must move in this direction. Not clear how transition will work.

S.Ll. We shan't abandon our powers until K. code is available.

Hail. Law of Koran : strike off hand for stealing : applied to Br. subjects?

H. Will lead to Indian Consul.

S.Ll. Oil company favour this – as means of securing orderly transition.

Memo. approved.

3. (cont^d) Central African Federation.

P.M. M^f. G. has said Labour Party can't join. He must put it to his Party mtg : and will notify me formally this evening.

1. Parliament. [Enter M.R.]

R.A.B. Business for next week.
Christmas Recess – dates.

2. Education.

D.E. Report by Crowther – about to be published. Want time for Ministers to study it.

R.A.B. Problem especially of 17 yr. old etc. May be case for reviewing Univ. educⁿ. C^d. we get Crowther retained for this purpose. Want to avoid R. Commⁿ.

D.E. Universities are suspicious of C. because of U.S. contacts. But Universities expect a further lead on Univ. expansion.
Pro. tem. hope Ministers will refrain from making statements on school-leaving age etc.,
M'while Sub. Ctt^{ee}. of H.A.C. will consider policy.

3. Road Traffic.

E.M. Oppⁿ. will press for legⁿ. – to enable Pink Zone etc., to be perpetuated. I need it : at least enabling Bill for a Pink Zone. But no room Leg. P'mme.

R.A.B. May have to do it. I support, in general, prospect of legⁿ. – also fines on the spot & traffic wardens.

Agreed : in debate to-day, don't exclude possibility of early legⁿ.

4. Nuclear Tests.

S.LI. R. scientists have not shaken U.S. posⁿ. on technical side. But, politically, U.S. delegⁿ. are now v. keen on a Treaty. Signs tht. U.S. military are going to be told that there is not substantial mil. advantage in further tests.

On balance, this looks more hopeful.

[Enter J.M.
[Enter B-C.]

5. Old Age Pensions.

M.R. Have asked Oppⁿ. if Bill can be deferred until after Xmas. But haven't had a reply.

K. Public most influenced by a vote. Better therefore to let Bill come in and block it.

B-C. If leave is given, hopes will be aroused. I wd. prefer to out-vote the motion.
We took similar action before Election.

P.M. W^d. that preclude us fr. introducng. our own Bill in same Session?

M.R. No.

R.A.B. Prefer to out-vote the motion. [Exit B-C]

Agreed : out-vote it : [Parly. Secy. M/P. not to speak.]

6. Civil Aviation: Scottish Aviation Ltd. [Enter G.W, Alport]

D.S. No alternative but to order Beavers.

J.M. Don't dissent. Contrary decⁿ. wd. lead to w'drawal of m'tenance. work on Sabres.

P.M. On defence & finance grounds Beaver aircraft must be preferred.

G.W. Para 3 (c) We cd. justify ordering another 4. Agreed : examine with Ty.

H.W. Can tell Canadian M/Def. in confidence, next week. Release public announcement covering Beaver and Pioneer.

E.H. Worried at future of firm – many highly-skilled people. Emplt. is much worse in Prestwick than in Chester.

x/ Can we secure firm promise of continuance of m'tenance work.

H.W. I will try x/ with Canadian M/Defence.

Agreed. H.W. to explore in Paris.

[Exit G.W., Alport.
[Enter Att.G.]

7. Interception of Communications.

R.A.B. a) Must defend right of police to listen with consent of subscriber
b) Mght inform police they can't disclose w'out consultⁿ. with H.O. (?).
On Crown privilege : I'm clear we shdn't extend it (?).
But public anxiety will be increased by establ^{mt}. of further tribunals. L.O.'s etc., are all v. extension of privilege. They prefer proposal in my memo. : leave of court before issue of sub-poena. This wdn't exclude claim of privilege at first line of defence. W^d. mean legⁿ. (short) or alteration of rules of court. G.M.C. have had powers w'out complaint for 100 years.

K. a) public are worried by using informⁿ. for diff. purpose.
b) extension of Crown privilege wd. involve increasing arbitrary power which is already v. unpopular.
c) in relⁿ. to disciplinary tribunals, let High Ct. have a discretion re sub-poena.

- P.M. Who wd. object? Not police : nor M^{ts}. X (in this case). Is there any real protection?
- Ch.H. C^d. any person aggrieved appeal v. grant of sub-poena.
- Att.G. Disciplinary tribunals are not best people to decide wtr ev^{ce}. shd. be w'held. Ct. wd therefore have to give leave for sub-poena in each case. Police cd. object in improper cases : and advice to police cd. be given by H.O.
- R.A.B. C^d. defence have right to appear at High Ct. hearing?
- Att.G. Fairness of ev^{ce}. cd. only be considered by disciplinary tribunal.
- K. Then consider preventg. disc. tribunals from issuing sub-poenas to police. Obj^{ns}. a) distinguishes betwn. police & others b) leaves whole discretion to police.
- Att.G. You cd. provide for notice to other parties when applⁿ. for sub-poena is made.

General approval for this plan. But can it be adjusted so as to ensure that defence has some say.
Resume discussion.

[Exit R.A.B., S.Ll. M.R. Enter M/Power

8. Fuel Policy.

- R.W. Dominated by diff^{ies} of coal industry. Diff^{ies}. of alternatives, if coal targets aren't reached – tho' we can't judge wtr NCB. aims are right until about spring. Closing more pits or short-term working : or raising stocks still higher. Must give notice now of these risks, which may mature in the spring.
- M. Endorse memo. and also R.W.'s warning. Later, in spring, we may have to review posⁿ.
- H.W. Publicity for oil-burning (domestic) is alarming.
- H.A. Alarmed at stock posⁿ. Fearful for spring. But agree we can't take any decision now. Reserve my posⁿ. on taxⁿ. of oil.
- H. Para. 5. Review of nuclear p'mme shd. wait on technical dec^{ns}. now procdg. betwn. AEA. and M/Power.
- R.W. Agree to this, as a gloss on H.P.C. decision.
- R.M. Export orders may rise.
- D.E. Right to tell N.C.B. to take the competⁿ. of oil. But in cotton we helped the industry to modernise. In coal, shd. we similarly spend money in helping them to adapt to modern cond^{ns}.

Memo. – approved.

[Exit R.W.

9. Horticulture.

(Note not taken by me).

C.C. 64(59).

17th December, 1959.

1. Trustee Investment.

[Enter M.R., P., O.G.

R.A.B.

As in memo.

H.A.

Favour going on, despite Commonwealth obj^{ns}.

P.M.

Expressed disquiet – shock to Govt. credit.

K.

All modern trusts give a discretion : if we don't do this we penalise the beneficiaries under older trusts, by leaving them wholly exposed to effects of inflation.

R.A.B.

Other Bills – case is unanswerable if Ty. can stand it.

Memo. approved.

2. Offices.

R.A.B.

Suggest mtg. of Ministers – incldg. HB., & EH. – to consider posⁿ. We cd. amend M^r. Marsh's Bill – but only by re-introducing, wh. wd. annoy the H/C. We must also consider our posⁿ. on shops. Prs. we shd. undertake to introduce in 12/18 months a Govt. Bill covering offices & shops.

D.E.

Pol. diff^y. on shops because growing threat of multiples.

P.M.

Review remanet of Gowers field, & have a policy.

R.A.B.

Add Ch.H., Vosper, Ch. Whip.

Agreed : report to Cabinet.

3. Anglo-Polish Trade Talks.

R.M.

As in memo. In circs. best to agree with them & have only an interim arrangement until we can make a new agreement in spring.

J.H.

We shall be clearer, on bacon, in the spring.

H.A.

Polish attitude is understandable.

Agreed.

4. Aircraft Industry.

[Emter G.W.

D.S.

“You appointed me to save the aircraft industry from bankruptcy & collapse.” They face large prospective (not actual yet) loss of military orders, incldg export of mil. types. : also steeply rising cost of developing new types : and

too often we have missed out on good ideas by being too slow in development phase.

Support for new civil projects – can't now be limited to revolutionary ones. Consulted leaders of industry : they will co-operate in rationalisation. Two major air-frame groups is most we can afford. (De Havilland merger with Hawker & Blackburn is a valuable advance.) Vickers/E. Electric are willing to combine ; but I want to add some of the others like Bristols & prs. Faireys : and hope to get the second group formed before or soon after Xmas.

Increased cost of Govt. support – average of £10 M. over 5 years : i.e. from £10 M. to £15 M.

Industry now need rather more precise forecast of extent of Exchequer help.

P.M. How do we approach next stage? A rationalised industry – 2 groups on frames & 2 on engines with prs. a group of funnies (helicopters etc.). [Weight of U.S. competition based on mil. bombers.] This we all accept. It follows that Govt. help, such as it is, must go to these groups.

What scope will there be for this industry. What prospects for current projects, or for super-sonic (despite v. small market). If we are to be partners, we must share in formulⁿ. of its policy. The character of these projects is as important as their cost.

H.A. Agree we must have an industry & tht. D.S. plan of rationalisation is right. But want more time on policy – until we can see total cost. Ty. think it will be much higher than £15 M. p.a. That is average, assumes lower figures at end : an assumptⁿ. rarely realised. Danger of aiming at too many types. Probable cost, in resources, of prestige ventures in total – even a transatlantic type, still more a supersonic. Must evaluate sales prospects. Present plan wd. involve another £7½ M next year, on Estimates generally which are £60 or 70 M too high.

R.M. Vickers have a nibble from U.S. Co. for Vanguards – might earn £120 M.

M. D.S. must have backing at least for para. 9 proposals.

D.S. Vickers cd. get order from T.C.A. for a V.C.11 – but wdn't go ahead w'out assurance of some U.K. orders.
This is most urgent of my problems.

P.M. I will meet with H.A., D.S. & M. next Mon. or Tuesday – on para. 9 & immediate Vickers project V.C.11.

D.E. Sales will be problem, esp. with U.S. and6 having tied markets. [Enter Carrington. Must, in parallel, seek tied markets of our own – e.g. Commonwealth.

D.S. All this is in mind.

5. Nuclear Propulsion in Merchant Ships.

E.M. No reliable figures of cost – need more technical informⁿ. Do we go for a ship or get tenders for alternative re-actors : If the latter, do we commit ourselves in advance to having a ship. I hope not. Cost of tendering : £½ M., of which we may have to pay half.

- C. Only 2 systems are feasible. We are lagging behind : G. will have a ship by '63. We can't get required experience w'out bldg. a ship. The first won't be economic anyhow. Firms will welcome tenders but will expect promise to build.
- M. A.E.A. were not in favour of bldg. a ship. Tho' if we do they favour B.W.R. choice.
- Hail. I favour M/T. view (and A.E.A.). Balance of argument.
- H.A. I think so, too. Reserve posⁿ. on recovering contribⁿ. to tenderers by royalties.
- R.M. There is a 3rd type of re-actor, by Genl. Electric – gas cooled.
- E.M. I will consider this, on receipt of facts from B/Trade.
- Agreed – proceed as proposed by M/T. [Exit C.

6. Road Traffic.

- E.M. Urgent need is to get on with Bill during recess. Plan is to have over-riding powers over Met. Boros., tho' we wd. work thro' them. Importance of enforcement. Pink Zone & towing away are a bluff. Public are ready to see drastic action & to support it. Form of Bill : wd. prefer to specify powers in such a way that they cd. be applied thereafter to other areas.
- H.A. No objⁿ. to prepⁿ. of Bill – so long as my posⁿ. on paras. 3(a) and 5 is reserved for detailed discussion.
- H.B. Ready to help. Suggest early discⁿ. with l.a.'s before final decisions taken. Their co-opⁿ. may be available. Avoid any impⁿ. of pre-judging findings of R. Commⁿ. on Greater Ldn. (I will speak to Herbert.) London Govt. legⁿ. is expected in 1961/62 session.
- E.M. Propose to include traffic wardens & ticket system in my Bill.
- E.H. On form of legⁿ., avoid appearance of emergency powers. Sh^d. not policy proposals come before H.A. Ctt^{ee}.?
- P.M. C^d. we not have Bill plus explanatory memorandum & get it either to H.A. Ctt^{ee}. or Cabinet.

Agreed : start work on Bill : simultaneously – prepare memo. on more diff. pts. of policy for HA Ctt^{ee}. or Cabinet.

1960

1. Kuwait.

[Enter M.R.]

S.L.I. Cab. approved proposals re Kuwait. Progress is quicker than expected. Ruler wants us to relinquish much by Feb. 23(?), when he celebrates his accession. Will mean substantial w'drawal of civil jurisdⁿ. & some complete abandonments – nothg, prob., on criminal jurisdⁿ.

2. East Africa : Land Forces.

I.M. Constit^l. progress is going quicker than we previously thought. There is a case for retaining (resuming) administrative control of troops. This is a good time at which to do it. Propose we do so from 1.7.60. Finance. Kenya cd. now make a contⁿ. The other two cdn't – real cost wd. fall on U.K. Believe it wd. be better for U.K. to carry cost. Kenya Conf^{ce}. starts 18/i. Represented to me there tht. proposals re African agriculture & educⁿ. wd. increase chances of success at that conference. To waive local contⁿ. to defence wd. be great help there.

C.S. Administratively & militarily this wd. be advantageous. If we don't do this, we shd. have to give more control to the territories.

H.A. Reversal of policy followed h'to (deficiency grant). Odd at a moment when we are favouring advance to independence. Repercussions – e.g. Singapore, W. Indies & S. Leone. Cost : £3 M. W^d. like time to explore possibilities of compromise solution.

H. Is it right, when they are moving to independence, to impose U.K. control over Forces. Odd moment at which to go into reverse.

I.M. Defence will be reserved subject.

H.B. Reversing decⁿ. taken only 2½ yrs. ago – & justified on basis tht. countries shd. learn to stand on own defence feet.

R.A.B. Good if we intend to dig our toes in. I wd. favour it. Unhappy about pace of progress.

P.M. Assumptⁿ. is tht. progress in K. will take 5-10 yrs. Better to have Forces in Govr.'s control. That is I.M.'s view. Other view is tht. if they appear to be foreign Army re-action will be worse.

I.M. Trouble is tht. progress in K. will be slower than in other two.

H.W. C^d. be justified on mil. grds : but decⁿ. must turn on political cons^{ns}.

H. Will you be able to continue to recruit Africans to these forces, if we resume control?

- C.S. Doubt it, unless Parties put a political ban on joining.
- H.A. Think this is open to more objⁿ. on pol. than on financial grounds.
- K. A necessary measure of insurance.
- H.B. How do we present this?
- I.M. Govrs. wd. ask for it.
- P.M. W^d. the new Governments ask to be relieved of this responsibility?
- P.M. Let H.A. discuss finance with I.M. But, if we do it at all, we had better have no contribution.
Cabinet shd. then have another talk on political aspects – next week.

[Exit C.S.
[Enter Att.G.]

3. Law of the Sea.

- K. Concl^{ns}. of Ctt^{ee}. at mtg. this a.m. – as in brief.
- P.M. Worst thing for us wd. be 12 – either by 2/3rds. (obligatory) or even by simple majority (wh. wd. make it hard to contest cases before Int. Ct.).
But, politically, we must seem to be doing our best for fishing industry. Yet may be dangerous to press to long for a solution wh. we can't secure.
Nature of repⁿ. at Conference makes it more important than usual to lobby Govts. – in advance.
- J.H. Agree essential to get 6. Only diff^{ce}. is on tactics. There are signs of support for phased out 6 – e.g. U.S. & Latin Americans. We have mooted it with y| Europeans and U.S. – we shdn't run away from it so soon. No hint until mid-Feb. of readiness to accept 6 + plain 6.
- Att.G. Real danger from Mexican proposal, which contemplates flexibility. Don't do anythg wh. reduces our chance of preventing 12 miles or break-down. We can't do a deal with Iceland at present : but our action on Iceland will count v. us with smaller countries. If we wait until Conference, w'out advance lobbying, we lose chance of mobilising Commonw. & Europe v. 12 miles. I believe 6 + 6 is best chance of defeating that. But we cd. leave Canada to do the lobbying pro. tem.
At conference, better to get someone else to put up 6 + phased out 6. We shd. not show our hand too soon – to all : tho' wise to let our friends know our views. E.g. make a joint plan for aiming for 6 + phased out 6 in Ctt^{ee}. stage, but if that failed go for 6 + 6 in final plenary.
- S.Ll. All agree tht. 6 + 6 with historic rights is out.
Can't we begin with 6 + phased out 6, but we ready to switch to 6 + 6. Tho' I agree it wd. be better to let others run the first.
- J.M. Agree. For,
- H. Can we not mobilise enough to block 2/3rds. for 12 miles?

J.H. Yes.

D.E. x/ At least wait until we know results of Dean's lobbying for 6 + phased out 6.

P.M. { Avoid indicatg. our fall back posⁿ. (6 + 6) until x/.
{ F.O. to expedite replies to Europeans as at y/.

[Exit Att.G.]

4. Europe.

H.A. Position is confused. Things are moving fast. Dillon attendg. OEEC mtg. on 14/i & likely to say tht. U.S. will join in their disc^{ns}. on aid. Paris mtgs – congested p^rmme – 11-14 Jan.

Proposals. i) appt^{mt}. of standing group to consider trade (6 & 7) & aid. W^d. include 5 of 6., E. Commⁿ. , 4 of 7, U.S. & Canada.
ii) aid to be considered by a Sub-Ctt^{ec}.
iii) 4 wise men to consider re-organⁿ. of O.E.E.C. (to bring in U.S. and Canada as full members). Basis of re-orgⁿ. not known : might be comprehensive (inclgd. Japan) or restricted to donor countries : Atlantic basis might be thght by Eur. neutrals to be too close to N.A.T.O.

Risk. May destroy OEEC., isolate 7, and leave 6 the victors. This may be what French want.

Our objects : a) safeguard & strengthen the 7.
b) support U.S. & Canadian membership of a Eur. econ. assocⁿ.
c) avoid destruction of O.E.E.C. until efficient alternative in sight.

Doubtful about (iii) above : these wd. be people independent of Govts. We shd. insist on representatives of Govts.

Composⁿ. of (ii) above will need careful thought. Must keep A & N.Z. in mind, as well as 7.

R.M. Agree. U.S. have rushed in before knowg. what they want. Hope bridge.
x/ betwn 6 & 7 will be high on agenda of any new 'group'/organⁿ.

S.LI. Accept H.A.'s objectives. Share his suspicions of French objects. We must insist on x/. Devise small matters on wh. 6 & 7 can come together. Remember tht. it is we who wd. have to pay price (on agric. & Commonwealth) for getting 6 & 7 together.

D.E. What plans have we got for keeping 6 & 7 together? Weak institutions in 7. What plan for equalising investment. Sh^d. we not seem (because of mood of U.S. & France) to be strengthen cohesion of the 7

H.A. Paris mtg. has assumed a priority over these projects – but they are not yet dead.

M. Danger that 6 (esp. France) may dominate the new group.

D.E. Where does U.S. interest lie? i) To get Europe tariffs down & ii) to get larger Eur. contⁿ. to aid. These economic objects are same as ours. But are they influenced even more by pol. objectives : a united Europe wh., if it included us, wd. be too big?

- K. C^d. we have further examinⁿ. of paras 20-22 – v. compressed.
- H.W. Some support in Europe for Atlantic concept.
- R.M. Dangerous because limits progress of lowering tariffs to U.S. pace.
- P.M. Objectives : (1) consolidate & strengthen the 7. (Strengthen its institutions, consider investment policy etc., – in addⁿ. to tariff act on 1/7 Don't retreat fr. original concept tht. right final solution is E.F.T.A. – affirm our faith in bridge.
 (2) persuade U.S. tht. 7 can't be destroyed & tht., if they try to do so, we shall w'draw fr. Europe.
 (3) procedure : we want to cover i) contacts between 6 and 7 ii) mechanisms for drawing Europ. cont^{ns}. to overseas aid, so long as in rapport with I.B.D.A. etc., iii) vote down Wise Men project.

5. Nyasaland.

- I.M. 1) Emergency. 416 detainees: about 75% in N. and 25% in S. Rhodesia. But all are in Federal prisons, & subject to Federal law.
 We can get acceleration of rate of releases, & shd. get to hard core soon. Propose rate of release of 120 p. month : no problem of re-habilitation : no v. gt. security risk. This wd. be 50 in March & get down to hard core (about 12) during that month. Govr. wd. have to have new twilight powers as recently done for Kenya.
- 2) D^f. Banda. Periodical & special reviews. First due in March. Better to have him released at a periodical review : not evidently in response to pressure. If D^f. B. was coming out at mid-March, proclamation ending emergency cd. be announced at end/February. – tho' wdn't take effect for a time because of legⁿ.
 Seek firm decisions now on 1) : but provisional only on 2).

In discussion – views favouring earlier release of D^f. B. Why wait until March?

- H. Security isn't certain. And Fedⁿ. Ministers will say tht. Banda's release wd. make it even more dangerous. Better wait at least until P.M. has bn. to Salisbury.
- M.R. If we wait much longer, we shall seem to have done so in response to particular pressure.
- P.M. I must tell Welensky we intend to release B. Wait until I have bn. able to see him. And prs. fix a date after my departure from Union – or during my stay in Union.

Agreed : Approve (1). Reserve (2) for decⁿ after P.M. has bn. to Salisbury & to Nyasaland.

6. Jute Tariff.

Note not taken.

1. Cabinet.

[Enter M.R.]

P.M. Gratitude to R.A.B. for skilful handling of difficult ques in my absence.

R.A.B. Glad to see P.M. back.

2. P.M.'s Africa Tour.

P.M.

A few impressions.

Diff. time ahead where we have responsibilities.

- i) Ghana : may be irresponsible and silly : but rich & homogeneous & will do well enough.
- ii) Nigeria : if unity achieved, v. large country, will have good influence on neighbours. Oil may be useful revenue. Fundamentally not a real nation. Aristocratic influence of North – Duke of Omnium. Will the parts cohere? Possibly because attractions of size in present state of world affairs. Br. connection highly prized. Robertson : not fit for independence – 20% loss of efficiency – but after a point you lose by trying to retard, and wiser to let it go.
- iii) Union. We aren't responsible. Having said what had to be said on racial ques, we must now concentrate on our agreements and hold this in Commonwealth. They have played the game with us, in many troubles – we shd. recognise that. And a flourishing country with gt. future (?). Must keep them with us. Much thinking among younger people. Pity Afrikaaners don't travel more abroad.
- iv) Federation. We have the responsibility – it is a v. diff. task. Must move fast enough to satisfy Africans w'out getting Europeans in a panic. S. Rhodesia v. excitable : might act rashly. We have no power – only influence. Must play for time during '60. Monckton will be more valuable than they think. I have said enough to stress belief in liberal tradition : we can afford to show more considⁿ. for Europeans : keep them in play until M. has reported. Warning : I returned with grave anxiety about future of Federation.

H. Tredgold says referendum in S. Rhodesia now wd. produce v. large majority in favour of leaving Federation.

I.M. Effect on Congo decision on E. and Central Africa.

3. Foreign Affairs.

S.Ll. a) Russia. Campaign re R.'s economic aid – quite useful to us : we can argue back. Better talk than war.

H. Caution. K. has done himself harm with Indian opinion : they don't like to be told how much they are being given.
A less bitter form of cold war.

- b) Nuclear Tests. Our role : to keep negotiations going. Opinion here will press for moratorium on underground tests below threshold. Awkward : for that is our view.

Enter G.W., J.A.

4. Cyprus.

- S.Ll. Tactics : seek agreement on all points save sovereign areas. Govr. hopes to have a report on all these by to-morrow. Better prs. to send a Minister out than allow Govr. to come here – but depends on nature of report.
No sign of recrudescence of violence or Eoka.
- J.A. Mistake to allow Ldn. Ctt^{ee}. to resume.
Diff^y. is to know wtr M. wants an agreement or not. Favour giving an ultimatum, end of this week – no sacrifice of principle.
- H.W. 80 sq. miles + 40 facilities wdn't do for us. We might make a small final concession to clinch it : but nothing of that nature. Not much less than 120 wd. be defensible as militarily sound.
- I.M. 97 & 23 wd. surely satisfy us, as final deal.
- S.Ll. Must keep this until all others settled.
- P.M. Don't forget larger issue : B. presence in E. Medⁿ. is necessary to hold G/T. balance. Friendly republic is essential to working of our base. Must therefore look at it as a whole. Our relations with them are more important than size of our base.
- S.Ll. i) They are worried over unemplt. & asking us to re-start works. Surely we shd. not do that, until we know where we stand.
- I.M. Agree.
- S.Ll. ii) We shan't get facilities w'out some contribⁿ. We have declined an express link – & limited financial offer to 5 years. Cd. we not admit their request to review it again after 5 years?
- H.A. The bill keeps rising – was £4 M. : now suggested it may be £15 M. Must reserve my posⁿ. re instalment for 61/62.
Our presence alone will make large contⁿ. to their revenue.
- P.M. How bring all this to a head?
- J.A. When T. Cypriots separate from M. because he won't accept our terms. That is only hope of bringing him to heel.
- H. 97 + 23 need not be militarily unacceptable, surely – if the 23 is in the Treaty. Can't we consider that?
- I.M. x| Want to make it clear to M. that we will settle sovereign areas when everything else is settled.
- J.A. He has bn. told that orally.

P.M. ?Say : J.A. has reported his conversation : when all else is settled we will discuss size of sov. areas, in light of considⁿ. of what he has said to J.A.

- Agreed : i) Govr. not to return to London.
ii) Decide, on his report, wtr Minister shd. go out to seek a final settlement.
iii) Decide (? Wed. or Thurs.) wtr we send message at x/.

5. Industrial Disputes : Railways.

[Exit Home, G.W., J.A.
[Enter Wood, Erroll.

E.M. Last rise mid '58 : then Gillebaud Ctt^{ec}. to analyse comparable wages in outside industry. Further explⁿ. of history of negotiations. Gillebaud Rpt. will be publ^d. in week beginning 29/2.
Pressure to re-consider finances of B.T.C. and re-organisation.
Finance : we have bn. paying below the line – £289 M already.

P.M. Problems are : i) what does Govt. do on Gillebaud Rpt.
ii) what do we do about putting rlways on their feet, without bleeding country to death.

M. G. Rpt. will be v. long. Protracted negot^{ns}. will be required.

H.A. If we don't dispute findings, we shall have to say tht. they are only acceptable if spread over about 2 yrs. and applied to a smaller no. of men. Such a statement mght provoke a strike. Differentials : we cd. promise review with some interim payments on a/c. Mght be £7 or 8 M. more. Then a detailed study of Rpt., results of which wd. not come into wages bill until 1961/2.

E.H. B.T.C. are not capable of handling this with Unions.

D.E. In a private industry, the Bank wd. nominate members to Bd.
x/ Maybe Govt. shd. take over for 2-3 yrs.

E.H. Not sure of x/. Big strike, with Govt. as direct party to it! suspected already of delay, in Gillebaud: can't spin out study of their findings.

P.M. Phased operⁿ. of increases vice slow study of Rpt.

E.M. NUR won't agree.

E.H. Not sure : they have many skilled.

P.M. 2 Memoranda at E.P.C. : I will preside.

[Exit S.Ll.

6. Iron and Steel Industry.

H.A. Sh^d. we proceed to sell equity of R.T.&B., and the rag-bag of a number of odds and ends? The market is open now, as it was not before Election. Recommend tht. the Agency shd. now ahead – trying to sell prior charges as well as equities.

M. Support.

R.W. So do I. some pol. pressure, and we shd. be in diff^y. over it if we waited until another Election is in sight.
Will be raised in Thursday's debate on a small Bill re accounting. Sh^d like to be authorised to say somethg.

H.A. He cd. say Agency will go on with its duty & that R.T. & B. won't be excluded.

P.M. 1) try to sell prior charges as well as equity.
2) R.T.&B. Try to float off some of Govt. loan on to public in debentures.

Approved, subject to (1).

[Exit Erroll & Wood.

7. Kenya.

I.M. Compromise solution commands wide support. Briggs will stand out on reactionary line, which will be popular with Europeans in K. But Blundell & Africans are ready to commend it jointly to the Kenya public. Council of Ministers will be 7 Europeans, 4 Africans and 1 Asian. Franchise & Ch. Minister : K. will be going slower than Tanganyika or Uganda.
Ask Cab. to agree tht., if I can get this thro' Conference, Govt. will support it.
Plan in C.P.C.(60) 3.

Approved.

C.C. 10(60).

18th February, 1960.

1. Parliament.

[Enter M.R.]

- R.A.B. i) Business for next week.
Defence debate 29/2 and 1/3. And dates for Service Estimates. Will be announced to-day.
- ii) Televising Parliament. Decⁿ. will have to be announced. Propose P.M. gives negative announcement in few weeks' time.
- iii) Nationalised Industries. Extended scope for P.Q.'s. Will submit draft announcement.
- iv) Legislative P'mme. Need to get large Bills forward to Leg. Ctt^{ee}.

[Enter G.W., J.A.]

2. Cyprus.

S.Ll. Tension has eased – both in H/C. and in Cyprus. No sign of early b'down. But still want to bring matters to a head – & propose tht. J.A. shd. go to Cyprus on Sunday to resume talks on Monday. Have informed G. & T. Govts. that this is our plan. Must now prevent G. & T. communities fr. joining forces v. us.

P.M. Discussed this last p.m. & went thro' outstanding points. Agree we must clear all these before doing a deal on size of bases. May have to mobilise G. & T. Govts. to drive it through.

[Exit G.W. & J.A.]

3. Federation of Rhodesia & Nyasaland.

P.M. Welensky's rep^{ns}. : Shawcross – Lagos – protection of witnesses. We got him round on all those points. Deferred Banda until after my visit to Nyasaland. I was gravely disturbed by attitude of Adminⁿ. there. Govr.'s view : must have constitutional talks, must be with B., but B. mustn't be released in N. In Salisbury I cdn't clinch this – at social dinner – tho' I warned them we wd. have to release B. When our plan was disclosed from Ldn. to W., there was explosion. Demand for mtg., in Salisbury or Ldn. On balance better for H. to go out to Salisbury.

Set out orally points made in note : para. 2 onwards.

To 3. added : responsibility for security in N. rests with Govr. & Col. Secy. But Fedⁿ. & 2 other territories have an interest and right to be consulted because contiguous & liable to be called on for re-inforcements.

To 4. Welensky's interest is to see advance in N. in order to gain confidence of Africans in Fedⁿ. & thus give chance of ultimate independence of Fedⁿ.

Whitehead's interest may be different.

No doubt this is sensible course. But W. & W. will be difficult, and can quote Armitage in their support. And Home is nervous of re-actions in N. Rhodesia. Must therefore warn Cabinet tht. H.'s talk will be v. difficult : and we may be faced with intransigence.

Can't be sure they wdn't act rashly : another American situation might arise.

Viz., choice : accept their view & continue B.'s detention (being publicly known to have surrendered to them) : or Whitehead flinging out into unilateral

declⁿ. of independence or union with S. Africa. We may have to be prisoners of Welensky or Ld. North.

Welensky is dependent on Europeans, mainly in S. Rhodesia. His posⁿ. is a shadow cpd with that of W'head. And W'head has only small majority over an un-liberal opposition.

H. Grave situation – white popⁿ. is near panic. W'head, tho' Liberal, has to appease Dom. Party.
Fair chance of getting agreement on constitutional points – in both territories. B. is much more difficult : esp. as Armitage agrees with them. We shall be acting in face of all Govts. They may insist on detⁿ. until May, when M. Commⁿ. have left.

Hail. If we went ahead, wd. they grumble – or act?

H. They say they won't be driven further.

I.M. Agree : as long as all hang together. This must be a package. We can't make our concessions & then be faced with veto re Banda. P'ponemt. of N. advance until after 1960 review : no disclosure to B. of his being in their delegation. If they veto B.'s release, we must w'draw these other offers.

H.W. Prs. cdn't stage troops into Fedⁿ. thro' Kano – to hold down Africans.

I.M. Govr. felt he wd. prefer U.K. troops to Rhod. police or territorials. But we now think we ought to use B.S.A. Police.

R.A.B. May have to extend B.'s detention for a time, in order to avoid a row.
x/ Or Nyasaland conference soon in Ldn.
Believe H. will need more room for manoeuvre.

I.M. x/ wdn't work. B. cd. leave at will. M. Commⁿ. wd. look v. foolish. Ready to have mtgs. in Ldn. later.

Directive approved. H. to report if he needs greater latitude.

4. Nigeria.

No note taken.

5. Uganda.

I.M. Universal adult suffrage – prob. inevitable, but want to delay announcement until about June to avoid embarrassment elsewhere.
Attitude of Kabaka. He dislikes all this because threat to posⁿ. of chiefs. There is risk of security trouble from him. But fear we must take that risk.

P.M. Do avoid “one man one vote”.

1. Royal Marriages Act.

[Enter M.R.]

P.M. Told some wks. ago that Princess M. wished to marry.
When Princess E. was about to be engaged, Attlee was informed some wks.
before. Dom. govts. were informed on 3/7. A. informed Cab. 3/7.
Announcement 10/7. King gave assent in Council 31/7.
Particulars of fiancé. C/E : will abandon his profession.

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FREEDOM OF INFORMATION

ACT 2000

R.A.B. His father has bn. married 3 times.

P.M. Church doesn't object to that.

P.M.

CLOSED UNDER THE

FREEDOM OF INFORMATION

ACT 2000

Announcement Sat. a.m. Our response must not be grudging. It must be a
success.

Need for secrecy until then.

If ques asked about advice, say nothing – leave it to me to handle.

R.A.B. Tho' we must all take responsibility.

2. Federation of Rhodesia.

P.M. Tels. from Lord H.

I.M. Clear tht. their obj^{ve}. is not constitutional talks, nor security, but Banda as such
– and because he is against Fedⁿ. They want to see him removed.
Diktat has no hope of success – w'out Banda, wdn't work : & wd. strengthen
African opposⁿ. to Fedⁿ.
Can't suppress the view that N^l. wants to escape from Fedⁿ.

3. Kenya.

I.M. Important factor – African agreement to join C/Ministers. Must see how it goes in Kenya.

4. Law of the Sea.

J.H. D. Telegraph to-day suggests we have asked trawlers to keep away from I. during conference. In fact they offered to do it. Want to get something out of good officers efforts. Want it clear tht. I. are not willing to make similar gesture, if that is so. Therefore suggest tht. good officers ask them for a matching gesture – e.g. i) better treatment of our trawlers betwn. now and Conference ; or ii) wipe slate clean, for offences to date but not dealt with ; or iii) as we shall be short of fish & prices will rise, will they refrain from excessive landings. May we put good officers in to bat on this basis at once. Then try to get fishing industry to say to-morrow that they made the offer.

S.Ll. Support.

Agreed.

4. Law of the Sea.

J.H. Fishing industry have made their statement. Govt. statement welcoming it will be made to-day. Good officers : our trawlers don't much like the matching gestures we suggested – save wiping the slate clean.

5. Federation of Rhodesia & Nyasaland. [Enter Alport.

P.M. H.'s telegrams. He has worked hard & made some impact. But evident they are in highly emotional state.

I.M. This is posⁿ. we foresaw, some wks. ago.
If issue is narrowed to 4 (or better 3 : for March is a 6-month review period) weeks. Bargain with White head was to offer concessions on Rhodesia in return for our policy re Nyasaland. Hard to justify R. concession even with quid pro quo. Now we are asked to give first w'out the second. This will be surrender to W. and W. For my posⁿ. was made clear in speech at Leeds, which was cleared with them.

P.M. Accelerated rate of releases has occurred. Nos. down to 260.

I.M. If we give concession to Wh., we get nothing in return.
But can't blk. Fedⁿ. for sake of 3 more weeks of B.'s detention.

P.M. Quid pro quo on Rh. must be safeguards for Africans in R.
This is choice of evils : when we have chosen we can consider presentation.

After discussion, general agreement that Course B. is inevitable.

R.A.B. Politically diff. in H/C. But we can wear it so long as were all following our course, after a short delay.

I.M. Tragedy is that we have given away R. concession.

P.M. Argument has ceased to operate with Europeans in Fedⁿ. As with N. American colonists. The intelligent Europeans haven't tried to answer our arguments. They merely say they won't be messed about any longer. I thought they might be bluffing. H. is satisfied they are not. And will be forced (by their public opinion) into foolish action.
[Make it clear there is no commitment on Rh. concession, save to talk.]
If they did, it wd. seem foolish to have allowed it to happen for a mere 3 wks. of continued detention of one man.
Mitigations – shd. be considered.

I.M. Weeks ago I said I contemplated Cab. wd. have to accept Course B. But implications on myself will have to be considered – in personal talks with P.M.

P.M. If we adopt Course B., H. shd. stay there & tie it all up, on the spot.

Press here think tht. one of our diff^{ies}. is views of Govrs. This may help us.

Mitigations & presentation – to be discussed separately.

1. Foreign Affairs.

[Enter M.R.]

S.Ll. a) Germany. They are ready to move in step (accord) with N.A.T.O. – more than consultⁿ. but less than consent.

2. Post Office.

[Enter R.W., P.M.G.]

PMG. App^d. in principle last July – mentioned in manifesto – outstanding issues between Dpts have bn. resolved – HAC. approve.
Ty. control wd. be preserved over pay & cond^{ns}. and over capital expenditure.
G.P.O. is unique in our view. W. Paper doesn't refer to nat^d. industries as such.
Changes in rates – para. 26 (f). As we withdraw Estimates control, we think it right to offer negative resolⁿ. on rates.
Want to present this on 23/3 & make legⁿ. early next Session.
Believe it will be welcomed by both sides of H/C.

H.A. Support this. Not a major change. Sh^d. we not be sure of date of introdⁿ. of Bill before presenting W. Paper. Awkward if we had publ^d. W. Paper & then had to defer legⁿ.

R.A.B. Want this Bill in early October. Therefore favour presentⁿ. in April in order to give time to get legⁿ. prepared.
i) We shall now be altering rlway legⁿ. earlier than we had contemplated.
ii) Shall we have time to do this & rlways. I think we shall.
iii) Parl^y. control – p.7. – will involve discussion. “Effective” vice “ample”
Parl^y. control. (heading of para. 25)

I.M. Para 3 and 12 : are they consistent. Control over pay is a big hole in his independence.

P.M. Agree. Also dislike para 5. Both 3 & 5 are over-statements.
Para. 20. Is there a sound commercial organⁿ. in the public sector?
Para. 33. “a status more appropriate.”

H.B. Para. 12 omit “therefore”.

Agreed : present just before Easter recess.

[Exit R.W., PMG.]

3. Federation of Rhodesia.

H. Thanks to Cab. and I.M. for latitude in negotⁿ. Compromise achieved. – 5 days before M. leaves & while I.M. in Fedⁿ. 3 wks' longer detⁿ. is awkward. But i) evidence of other Africans. ii) security (on this plan Fedⁿ. will supply re-inforcemts) iii) chance for B. to see M. before he leaves.
Was condⁿ. of their agreement tht. plan to release B. wd. not be disclosed in advance.
Concl^{ns}. i) opinion in S.Rh. is v. excited – secession in air.

- ii) pol. advance in north will have bn accompanied by some move in the south.
- iii) another disorder in N. wd. brk. Fedⁿ.
- iv) must keep closer consultⁿ. with W., as P.M. of Federation.

I.M. V.grateful – splendid achievement.
 Logic in settlement. M.'s visit to N. 3 parts : in 1st. phase other Africans shd. give ev^{ce}. : then he goes to north : then B. can be seen in last phase.
 Will try to keep plan secret. But v. difficult : For 5/3 is anniversary of emergency : periodical review begins. Hope to help by announcing to-morrow (2/3) my visit to Fedⁿ. on 23/3. It will be expected tht. B. will be released – esp. on 3 dates in March. Armitage will wish to say B. won't be released. If so, will be assumed to be another 6 months. H. or I must find a form of words wh. will satisfy W. Bound to be build-up of expectⁿ. when M. arrives in N. – & possible resignations by Chirwa & others. I rate security risk of that higher than locals do. Also M. may have to tip Chirwa off privately.
 But these are all presentational difficulties : on which I shall continue to keep in touch with H.

P.M. Our own plan involved less risk.
 Lesson of all this : we can't manage these affairs w'out keeping Fedⁿ. Govt. with us all through. Need for further consultation.

4. Farm Price Review.

J.H. Costs have risen by £2 M. Farmers have asked for + £20 M. as against our suggestion of £15 M. We cd. prob. get agreement on £4 or 5 M. Don't however recommend trying for that.
 Two differences i) on efficiency : I wd. prefer to dis-allow less than Ty. suggest. I wd. like to give them £3 M. vice £2 M.
 ii) assist^{ce}. to pigs. Ty. favour 6^d. a score. I wanted 11^{1/2}^d.
 Because of Danes etc., I came down to 9^d.
 Don't believe this wd. cause Danes to rat on their agreement. Their exports to U.K. are rising : for our pig populⁿ. has bn falling : it is beginning to recover & we don't want to check that. We shan't if we seem to be knuckling under to the Danes.
 Feeling among farmers has turned v. Govt. since election. Must have some ammunition with which to fight back v. campaign by new Chairman of N.F.U.

J.M. Support on pigs : sitⁿ. is same in Scotland.

H.A. Know that pigs are sensitive with farmers. But if our farmers can't make pigs pay at present prices, we shd. allow popⁿ. to fall – to keep in line with costs in other Eur. countries.
 Ready to drop to £-10 M. Don't want to concede another £1 M. on pigs.
 Over next year gt. risks of over prodⁿ. of many commodities.
 My view £10 M. and not more than 6^d. on pigs.
 After further discussion : agreed 9^d on pigs and £3 M. on efficiency but 1½d. off eggs and adjust cereals prices.

1. Foreign Affairs. [Enter M.R., Profumo

a) Germany.

S.Ll. The Spanish ques is now under control : G. has agreed to N.A.T.O. discussion & it will be taken by Def. Ministers in first instance.

P.M. What is our policy – warm or cool.

S.Ll. Policy is re-armament w'in N.A.T.O. : we must repress tendency for G. to seek some forces outside it. In this de G. has done us a dis-service.

P.M. Wish to bring this to a head – ? in Def. Ctt^{ec}. – certainly before P.M.M.

N.B. to organise

[S.Ll.] Air corridor to Berlin – flying above ceiling. Some months ago we found U.S. were being provocative & restrained them. Jan '60, Fr. wanted to use Caravels on this route, preferably over 10.000 ft, and U.S. took line we must assert the right again. At our instance agreed to put it to technical control agency : tho' U.S. wd. agree only to try this for 30 days U.S. have not in fact notified the agency – they are thinking again. I want this handled as a technical, not a political, ques.

b) Disarmament.

S.Ll. Resolved our diff^{ces}. with U.S. on presentⁿ. of our new plan.

2. Cyprus. [Enter Alport, Ward.

S.Ll. Approaching possibility of agreement on all save finance & size of bases. Suggest mtg. this p.m. of junior Ministers to 'constate' posⁿ. on all the other points.

H.A. Our plan was to finalise all save bases. Will be unwise to conclude money in advance of that. Leave to the end money and bases. Agreed.

S.Ll. Tho' m'while we cd. chase up a no. of points re composⁿ. of the sum of money.

P.M. Bases. M/Def. minimum area 105 sq. miles. In final phase (but not before) we might trade a little base area for extra facilities outside.

H.W. We shd. need those facilities in blue areas in any major operation.

I.M. Gt. presentational difference btwn. 97 and 105 – a figure below 100. 97:23 wd. be better than 80:40. Cdn't C.O.S. select best area at e.g. 97:23.

H.W. Must be able to operate the base therefore believe 105 is minimum. Any further concession wd. be in Akrotiri area.

- S.L. Cnt we make special arrangement with C. tht. we cd. recover land for add^l.
airfield, if we needed it in future.
- P.M. Believe final decⁿ. will have to be reached by Foreign Ministers.
[Exit Alport, Ward, S.Ll., Perfumo
[Enter D.W.S
3. National Health Service.
- H.A. Alarmed. Upward trend on drugs. No control. 2 Ctt^{ees}. have failed.
Australians have given up free drugs, because impossibility of control.
Figure of cost is prob. under-estimate. Ty. think it wd. lead to further increase
in existing (panel) drug-bill. This wd. make increase in stamp allthe more
necessary.
- D.W.S. This is a political issue – not financial or social.
- Ch.H. Cost will be even greater because it will increase pull twds. private treatment.
Not so much pressure for this, from doctors or from middle-classes.
- I.M. Agree pressure has switched from public to H/C. But, even so, believe
majority of Tories in H/C. wd. vote for it.
- M.R. Believe pol. health of Party cd. be improved by resisting it ; but I shall need
much help.
- D.E. V. bad thing to do – repercussions on independent schools etc.?’
- R.A.B. We shd. have a fwd. look on this : to convince Party. It was in our manifesto
in ’50. Can we have a package – limitation of prescribing charges, Pilkington,
stamp, etc.,
- I.M. We dropped it 1951 manifesto because concern at rising cost – or in any later
manifesto.
- Hail. We can’t be bound by pledges in old manifestos. – some v. old bogies wd.
come out.
- P.M. Tactical line, pro tem, shd. be : we can’t do this while we are waiting to see
wtr voluntary control over prescribing produces a useful result. And in
presenting it to Party link it with broader issues of N.H.S.
[Exit D.W-S., Enter R.W.
4. Wages Policy : Electricity.
- R.W. As in memo. Chance of w’spread unofficial action. We cd. support Chairman
in standing firm in relⁿ. to that. We shd. not, however, commit ourselves to
support beyond that. And, that being so, may be unwise to discuss in any
detail with him the likely course of events.
- R.A.B. Emergencies Ctt^{ee}. will meet to-day. If local strikes only, no Proclamation or
use of troops.

E.H. Letter of 17/2 from Council is unfortunately worded – as contemplating review of all wages (not merely differentials) in consequence of reduction of hours.

R.W. Chairman regrets this & has said since (29/2) that lr. referred only to differentials.

In speaking to Chairman R.W. shd. stick to 5(a) of C. 41.

5. B.T.C. Railway Re-organisation.

Note of this discussion not taken by me.

[Exit R.W
[Enter Alport, Allen

6. Assistance to Overseas Territories.

Draft of White Paper approved.

7. British Guiana.

I.M. Conference – may break on independence.

1. Germany.

[Enter M.R.]

S.Ll. L.S. Gov^t. have called off idea of flying above ceiling to Berlin.
R. Govt. have bn. reasonable about passes.
Satisfactory – both ways.

2. Territorial Waters.

[Enter Att.G., Carrington]

J.H. U.S. are in favour of putting alternative A at outset : with support of Australia, U.K. & others. Ques : at what stage do we fall back on alternative B. Hope I have may have latitude on timing.
Drew is now less confident that he was. Admits that our B. is only an amendment of his – and a fair one.

K. If we are to get Europeans along at the end, we must make a prelim^y. stand for A. Timing of retreat to B. can't be determined in advance. Drew expects 56 to vote for B. May get Drew to accept B. in the end.

Att.G. Hope this prognosis is justified.

Agreed : J.H. to have discretion as proposed.

3. Cyprus.

[Exit Att.G., Carrington]

[Enter G.W.]

S.Ll. Let J.A. slog on with details. But, when they are arranged, summon Foreign Ministers + Cyprus rep^{ves}. to decide i) size of bases & facilities outside ii) financial ques outstanding and prs. iii) declⁿ. re “what happens in” sovereign areas. J.A. has suggested tht. he shd. open these ques : I wd. prefer not. Venue. Too much going on at Geneva. G. & T. Ministers will exercise more influence on their communities in Cyprus. Inclined therefore to favour Nicosia – J.A. remaining.

I.M. Agree. Save that J.A. mayn't be able to stay in C. until F.M. mtg.

P.M. Can more easily avoid debate if he doesn't return. Suggest S.Ll.'s plan, as deployed above.

Agreed : as above.

[Exit G.W.]

4. Railway Re-organisation.

P.M. Last Thursday we seized initiative. We must m'tain it – by action on Guillebaud report. Let M/T. summon B.T.C. and Unions and set them to work on it. Form of his statement to them can be settled. Issue : do we say we will give B.T.C. finance to enable them to give effect to report. If so, from what date : from publⁿ. of report. Alternative : ask them to finish negotⁿ. as soon as

poss., leaving date open for discussion – tho' B.T.C. wd. be instructed not to back-date beyond publⁿ. of report. First course wd. have advantage of appeal to public opinion & appearance of strength. Disadvantage : we shd. be committed to that & cnd't make any concession even to avoid strike.

- H.A. Favour first course. V. generous attitude. Cost £40 M. Increases from 8-18%. Fatal to leave anything but differentials to be negotiated. Can't be forced into posⁿ. of choosing betwn. strike or retrospection – for we cnd't hope to stand on it.
This wd. mean covering deficit of £120 M. in next year's Budget – less any savings thro' increase of fares.
- E.M. Believe the row will be on date. When wd. it suits us best to have it. If we will face a strike rather than accept retrospⁿ., better to say at once we will pay from date of report.
- E.H. V. unusual to go into negotiation with a firm public posⁿ. But this is unusual sitⁿ. ; & first alternative may be best if we are determined not to have retrospection, even tho' they strike.
- D.S. Don't nail these colours unless we are resolved to stand by it, strike or no.
- M. My judgement is that if we say this at once they will resist it from outset. For they wd. say it was no negotiation.
- P.M. First course wd., however, appeal to public.
- I.M. This isn't an ordinary negotiation. There is no employer's offer. We start from an "independent" finding.
- R.A.B. Feeling in H/C. – will expect assurances of Unions acceptance of cond^{ns}. re-organisation etc.,
- Ch.H. Unusual but in special circs. right to declare our posⁿ. at outset. Only hope of retaining initiative is to do this & announce compⁿ. of planning body.
- H.A. I can't face any negotiation on retrospection.
- D.E. I support that view. And T.U. co-opⁿ. in re-organisation can only be obtained by pressure of opinion – we can't get that co-opⁿ. in negotiation.
- E.M. Also can't specify now exactly what we want them to do.

Remainder not heard.

5. The Currency.

- H.A. The new £1 and 10/= notes will be issued to-morrow.

6. The Economic Survey, 1960.

H.A. My main anxiety relates to our external posⁿ. £1173 M high point last year : now down to £979 M. This is normally a period of growth, and we aren't doing much more than hold our own.
Imports still exceed exports – tho' latter are 15% up, former are 20% and no sign yet of any change of trend.
Production has risen well – and above the rise in consumption. Unemplt. down. Small savings (£370 M) v. good. Personal savings up, in total., despite increase in h.p. debt. ^c/living steady for 20 months. Wages, 1.5% last year, may be at least 5% this coming year. (M/L. figure is below 5%). Pressure of demand = in bldg. industry (10% more than last year) I fear bottlenecks and shortages (tho' most colleagues don't agree).
Thus, concerned at oversea posⁿ. At home, with rising Bank lending, time has come to apply some check to rising tide of expansion. Otherwise b/p. troubles and rising prices at home.
Form of Survey. Better on balance to keep Pt I this year : as it wd. otherwise be said we dropped it the first time we had to admit indications of trouble.

P.M. Text of Survey. Omit para. 1.
Para. 14. Add reference to increases in h.p. and Bank loans & make it plain that personal savings have risen despite that.

P.10. H.A. has amendment noted.

E.H. Para. 22, Weighted wage increase over last year was 4.2%. Prodⁿ. has increased by 6%. There is room to absorb an increase in wage rates of 4.2%.

R.M. But in earlier years wages rose faster.

H.A. Will discuss with E.H. – especially re figure of 4.2%.

7. Suez Canal. Users' Association.

Do nothing. Agreed.

1. British Transport Commission. [Enter M.R., R.W.]

- P.M. Alternatives as in memo.
Practical choice is prob. betwn a) and c).
- H.A. Advantage of a) : get our posⁿ. clear while public is aware of problem. We shd. command public support.
Agree b) is out. What wd. in fact happen under c)?
- E.H. B.R. wd. propose working party on rept. as a whole : unions wd. prob. accept : they can't forecast time, tho' obviously wd. take time : dating wd. be last thing to discuss.
- E.M. B.R. has met Unions who said they wanted date fixed first – at a back date.
- E.H. My infⁿ. is tht. only Aslef have asked for back-dating . X/March 3 will become more attractive than now if fixed at end of negotiations.
- E.M. Choice depends on wtr we will face a strike over the date. If we are ready to do that, I wd. chose a).
- P.M. Sure we shd. resist it : not sure we shd. provoke it.
- K. x/ is powerful argument in favour of c).
- M. a) wd. be provocative.
- P.M. Then we must keep initiative by going ahead at once with Ctt^{ee}. on re-organⁿ.
- Ch.H. Suppose B.R. wd. ask for Govt.'s views & we give our statement in return. That wd. avoid appearance of diktat, but wd. make our position clear.
- R.M. That is attractive. c) may have p. opinion in confusion.
- S.Ll. I am attracted by b). Budget speech will have set a pattern v. which v. little public sympathy for strike for retrospⁿ.
- I.M. I favour c) for reason given by K.
- D.E. I favour a) because it will get p. opinion on our side. C^d. we say : we had bn. thinking of phasing implemⁿ. : but we have given that up & instead we insist on date of Mar. 3.
- P.M. No credit in retreating from a posⁿ. we never took up.
If unions are in quiet mood, is there any point in provoking them.
- E.M. We cd. allow negot^{ns}. to start : see how unions attitude clarifies : we cd. then make a statement later.
- P.M. B.R. cd. refer to P.M.'s statement.....

- Ch.H. Still think Govt. shd. make plain i) it under-writes report ii) insists on co-opⁿ. in re-organⁿ. iii) date. They shd. be made plain early on.
- P.M. Impressed by x/. Also by then Budget statement will have influenced p. opinion.
- I.M. Let BR. say : you've seen what P.M. has said on report : I'm sure that in light of that we can reach an agreement on rept : let's get down to the business of negotiation on the detail.
- H.A. If so, we must reserve right to come in at any point if negot^{ns}. go wrong.
- P.M. Let us settle on basis of I.M.'s formula.
Get ahead with the planning board. [Exit R.W.]

2. Economic Situation.

- H.A. Don't want to reverse expansion. But there is need of a check to steady rate of expansion. Because of i) forecast of deterioration in b/p. because of disparity of export/import posⁿ. ii) prospect of excessive wage increases iii) labour shortage is spreading iv) expansion of credit – h.p. and Bank advances.
- I.M. B/p. picture is not encouraging. I wdn't question Ch.'s [Enter H.B., RAB. wish to have some check. Presentation is important. Havg. torn U.K. out of a depression & fought Election on basis of 'never had it so good' we must avoid charge of trimming on our philosophy. Relate it therefore to fwd. commitments.
- D.E. Agree on b/p. Doubt if overload on economy is as serious as he thinks. Will be patchy & unlikely to push up prices. But as exports aren't rising in step with increased imports, price stability mayn't be enough. B/p. cd. be handled if we didn't lend overseas more than our surplus. Thus, small check on consumptⁿ. at home & less lending abroad. Avoid measures wh. people can off-set by saving less. Is a selective check on investment possible – falling on non-productive? If not, check shd. be wholly on consumption.
- K. Memo. Except for 2 paras, wd. give grounds for gt. optimism. Even wages – no harm in increase after rise in production.
We need early forecast on risk of b/p. crisis in autumn. If real risk of that, we shd. take preventive action now. We never seem to get news of that in sufficient time.
- H.A. V. diff. to be precise or certain.
- K. Crowther. Useful also if we considered H.A.'s memo., with its 7 policy points, cd. be considered early – with general reference not merely special reference to Crowther.
- H.A. Yes : lesson for the future, wh. Plowden will point.

- K. Even so, remember tht. p. opinion has bn. convinced that they have “never had it so good.”
- S.Ll. Agree : if we do this, method must be such as to avoid misunderstanding.
Imports : how far is it due to stock-building.
- P.M. Presentation : Election argument not only tht. prosperity be m'tained but that tht. prosperity shd. be shared. We cd. relate a check to that.
- Hail. Risk that check wd. affect productivity – thro' impact on productive investment. [Enter Home.
- H.B. We must avoid autumn crisis. Checks must, not, however, appear to be reversal of policy. Trouble is patchy & unempl^l. in E & W. varies from 1% to 12%.
Endorse point about sharing prosperity. Danger of Stock Exchange boom
Public opinion wd. understand if those who benefit must pay more – e.g. roads.
- M. Not so much alarmed by H.A.'s 4 points. Offset by rise in prodⁿ. & savings.
Alarmed by increasing public expenditure : commitments & new ventures.
Fear checks on industry – we can quickly turn to slump.
B/payments : we can stand a little strain. Rise in imports isn't surprising : returning confidence after depression. W^d. expect that posⁿ. to improve.
- J.M. Worst sitⁿ. wd. be drastic measures in autumn.
But unselective brakes are v. bad – applⁿ. to depressed areas.
- H. Support H.B.'s approach. Realise how few selected instruments there are.
Prefer to make people pay more for what they get – e.g. roads.
- R.A.B. B/p. Import bill is rising too much. We have bn. too liberal in trade policies – e.g. Japan, and even U.S. Farmers don't like it.
Ev^{ce}. to Radcliffe makes it plain tht. advice given to me in '55 was wrong : the Bank rate alone is not effective. H.A. shd. act on Banks wh. ought to be brought nearer to Fed. Reserve system : we shd. be able to deal directly on advances & deposits. Hope Ty. will apply the system worked out.
Stockbldg. is continuing : affect on imports.
Our oversea posⁿ. is precarious : if Ch/Ex. fears a crisis he shd. be encouraged to act in time, while small steps will suffice.
- E.H. B/p. is worrying. If crisis, it won't be because lack of confidence in our domestic posⁿ. : it will be due to factual import/export position. Exporters aren't sufficiently dynamic. We don't know enough about stockbldg.
Increased import of manufactured goods – how will this affect us.
Domestic posⁿ. Unemployment 350.000 average for 1960. 324.000 at low point, rising to 365.000 at end/year. In 1961 v. large rise in juvenile unemplt. because end of N. Service.
Wages. Weighted percentages worked out : a phase is nearly over. 68 settlements : 4.2% weighted over 21 months – 7.3 m. workers. In period with gt. increase prodⁿ.
- H.A. But 22 m. in work – where are remainder?

- E.H. 3 m. in Wages Council area, under 4%. Rest haven't moved.
- E.H. Agree on presentation. People are hoping we can keep our nerve for longer when in prosperity.
- Ch.H. Public can't understand restraint on production. They can understand income/expenditure ques. Hope checks can be related to bills.
- H.A. Can't refrain from doing what is necessary because people don't understand. With a free economy, people must expect Govt. to apply control from time to time.
- E.M. Favour check on consumption : h.p. to check increases in cars!
 Building : overload only where bricks used. C. engineering : prices are 10% down & this suggests under-loading. This side of the industry cd. do more.
 Motorists cd. be asked to pay more for roads : esp. private motorists. Do it now. Unpopularity early, if at all.
- P.M. Political diff^y. of presentation – 6 mos. after Election.
 Reality & appearances. In past we have added to our diff^{ies}. by talking the economy down – economists & bankers are quickly frightened.
 The reality is – if we spend more than we earn, we shall exhaust our reserves.
 Is imparity betwn. exports & imports going to create crisis. £60 M gap on visibles : but 220 on invisibles : so net profit of £160 M. Overall loss of £200 M. on reserves is forecast. But r.s.a. may off-set that – by lending more to us.
 If increase of imports is due to stocking, why need we worry : we hold raw materials vice gold. Shortage of steel : but that's due to havg. lost our nerve earlier over expansion of our steel industry. Don't try to balance at a low level of activity. On merits we need do v. little.
 Increased taxation related to forward commitments won't have v. much effect on consumptⁿ. It is only symbolic. Wdn't destroy picture of expanding economy : or appear to be reversal of policy. I accept need for that sort of measure. [Increase in N.H. stamp is of that character : not a fiscal measure. But cd. be considered separately because no more than switch of emphasis betwn taxpayer and contributor.]
 Bank rate or limitⁿ. of advances need not be employed in Budget. Flexible : can be used at any time, as needed. Better on whole not to use it in Budget.
 Increase in personal savings – not after increase in h.p. etc., Disastrous if we did anything to reverse that trend. Its revival is tremendously important.
 Last year we budgeted for deficit of £710 M. Ty. now fear that figure won't be reached. Deficit has bn. financed by increased revenue and personal savings. Credit base has not bn. expanded.
 In short : on Budget, with rising commitments, add^l. revenue must be provided for : people will understand that.
 new Bank deposit plan can be tried on its merits.
 hire-purchase can be instrument for applying a check-in tandem with the Bank plan. Can also be justified on Puritan grounds. Present it on general principles.
 Suggest a separate discussion on N.H. stamp.

3. Education.

[Enter B-C.

- R.A.B. Education Policy Ctt^{ec}. : 6 mtgs : attended by Ty. rep^{ves}. Yet report by officials not until 10/3.
I have, against the grain, advised my colleagues to reject both of the main recomm^{ns}. of Crowther Rpt.
Against that, we asked only for 8.000 more places for teachers.
We can't go forward with our policy for youth if we are to do nothing at all on those lines. I adhere to Ctt^{ec}'s. recomm^{ns}. Our proposal wd. be increase of 1 or 2 per cent on the committed expansion of 50%.
Can we not find some way of presenting policy of smaller classes w'out prs. committing ourselves to particular plan for teacher training places.
- D.E. If we are to reject Crowther's big proposals, we must be able to say we are going faster with redⁿ. of oversize-classes.
H.A.'s memo. reproduces officials' arguments, wh. we answered in Ctt^{ec}.
i) Suggests it deals only with posⁿ. after 1970. Not so, it's to ensure teachers' co-opⁿ. in next 5 years.
ii) demand for teachers will be larger than Ty. assume. Overseas demand is most important – a cheap & rewarding form of aid. Nos. in schools: don't accept Ty. estimate : they have always bn. wrong, and under-estimates. [5% more children]
iii) Ty. assumptⁿ. re women leaving teaching is also optimistic.
Insufficient account of earlier marriage.
- H. We have committed ourselves to Doms. to provide 400 teachers for overseas.
Can we keep this pledge if we don't expand training.
- I.M. Support that.
- H.A. Para. 4 of RAB.'s memo. Was a genl. pledge given? I thought only re primary schools.
We must look at commitments before accepting a new one.
I believe tht. our record & achievement in educⁿ. is creditable. If we decide to do more on it, where else can we retrench?
RAB.'s figure doesn't take a/c of the cost of the teachers when trained.
- P.M. Wastage?
- D.E. About 6.000 p.a. But if we can give refresher courses we cd. get some married women back into the profession.
- Hail. Don't accept para. 6 of H.A.'s memo. If we don't need them we shall reduce training : if we do, we shd. have to pay for them anyway.
- P.M. Ques is : what are we to say? Reject 16 on argument tht. we shall reach 80% voluntary. Reject Co Colleges. Present what we are doing now. What more?
- D.E. Want to announce plan for more teachers. Won't go into Estimates until 1962.
- H. Not really a new commitment : we visualised it some time ago. We cnd't have promised 400 overseas unless there was to be expansion.

H.B. What of the growth to wh. we are already committed. 50% increase in 9 years. Educⁿ. already = 7/= on local rates : and will rise to 10/6 or 12/= . Rateable value doesn't expand as fast as taxable capacity. We really shd. not take on extra commitments.

P.M. Concentrate in debate on nature and cost of existing p'mme. And add that we are planning to reduce size of classes & hope in 2 years' time to create more places in teacher training colleges.

H.A. Can we avoid a pledge?

P.M. "Hope to make a start on this in 1962"

H.B. If 8.000 is mentioned, we shall have ear-marked all available surplus & shall have to reject demands on roads etc.,
I don't see how existing expanding commitments can be handled by l.e.a.'s.

P.M. Blur the edges : make it an "aim".

4. Parliament.

R.A.B. Business for next week.

1. Foreign Affairs.

- S.Ll. a) Israel. Ben Gurion's visit. Desire for modern defensive arms, to keep up with Nasser. Latter less likely to attack if he knows he will get a bloody nose.
b) Cyprus. Another week's discⁿ. G. & T. think mtg of F.M.'s wd. be premature : wiser to let C. talks go on. Must accept that view. Still diff^{ies}. betwn. G. & T. Cypriots – over constitⁿ. and over money.
c) Cento Mil. Ctt^{ec}. mtg. 3 Reg. members want a Command structure. This wd. be provocative to R. – if endorsed by Council just before Summit – so we may have to delay it.
d) Nuclear Tests. R. proposal, adopting our own suggⁿ. of moratorium. U.S. agencies have bn. at odds over this. R. proposal involves admⁿ. tht. control below threshold is impracticable : proposes joint research to improve it : and moratorium on tests below it m'while. V. small concession, for control machinery cdn't become effective in less than 3 years. If we fail to get agreement at Geneva, and R. resume tests in atmosphere, we shall be blamed for their action. Must do all we can to persuade U.S. to accept R. proposal.

P.M. Gt. opportunity : we must not let it slip. his wd. be first step in controlled disarmament. If U.S. rejects this, we shd. have to take a different line in public. For it is known tht. we have ourselves favoured this v. solution.

General support for P.M.'s view.

R.M. e) U.S./German Talks. Bad sentence in communiqué. We propose to protest to U.S. Govt.

H.B. Most unfortunate.

P.M. Stress, with them, its effects on Europe.

[Enter J.H.]

2. Carlton House Terrace.

H.B. As in memo.

S.Ll. All in F.O. agreed that we don't need to go to C. House Terrace. W^d. like definite plan for concentⁿ. on one site (F.O. Whitehall) before 1968.

P.M. Then Crown Estate can develop, without interference with facades.

H. W^d. help if we cd. find home elsewhere for India Office library.

3. Parliament : Accommodation.

R.A.B. 1922 Ctt^{ec}. : those who spoke favoured little change. Others may. But feeling v. bldg. in the courtyard. M/W. shd. soft-pedal in his speech on this bldg : stress rather the rebuildg. or re-arrangem^t. of top corridor.

J.H. Impossible to discover what Tory Party really wants.

R.M. Tories value hugger-mugger cond^{ns}. in which they live.

[Exit J.Hope.

4. Broadcasting.

Agreed : extend B.B.C. Charter to co-incide with expirⁿ. of I.T.A.statute.

P.M.G. Ctt^{ee}. of enquiry. a) is it needed? b) shd. we appoint it at once? Financial & social ques involved are v. diff. politically. We need independent advice. On b) time-table is tight : we ought to start at once.
On composition : we must have a balanced body. W^d. like to add a housewife and a teenager.

R.A.B. Favour enquiry. B.B.C. and I.T.A. wd. accept it.

H.A. W^d. t. of r. cover profits of I.T. companies?

PMG. Yes.

I.M. Must we have M.P.'s – they are bound to take opposite views.

P.M. R. Commⁿ.? Important enough.

E.H. Easier for us to set aside findings of a lower body.

P.M. Yes.

H.B. Appoint it quick – to avert pressures already bldg. up.

P.M. Someone much younger : Chairman & members.

P.M. We must have a Ctt^{ee}. Let's have one large enough to enable us to pick & choose among their recomm^{ns}.

[Exit PMG.

5. Building Societies' Bill.

Agreed : introduce in H/Lds.

1. Parliament. [Enter M.R.]

R.A.B. Business of next week in H/C.
S. Africa : I will not offer a day of ours, certainly not next week.

P.M. But express sympathy – for another week.

K. Is it in order at all?

After discⁿ. amendment agreed.

2. National Health Service. [Enter D.W-S.]

Remuneration.

H.A. As in memo. Retrospection, tho' v. large sum, is justified by the t. of r. of the Commission.

Ministers shd. consider further the ques of allowances for resident doctors.

P.M. Reviewing bodies. Won't it lead to spiralling? W^d. it not be better to get all these into one?

D.W-S. C^d. have common secretariat & prs. a single Chairman.

H.A. I am concerned at this. Will discuss it further with Ministers. But safer, on this occⁿ., to swallow Rpt. as a whole.

R.A.B. G.p.'s won't like this : they want more tax-free allowances.

H.A. I shd. be alarmed if they were satisfied.

Reduction in size of lists.

D.W-S. Various alternative ways of spending this larger sum of remuneration. On the whole prefer shorter lists as making more appeal to public. (Rather than points for special qualific^{ns}. or larger allow^{es}. for maternity services.)

P.M. Only 1900 doctors wd. be affected.

D.W-S. But that means 6 m. patients. And sound on medical grounds.

H.A. W^d. like to go into this further with M/H. (Fin. Secy.)

[Exit D.W-S.]

3. Aircraft Industry.

D.S. As in memo.

P.M. Cited precedents.

- H. Apart fr. Menon, others in Indian Govt. are keen to buy aircraft from elsewhere.
- H.A. Subsidy to industry, say £20 M p.a. : warned M/A. that we must get back what we can.
Prev. concessions were made to help firm to get order or avoid loss.
No consultⁿ. with Ty. before A. Toms promised favourable considⁿ.
- D.S. My purpose is not to help purchaser, but to pave way for further sales by B. manufacturer.
- S.Ll. Good business to abate this.
- R.M. No : won't add to our net sales to India. And criticism of pouring money into aircraft industry.
- H.A. Will consider wtr I can get round the point of principle.

4. Railways.

- P.M. Stedeford has agreed to preside over planning committee. Have made it clear we don't want a report & do want recomm^{ns}. for early interim action – in capacity of adviser to M/T.
M/T. shd. soon be able to make an announcement – including other members.
T. of r. shd. be v. general.

5. Geneva Conference : Nuclear Tests.

- P.M. Diff. situation. If U.S. took a wrong line publicly, v. diff. if we had to take opposite view. On the other hand, pressure from us might stiffen Pentagon opposition. But I think it right to accept what is in effect an invitⁿ. from him for me to come to W'ton. for discussion.
There is much for us both to discuss – timing of Treaty : no. of insp^{ns}. – can that wait until Summit.
Vital importance of stopping others from entering nuclear field.
Announce mid-night Friday, if U.S. agree.

6. Economic Co-operation.

- H.A. Name for a new O.E.E.C. U.S. suggⁿ. – Orgⁿ. for Econ. Co-opⁿ. [& Developmt.]. We think mistaken to include []. If they want to omit Europe, we could accept that.
- P.M. Doubtful. What about Australian re-action.

Agreed : oppose this name – offer no alternative.

C.C. 23(60).

2nd April, 1960.

The Budget.

No note taken.

1. Persian Gulf.

[Enter M.R.

S.Ll. Similar concessions will need to be made to Abu Dabi, as to Kuwait. Must ensure tht. his local law is reputable. Shall play it slowly.

2. Cyprus.

[Enter Perth.

S.Ll. Paras 1 & 2 : we shd. give discretion to Amery.
But if M. doesn't budge from 80 sq. miles, timing is more doubtful. No point then in J.A. staying in Cyprus – even if it means rowdy debate in H/C. : no objⁿ. to debate if it isn't in atmosphere of crisis or emergency – wh. wd. encourage Makarios. G. & T. feel he shdn't hang around in that event.

P.M. J.A. shd. say he had completed his task & must return to report to Govt. i.e. move it to a higher plane.

S.Ll. But avoid language implying tht. he is coming to get more concessions fr. us. He cd. say at once he is reporting : we cd. then settle form of words to explain his coming home & he would not come until Friday.

3. Parliament.

R.A.B. Business for next week. 14 – 26 April : Easter recess.

K. Friday 8/4 : 1st. resolⁿ. is v. narrow & won't run for long. This lets in Stonehouse motion on S. Africa. Also 1st. motion might be w'drawn.

M.R. In the latter event Tory back-benchers must move amendment & talk it out.

H. Can make a statement to-day about B. subjects affected by disorders.
Treatment of persons arrested etc.,
We may get into diff^{ies}. over requests to return people who have taken refuge in H.C. territories.

R.A.B. H.G. is pressing for assurance we won't send such people back.

P.M. Beware of danger of sharpening S.A. pressure to absorb the territories.

H. Have warned S. Afr. Govt we must avoid a row over individuals.

P.M. K. to look into posⁿ. under F. Offenders Act. Appeal to Privy Council etc.,

4. Somaliland.

P. As in memo. Union with Somalia is consistent with our declared policy, but ought not to move too fast. On other hand, if we appear to drag our feet, there may be disorder we can't control.

We shd. make it plain i) independence only for that purpose ii) Comm. membership not for U.K. alone iii)

- S.Ll. Say only “prepare for independence. Union with Somalia wd. be for them to discuss.” Para. 5 formula will get us into trouble with Ethiopia : and crisis over grazing-rights will be prejudiced.
- K. But without a soothing statement there will be riots : and we can’t bring troops into Africa at this stage.
Surely diff^{ies}. in para. 7 will in practice preclude union on 1/7.
- P.M. Don’t prevent union : but don’t encourage it.
- H. The Somalia motion was wider than B. Somaliland. V. explosive. This is result of not having p’mme & sticking to it.
Can’t give independence “for this purpose only.”
If, united with Somalia, they asked for Comm. membership & got it, we mght have C. country at was with Ethiopia & subverting Kenya.
- P.M. Accept in principle : try to work for joint Ctt^{ee}. of 2 countries to discuss unofficially the practical diff^{ies}. of union.
Recognise spirit of resolⁿ. : doubt practical possibility of union by 1/7 : but
x| offer immediately to facilitate unofficial disc^{ns}. between the two.
- H. They will shirk practical diff^{ies}., and campaign instead for a Greater Somalia.
- S.Ll. In honour bound to Ethiopia not to do x/ before B. Somaliland is independent.
- K. Those E. anxieties cd. be met by proposed answers to P.Q.’s.
- P.M. Prs. Govr. shd. do no more than recognise strength of feeling behind the motion. [Exit R.M.]
- R.A.B. Cdn’t agree to transfer of Somali Scouts. Don’t give way to a single debate.
- P. S. Scouts : plan was to transfer by end/1960.
- H.W. As in Aden.

P. & Profumo to work on draft, in light of discussion, and submit to P.M. for approval. [Exit P.]

5. Imports of Pigmeat.

- G. Para 13(b). M/Ag. withdraw suggⁿ. for 1961 and later years. We can’t go beyond 13(a).
- P.M. Can we have picture of supply & demand in 1960?
- G. V. diff. Denmark looks as tho’ it will send a great deal. Holland we don’t know. Home prodⁿ. will be low until end/year but will then revive.

- R.W. V. deep feeling in Poland – at heart of Anglo-Polish rel^{ns}. Unless they can sell more bacon to us, they will turn to G. for manufactures. Gt. disappointment if we can't return to last year's quota. One of the friendliest of satellites : we shd. be slow to rebuff them.
- S.Ll. We have harmed our rel^{ns}. with P. & our exports on hypothesis which was not realised. Strong support for restoring full quota 48.000 t. Economic and pol. consid^{ns}. co-incide.
- H. Then we must give Canada pigmeat (25.000 t) vice bacon.
- G. We had assumed there wd. be Canadian pigmeat for curing into bacon here. Price was too high. Quota is, however, available & imports cd. still arrive. The other agric. reason was Danish agreement : and now there is talk of Finnish bacon.
- M. We must look beyond '60 if we are to export capital goods to Poland.
- D.E. We shd. be giving the exports to Poland, paid for by Exchequer grants on pigs here.
Demand is inelastic. Home prodⁿ. will rise because of price incentive : Danish bacon is bound to come uncontrolled : must give something to Canada. Poles, given a quota, will fill it : and domestic price will be forced down – with result that Ty. will have to pay £20 M. on guaranteed price. And annoy B. farmers because will reveal their vulnerable posⁿ.
- H.A. Support much of that argument. Offer 13(a) : & begin early to negotiate with Poles on future. Let Canadian obj^{ns}. develop.
- R.A.B. Go no further than 13(a) pro tem. J.H. agrees with that.

Agreed : support 13(a) solution
consider 1961 before any announcement.

1. British Somaliland. [Enter P., M.R., Profumo

P. Resolution was passed before instruct^{ns}. reached Govr. Suggⁿ. now is that rep^{ves}. shd. be invited to come & discuss in Ldn. This has bn. approved – and Govr. will announce it this p.m.
M'while, answers to P.Q.'s – to reassure Ethiopia.

2. Sierra Leone.

P. Delegation coming to discuss 'next constitutional advance' – which must be independence, for they have had all short of that. Contiguous territories of about same size are independent. They cd. be economically viable if they can control illicit diamond trade. (£11 M. p.a. illicit)

K. I accept conclⁿ. in C.P.C. (60) b. Awkward because of viability : but refusal wd. cause trouble in that part of the world.

H.W. Defence agreement – Freetown and overflying – can be simplified.

P. Financial aid £1½ M. p.a. on tapering basis. Need not be more in independence : aim to run them off into financial independence.

H.A. Para 10. Keep to wording agreed with Ty.
On defence – no payment for facilities : quid pro quo for helping with their defence.

P.M. Draw up (C.O., Ty. and M/D.) short memo of directions for conference, for approval. – incldg. ques wtr we shd. give assurances of defence.
Also prospects of iron-ore exports (? to Iscor).

3. Road Programme. [Enter Erroll

E.M. Density of traffic worst in world. Threatened by increased no. of cars – sales continue to rise. Alarming picture. We must have better road – or fewer cars. Hence my p'mme to '64, which can be paid for by users. We shd. start this summer : road work in designated areas or with men from those areas. This wd. require more money this year.

H.A. Admit the problem. Can't give any money this year – or promise any for the future until we have reviewed forward p'mme capital & recurrent. At end/May.
This year : apart from £322 M. increase in Estimates I can foresee £70-80 M. more on Guillebaud, Pilkington, C.S. & Univ. salaries. The existing p'mme represents greatly increased expenditure – £76.5 M increase of 23% over last year. This argument applies to designated areas too – we have allotted as much as we can afford to them already. Anyway local emplt. is small.

H.B. Not in N.W. Wales.

- E.M. Or elsewhere on small jobs.
- J.M. Scotland's special problem. Roads to match increased tourist trade. Using largely local men and materials.
I cd. do £3M. more by way of authorisations (w'out adding to expend^{re} in current year).
As mine is area of higher unemplt., can't I proceed selectively.
- E.M. If Ford's go to Lpl., there will be no road for them.
- H.B. Need for more planning & analysis. Congestion because more cars will be mainly in towns. Only £400 M. is to be spent there, on this plan – £1100 M. on country routes. Is this sense? Is there a proper balance?
Also, do these thro' roads benefit the areas which we shd. make more attractive to industry? Further analysis on that point seems to be needed.
- E.M. Yes because by-pass the towns.
- H.W. Existing p'mme can't proceed at planned rate w'out more money. M/T. will be heavily criticised on that a/c.
- H.B. We met the schools bulge and the houses on borrowing. We can't expect to overcome gap on roads & hospitals out of revenue, as now.
- Hail. Why shd. we pay from revenue because roads do pay dividend – in production etc.,
- P.M. Not an identifiable yield. Why not tolls?
- E.M. Only on bridges. On roads too many points of access – manning wd. be excessive.
- M. Need for roads is as obvious as was the need for houses.
- E.M. In E & W. I cd. spend another £10 M. this year.
- J.M. And £3 M for me.
- H.A. I cdn't authorise any more money this year. We must lose this summer.
- D.E. From now on transport will be more expensive in U.K. than elsewhere because we are more crowded country. Appalling increase of private cars – damage to b/p. because steel, oil, f. holidays etc.,
Shd. we not gear this p'mme more to industrial than to private needs?
- H.W. We have – e.g. by M.1. vice Ldn. to Brighton.
- P.M. We cd. increase taxation for this purpose. But cd. we do this p'mme w'out risk of inflation – save in some parts of the country.

- R.A.B. Politics. H/C. anxiety at present re expenditure. Wish we could develop toll system? Relation of expend^{re} to G.N.P. is what will tell in H/C : is there any hope of giving a satisf. answer on that.
- H.W. a) £50 M. cap. exp^{re} will yield tolls therefore cd. go below line.
b) C. Licence & private cars cd. carry higher tax.
- H.A. Can't do a) without moving Estate Duty below the line. (£230M.)
- D.E. G.N.P. won't wear both cars and roads. Country will have to choose. We ought to consume less and invest more. But we don't.
- M. Increasing use of private cars to go to work. You can't distinguish therefore between industrial & private.
- P.M. i) We must discriminate in favour of designated areas, when it's our policy to expand industry. Can't we isolate these?
ii) Cd. we get ahead with preliminaries to an increase in 1961/62 – so as to be sure that it can be done.
- E.M. L.a.'s wd. be encouraged to buy the land : unwise to do that unless sure we were going ahead.
- H.A. But this cd. be examined.
- E.M. It isn't the bottle-neck, in the main : we have planned, and we are now held up for lack of cash.
- P.M. In analysis, we must give priority to industrial needs.
- D.E. What effect on rlways?
- E.M. Can't tell yet.
- H.A. But clear that we can't do all of what is intended for both roads and rlways.
- E.M. Look at App. C. How can I defend that v. motor interests?
- D.E. We are going to be faced with the ques wtr we shall restrict consumption in order to make more room for investment. By increased saving – compulsory or voluntary.
- P.M. But large Budget surpluses discourage voluntary savings.
- D.E. Pray in aid greater understanding by people of cost to b/p. of more motor transport.
- P.M. In view of Budget can't ask Ch/Ex. to find more money for this year.
x| But i) analyse road needs of new plants in Merseyside etc., and plan ahead for
| that : complete all preliminaries.
- M. But we know already of existing congestion wh. ought to be relieved. This is a motor age – we can't avoid it.

H.B. Progress with i) wd. reduce some existg. congestions.

Agreed : proceed with x/.
Wait for May review.

J.M. Hope tht. in future we can work on 10 yr., vice 4 yr., basis.

1. Nuclear Weapons. [Enter Profumo, M.R.]

P.M. Decⁿ. of Def. Ctt^{ec}. on Blue Streak – prefer to rely on mobile response. Consultⁿ. with Menzies, who has accepted need for decision. Premature disclosure in Press is unfortunate – tho' secret kept until actual day of official announcement. Financial savings during early years. Possible use as launcher for space research : will be investigated in detail.

Approved.

2. Parliament.

R.A.B. Business for week after Recess.

3. Economic Situation. [Enter Erroll, Godber, Perth]

H.A. Introduced both papers – linked C.60 and 61.

F.Erroll. Short-term prospects for exports : no indication yet of any falling-off, but some hope that imports may begin to drop.

D.E. Rate of E.C.D.G. credits? Is it increasing? If so, it represents forward support of b/payments.

F.E. Rising : 2% a year (?).

R.A.B. Banks may have acted, on Budget warning, on redⁿ. of home consumption. How does this affect Ty. attitude?

H.A. Believe mild positive action will be needed – in a month or so. H.p. is still rising. No shock tactics required.

P. Warning re financial needs of Colonies.

[Enter C., Att.G.]

4. Law of the Sea.

K. What do we do if the 6 + phased-out 6 doesn't get necessary majority? Choice may be between b'down of conference or 9 miles t. sea. Views of Dpts. on this. On balance 9 m. wd. be better – tho' unpleasant. because of consid^{ms}. in second part of para. 2. I endorse that.

Att.G. Consequences of b'down may be exaggerated. Not all States wd. declare 12 m. but Ct. mght uphold 6, in cases coming before them. C^d. we get 6 + 6 – if 6 + 6 phased out fails. Why not try that?

J.M. V. diff. to defend this as a U.K. initiative

- H.W. C.O.S. assume i) continuance of innocent passage ii) b'down means anarchy with most people going to 12. They wd. take a diff. view if Att.G.'s view of consequences of b'down is correct.
- P.M. Order of preference : 6 + 6 phased out : 6 + 6 : 9.?
- R.A.B. Danger of weakening argument fr. precedent in Int. Court.
- Hail. Don't vote for anything which will be lost.

1. Parliament.

[Enter M.R., Att.G.]

P.M. Debate on Censure Motion – by agreement betwn. Front Benches will last only 3 hours. Better that Opposition shd. closure it – move it, tho' we wdn't approve it. It is Opposition who wish to avoid long debate which mght disclose differences in their ranks.

R.A.B. Usual to have a time limit for Censure Motion, in order to keep a House.

D.S. W^d. prefer to get this clear at beginning of debate.

P.M. We shd. not appear to be accessories to Oppⁿ. desire to avoid a wider debate.

R.A.B. Aim at a division not later than 8. p.m.

P.M. If they propose closure, we had better vote for it.

R.A.B. We can't guarantee access to H/C. on day of Princess M.'s wedding. We had better therefore concede that H/C. shd. not meet.

P.M. May look churlish not to meet. Atmosphere is not so good.

2. Foreign Affairs.

a) Disarmament.

S.Ll. In bad propaganda posⁿ. Tho' initial plan tabled, we have made no further initiative. Now agreed to table a paper on principles and another on (?) time-table. This will adjourn before Summit.
Nuclear Tests Conference will continue thro' Summit. Not much progress likely before then.
W'ton prep^{ns}. for Summit went well.

b) Europe.

S.Ll. In W'ton point was pressed tht. we haven't proved tht. we shall be damaged by acceleration. A more convincing presentation of our case is urgently needed.

H.A. V. diff. to produce a net figure. Trying to get Fr. and U.K. officials to prepare an agreed statement.

P.M. That wd be v. helpful.

* W^d. like to mention this in a reply to de Gaulle.

c) Cyprus.

Latest telegram suggests agreement reached on bases.

But Makarios is eroding his own position – which is alarming for the future.

d) Missiles: European Co-operation.

H.W. European I.R.B.M. U.S. offer : sell Polaris & you provide logistics : or we will help to promote European manufacture. Second alternative (objectionable to us) is not going well : U.S. is pressing first. No European enthusiasm.

D.S. Disc^{ns}. re co-opⁿ. in aircraft production. Good progress with French. Then Germans were anxious to come in. Vertical take-off : and electronic/radar environment. Mtg. soon to clinch a tripartite plan of procedure. F & G. also interested in B. Streak for space.

3. Civil Aviation: European Air Traffic Control. [Enter G.W.]

D.S. Previously approved in principle.
Para. 3. approve not sign.
Another example of somethg we can do in Europe, & brks. across division of Six & Seven. Switz. and Scand. mght come in.
Opportunity to sell our equipment.

H.A. No opposⁿ. : but hope ultimately there will be charges for use of equipment & services.

S.Ll. Support.

G.W. Content – subject to amendments of convention to match technical needs.
[Exit G.W., Att.G.]

4. House of Commons : Members Fund.

R.A.B. If we resist this, we may increase pressure for M.P.'s pensions.

H.A. They are led away by their brokers' advice. Think they can get 85% into equities. Unwise. Also, shd. we push M.P.'s ahead of our general legⁿ. – privileged posⁿ. cdn't easily be defended.

H. Charities governed by R. Charter have bn. allowed to extend investment in non-trustee stocks.

R.A.B. Ready to see them – persuade them to wait : it H.A. will join me.

5. Education : Salaries of University Staff.

H.A. Last increase Aug. '57. And that was post dated from a decⁿ. in March. This is a grievance. Also Burnham award (covering analogous people in techn. schools & colleges) was effective from October. Distinction between improvement (as is this) & re-assessments (C. Service, Pilkington, etc.,) But awkward tht. C. Service awards (executive & admin^{'ve}.) will carry heavy retrospection.

Ques for judgement is degree of hostility of Univ. staffs if we give no retrospⁿ. U.G.C. think there will – unless we go back to date of Burnham award (Oct. 59). Compromises wd. be 1/1 – comparable to doctors. W^d. be add^l. embarrassment if we don't go at least to 1/1 because Universities contain medical element.

D.E. Fr. Dpl. angle I don't want retrospⁿ. For I have vacancies on staffs of higher technology colleges – & I compete with Universities in filling these. New scales will make it harder. Under Burnham no retrospⁿ. is allowed. Retrospⁿ. here therefore wd. be dangerous if it stimulated demand for it from teachers.

R.A.B. Strong case for retrospⁿ. on merits.

M. No stronger than in any wage negotⁿ. which takes a long time to settle.

J.M. Sc. teachers wd. pick this up – esp. if it went beyond 1/1.

E.H. No strong argument on merits – extends retrospⁿ. to new profession. 1/4 wd. be just : and doubt if it wd. cause much resentment.

R.A.B. Dissent. UGC. have held them off – and now need encouragement.

P.M. 1/1 wd. be a sensible compromise.

H.A. I wd. accept that.

P.M. Prs. in all circs. it wd. be better not to base ourselves on principle at all – and offer 1/1 retrospection.

M. In that event make it clear we are against retrospⁿ. in future.

Agreed : retrospective to 1st Jan.

6. Economic Situation.

H.A. Bank advances continue to rise. Time therefore to put into opⁿ. a modest element of control, by scheme of special deposits worked out. Accompanied by modest element of h.p. control.

Mtg. of Ministers to-morrow. Announcement on Thursday.

1. Parliament. [Enter M.R., Profumo.

R.A.B. Business for next week.
Simonds' Rpt. on powers of professional tribunals : have reported that these have in any event powers of sub-poena at common law. But that comes thro' High Ct ; and that is a safeguard. Rpt. not yet available. Bill cd. be amended in H/Lds. Propose therefore to allow it to proceed.
Bookmakers' levy. Hope we can go on with it : good deal of support on both sides. But can't get it into this because Ctt^{cc}. haven't worked out a plan for it. May have to add it later.

P.M. Bring in a Bill at end/summer, to show we mean business, even tho' it can't pass.

R.A.B. Maloney Report. Oil-heaters etc., Propose to build on Nabarro's Bill for those : and leave over electrical appliances etc., on which a scheme hasn't yet bn. completed.

2. Nuclear Tests.

P.M. As in memo.
We will not embark on this p'mme – or plan more than provisional orders – until we know that Soviet Govt. will play on a co-ordinated basis. Things are going slowly at Geneva. At Summit we shall see what are real prospects of agreement on n. tests : the 3 big ques (moratorium period, composⁿ. of control Ctt^{cc}., no. of on-site insp^{ns}.).

H.A. No objⁿ. on financial grounds.

P.M. Para 8(ii). We cd. make enquiries, but no firm contracts.

D.S. i) can we associate other Commonwealth countries.
ii) can we improve our knowledge of earthquake detection in Canada alone.

[Enter C., Att.G.

3. Law of the Sea.

J.H. Thanks to Dpts. – and Fitzmaurice.
(i) Can we exploit our near-success? Not within U.N. But cd. we pursue U.S. suggⁿ. of agreement between the 54 – to observe the new system. Dpts. must consider implications of doing so : and also means of doing it. Little goodwill for U.S. : U.K. mght convene a conference, or float a convention. If we went along that line, we wd. have to move quickly.
(ii) What about Iceland? Our gesture to w'draw from I. waters was v. helpful at conference. Our chaps have disciplined their people v. well. Mtg. to-morrow is bound to decide tht. they will go back to fish – but not w'in 12 mile limit. They have asked for naval succour outside that limit – medical attentⁿ., repairs etc., because they daren't go into I. ports. Danger of appearing tacitly to recognise the 12-mile limit.

- (iii) Statement in H/C. Necessary – to present initial move twds. agreement with Iceland.
- Att.G. Doubtful about i). Effect on Conference on Int. Ct. wd. be to favour 6 mile territorial sea. Conventions wdn't help us with those claiming more. On fishing, we shd. be accepting phasing out – a big price to pay. Won't secure stability on t. sea.
- P.M. How wd. cases come to Int. Ct?
- Att.G. Dispute between States parties to it. But Iceland is not a party.
- J.H. The other argument is that, if we don't get them bound by a convention, several countries which wd. adhere to it now will move twds. 12.
- P.M. * Agreed: pros and cons shd. be quickly studied: by Dpts. and Att.Genl. Ministerial Ctt^{ee}. to consider and report to P.M.
- Att.G. On (ii) suggested a revised version of final para. of draft statement.
- J.P. Too threatening. Add : “as an earnest of our goodwill.”
- C. Can send 3 ships up. under inst^{ns}. which make it plain that, while not patrolling w'in 12 miles, they must assist trawlers in diff^{ies}. betwn. 4 and 12.
[Exit C. and Att.G.]

4. India Office Library.

- H. I and P have now got together, – we can't avoid facing the issue. My plan wd. be to transfer ownership to a Trust, incldg. rep^{ves}. of all 3 countries. Official records wd. have to remain property of P.R.O., tho' physically remaining in Library.
Hopes of a free site near Ldn. University. Some money requ^d. for bldg. W^d. wish to explore with I. & P. while P.M.M. is on.
- R.A.B. Support this solution.
- H.A. Costs £30-50.000 p.a. now. C^d. we not consider other alternatives – e.g. B.M. or P.R.O. – before we go for a Trust, which must involve a new bldg.
- H. Ready to have finance examined. All I would want to get agreement
x/ on at present is Trust, undivided and in U.K.
Scarborough may be able to re-assure Ty. on cost.
- P.M. Can we not do x/ now. Leave finance etc., to be arranged in a scheme.
- R.A.B. Money might also come from Pilgrim or Wolfson Trust.
- D.E. C^d. we amalgamate the Indian Collectⁿ. of V. and A., which is v. badly housed.

Agreed on x/ – H.A. reserving his posⁿ.

5. Southern Rhodesia.

- H. Outlined course of discussions with Whitehead. He proposes a Second Chamber 50% Africans which wd. be effective safeguard – or cd. be made so after amendment. Needs more work.
W. is trying to secure S.R. posⁿ. before Federal review begins. This wd. upset some members of Monckton Commⁿ.
Think we cd. get agreement by end/year. But W. asks for agreement in principle now & threatens otherwise to seek Dissolution. An Election there at present time wd. be dangerous to M. Commⁿ. & to review. Parties mght ask for mandate for secession. But equally dangerous for us to say now we have agreed in principle.
Hence draft statement. It won't satisfy him. But best we can do.
- I.M. Agree with this analysis. W. is concerned to win next Election. We can't know wtr he will have an Election. Agree we shd. offer this draft.
V. big issues behind this. Secession, if demanded by S.R., cdn't be denied to Nyasaland.
- R.A.B. W. has seen me. He will press for acceptance in principle. Can we indicate we accept need for change? He wants to be able to assure his people that constitution wdn't be imposed on them from outside.
- I.M. Then you will run greater danger of upsetting African opinion.
Draft statement approved, with amendments.

6. Commercial Policy. [Enter W.S.]

a) Horticulture : Tomatoes.

- H.A. Strong economic arguments against increase. But agree that political considerations outweigh these.
- J.H. Offl. Ctt^{ee}., w'out taking pol. consider^{ns}. into a/c., adduced many arguments for increased tariff. Pol. diff^{ies}. are even more compelling. Words of manifesto : this will be regarded as test of our sincerity. Pressures from responsible sections of agricultural lobby. Hard for me to defend adverse decision in H/C.
Doubt if Dutch will be surprised : I have warned their M/Agriculture, reminding him of our political pledges. He ended by saying tht., if we did raise tariff, the 2 industries must get together. I wd.welcome that – a minimum price scheme.
- J.P. S.Ll. feels this will prejudice our rel^{ns}. with Dutch, who are our best friends among the Six. They will read it to mean tht. we are putting our own industry above our attempts to find accommⁿ. with Europe economically.
- R.M. The industry shd. adapt itself to modern cond^{ns}. Will hamper us in objecting to raising of industrial tariffs.

- W.S. Any recommⁿ. fr. Tariff Ctt^{ee}. is strong because they operate fr. free-trade outlook.
Industry cant adjust save under tariff protection.
Europeans are not above using pol. arguments for their actions. Dutch wd. understand a pol. argument from us.
- H.W. Depression in farming industry.
- I.M. Can't reject this & still m'tain tht. the tariff is our main weapon for horticulture.
- D.E. Don't believe our horticulture can survive on tariff protⁿ. alone. We shall have to go over to managed markets. But do this now.
- E.H. Increase c/living. Featherbeds an inefficient industry. If we do this now, we ought to resolve problems of industry – which is v. patchy.
- R.A.B. Unrest in Party is due mainly to farmers & horticulture.
Do this – but try for more radical approach.
- P.M. a) Will 7 protest?
- J.H. No : too cold to grow tomatoes.
- P.M. b) Eventually we shall have to make a deal with Europe over economics. Then, on some aspects of agriculture, we shall have to go for managed markets. Luckily, over whole field, we are buyers of food ; & can therefore make a deal.
- Agreed : no undertaking to review after 3 years. Tariffs always subject to review.
- Agreed : give extra 1^d. for the 2 weeks.
- Agreed : short notice to G.A.T.T. can be accepted.
- M. Need for some alternative solution – fresh policy.
- J.H. Agree : would like to try.
- Agreed : Take initiative in following up what Dutch Minister said.
- b) Pigmeat.
- Leave Canadian quota as it stands.
Poland : this year 44.250. For next year, 48,500 t. from 1/7/60.
- [J.H. Don't give them a run until end 61. We shd. be in diff^y. in second half of '61, when our pig prodⁿ. will be up.]
- J.P. Now that Canadian supplies have not come in, S.Ll. wd. wish to give a long-run offer to Poland. Danes won't complain because their exports to us have bn. up by 6.000 t. p.m.

- J.H. Must be able to tell our people there has bn. some cut in Polish quota.
- D.S. We have lost an order for Viscounts : but still some chance of exports if reasonable rel^{ns}. can be restored.
- R.M. V. strong arguments on exports generally. Main need is to give Poland a long period over which to plan.
- P.M. Direct effect here on our exports. Can't we offer Poles a minimum figure for longer period, viz., not less than x.
- D.E. Dangerous policy for our pig prodⁿ. Small surplus has large effect on price. These imports will drive down price & our subsidy will be driven up. We can't increase pig prices at home, and increase imports from Denmark, Poland & Canada.
- R.M. If price falls, Danes will hold off.
- R.M. Then try 48.000 t. for 12 months from 1/7.
Alternatively, if they are keener on period, try x/(46.000).
Find out which is the more important to them.
- J.H. Accept : but repeat warning re pigs in 1961.

1. Law of the Sea.

[Enter C., Att.G., M.R.]

P.M.

Canadians are to confer to-day.

J.H.

Two Ministerial mtgs. Can we rescue something from Geneva – and get law vice chaos. Ques : how many wd. join. C., save India : some L. Americans and Asians. Simultaneously, diff. ques in relⁿ. to Iceland & fishing in N. Atlantic. Fishermen are trying to trap R.N. into supporting them w'in the 12 miles. Norway also mght be restrained from declaring 12 mile limit.

Settlement with I. cd. more easily be reached w'in framework of a Regional agreement.

I therefore favour i) pressing for multilateral convention ii) fishing agreement for N. Atlantic – region.

Fishing industry have promised to meet me next Thursday.

P.M.

Att.G. agrees with proposal for Regional agreement. Genl. support for that.

Att.G.

Convention. We may weaken effect of 54 vote. Better stand on Geneva results. Quite a few who voted for that resolⁿ. wd. not sign Convention. That wd. mean that these were seen to resile : & this wd. encourage 12-milers. They might get 40 or so to sign a 12-mile convention. That wd. nullify the success at Geneva. We can nothg. by it wh. cd. not be gained thro' regional fishery disc^{ns}. Regional approach mght give 12 m. fishing for Canada & Norway – & boxes elsewhere.

Mistake to try both at once – one wd. embarrass the other. Better tht. fishing disc^{ns}. shd. concentrate on fish, w'out distraction of t. limits.

K.

True we have 54 us now. But rapid defection is likely if nothing is done. And at Ct., value of the vote wd. be lessened if several of them went over to 12 miles. This is a real danger : value of vote being dissipated.

Recommend therefore we at once explore likelihood of getting support for convention.

What convention wd. we favour? (C.) Three cond^{ns}. i) not less than 40, ii) well distributed iii) shd. include critical areas.

Effect on concentratg. on fishing & ignoring t. sea. Att.G. prefers that. Offls. however think no action on t. sea wd. imply tht. we attach less importance to width of t sea & this wd. encourage 12-milers.

Majority of Ctt^{ec}. therefore favoured action twds. convention on 3 cond^{ns}. above.

S.Ll.

Talks with I. & N. at Istamboul. We must take immediate action re N. Atlantic. N. will press for 12 m. – opinion pushing Govt.

Remainder not heard

[Exit C., Att.G.]

2. Mtg. of Commonwealth P.M.'s.

H.

S.A. argue tht. racial policy is internal & therefore out of order. New Doms. because of multi-racial character of C. feel mtg. must deal with issue in some

way. Got over 1st. hurdle on 1st. day – agreement on private informal disc^{ns}. Louw agreed to give informⁿ. & answer ques. This mght have held posⁿ. to final communiqué. But Louw was intransigent in private talks : & Tunku was resolved to play it up.

Y'day's clash. Glossed over.

We now are likely to be urged to make some sort of declⁿ. Positive : in favour of m. racial Comm : negative : deploring Union policy : or even a code of human rights. Must therefore weigh formulae. Also estimate L.'s re-action : he mght walk out. (Even so, doubt if V. wd. take Union out of C.)

Another hurdle. L.'s instr^{ns}. to raise republican issue. Affirmative answer wd. help V. in his referendum. Doubt if P.M.'s wd. do more than take note.

Most P.M.'s recognise damage to 9 m. Africans in S.A. if Union were expelled from C. But tempers are running v. high. L. is difficult.

May get thro' if we can annex to communiqué some declⁿ. on multi-racial nature of C. Even so, diff^y. over republican issue.

- K. Republican. Swart's statement in '55: not to be taken for granted : each applⁿ. on merits. C^d. it be conveyed to L. tht. on this basis it shd. be left until results of referendums are known.
- H. Avoid giving other Doms. ques : wd. you welcome them in advance. They will quote Ceylon – tho' there it was after an Election.
- P.M. On republican issue, countries v. S.A. are on weak ground. Opportunity for re-election is v. dangerous. Assent gives V. a gt. pol. advantage. What is our interest? To keep S.A. w'in Commonwealth – for their Govt. and policies may change – and large B. popⁿ. and interests of Africans.
- I.M. Unless we find formula on race rel^{ns}., P.M.'s won't look at resolⁿ. on republic. We want to keep S.A. in. V. wants resolⁿ. on republic. Can we trade that v. m-racial resolⁿ. on C.
- H.A. Support that approach.
- H. He won't endorse a racial resolⁿ. : he mght wear a separate & simultaneous declaration.
- P.M. C^d. we persuade L., in present temper, not to raise republican issue.
- R.A.B. H/C. Oppⁿ. want declⁿ. of human rights. Can't get that. Can we have a declⁿ. which all save Louw will support?
- D.E. Things are moving now in S.A. There may be change of policy.
- P.M. Then we shd. let it move. Don't be provocative.

3. Africa : Economic Aid.

- H. Pol. advantages : for S.E.A. Col. Plan was relatively cheap for us. C^d. we at least examine it. But will there be enough support for it?

- H.A. Dangers. If small, wd. be a flop. If large, & Commonwealth venture, we shd be expected to do more than we can.
Sh^d. have to make it plain tht. we cd. do no more than programmed. What cd. we get from others – £5 M. over 5 yrs? Little reality in it then.
Most we cd. do wd. be to remit it for study to C. Ctt^{ce}. – after soundings to see wtr A & C. wd. give any support.
V. rash to blow it up big before it's bn. examined.
- H. C^d. we do better by raising it at Summit. We want much more money than we cd. find w'in Commonwealth.
- H.A. Help to I & P. mobilised thro' Bank. Gap to be filled fr. overseas is "2.600 M over 5 yrs.
When cd. you get anything on this scale for Africa?
Better to go thro' Bank.
- Hail. Found it on wider basis – if you want to get more.
- P.M. Steer C. contⁿ. into men vice money?