

CAB 195/14

C A B I N E T

M I N U T E S

C.M.(55)20th Meeting – C.M.(56)36th

Meeting

[Enter Att.G. B.H., J.T., R.

1. Leakages of Information.

P.M. Leakages : Simonstown, Javelin aircraft. Ministers, incldg Juniors, have contacts with Press : they must be careful.
Will Ministers speak suitably to Junior Ministers.

2. H/Commons Disqualification.

H.C. Sir R. Jennings : public auditor under Fr. Societies Act : ever since elected to H/C. in 1939. Indemnity Bill will be needed – after Sel. Ctt^{ee}.

Att.G. Appt^d. by Ty., who are empowered to pay – tho' Societies pay in fact.

3. Admiral Hughes-Hallett : Retired Pay.

J.T. Admiral was misled. He wd. have suffered political damage if he had w'drawn at last moment.
As some time has elapsed, hope Cab. will consider a) or b).

A.E. I wd. prefer to allow law to take its course. Won't there be political trouble?

R.A.B. Don't like it. But mistake was made. Worth trying to settle out of court.

Att.G. Admiral wd. be. well advised to settle on 50% basis. That wd. be a proper settlement from our angle. We cd. say we were prep^d. to go to arbitⁿ. but offer to settle.

W.M. Normal kind of offer when it's doubtful how the case wd. go in law. Reputable firm of solrs., who wd. be ready to settle.

S.Ll. Arbitrator wd. be protⁿ. for Govt., if controversy later.

O.P. W^d. favour paying in full : we do when officials leave given wrong advice.

Att.G. Adml. cd. have checked it, in publ^d. books, or by reference to Finance Branch.

R.A.B. x/ He cd. have w'drawn candidature if he had needed the money.

S. Dislike arbitⁿ. : undignified.
I support x/. His is an odd attitude.

- J.S. In public hearing, sympathy wd. be with Admiral because of Adm^y. mistake.
- S. He cd. have had the money, if he had chosen.
- R.A.B. Go for 50% settlement : if that fails, let him sue. Don't like arbitⁿ.
- D.S. y/ Arbitⁿ. wd. be protection to Govt.
- Att.G. Argument for settling is that it avoids costs, wh. might be out of all propⁿ. to sums at stake.
Try for 50% settlement. If that fails, let him suggest arbitⁿ. or action.
- S.Ll. Support y/.
- W.M. Can we wait to get K.'s view?
- Att.G. Solrs. are getting restive.
- W. W^d. prefer to have authority to pay – hence favour abitⁿ.
- W.M. L.O. formal opinion is an authority.
- Agreed : Resume discⁿ. when K. is back.
- [Exist J.T., Att.G.
[Enter I. Macl.
4. Social Services.
- RAB. We have bn. living on N.I. Fund. Can't go on with that for long. Must know where we are going.
- D.S. Cab. decided tht. housing subsidy shd. be reduced. Can we p'pone increase of interest on Public Works Loans. Increase will provoke demands for increased subsidy. Don't want to agree now v. not increasing it, & then come fwd. later with difft. arguments for reducg it.
- R.A.B. Want to get it into line with market. But will discuss with M/H. & come back to Cab. if we disagree.
- J.S. Wish to be consulted by D.S. before proposals formulated.
- O.P. Comparison with g.n.p. Is that valid? Exp're on physical things comes out of g.n.p. But transfer paymts have v. little effect on productivity. May out-run our taxable capacity : but that's not same as productivity. If prices continue to rise, we shall have to adjust social service benefits : for can't have increasg disparity betwn. wage-earners & fixed-income groups.

In debate on 4/6 my Dpt. was auth^d. to promise this in relⁿ. to pension-increase groups.

D.E. Review on “existing policy.” We haven’t got one, on educⁿ., over 5 yrs. E.g. what assumpt^{ns}. do we make on reducg. size of classes or expandg. technical educⁿ. I am framing policy proposals now. Ty. can’t make “review” while these are un-decided. Discⁿ. is needed first on assumptions.

I. Mac. Same goes for me.
Percentage attributed to social services has dropped since we were in office.
W^d. want opportunity to discuss policy with R.A.B. I can’t see ahead for 5 years.

R.A.B. Last sentence in para 2. can’t be denied.
But agree we can’t have survey w’out consultⁿ. with Dpts or w’out review of assumpt^{ns}. But get cost on existg. policy first. May I get this going inter-departmentally.

A.E. Some of this exp^{’te}. is remunerative.
Survey won’t commit us to decisions.

H.C. Avoid any publicity.

[Exit I. Mac.]

5. Malta.

A.L.B. Revised draft statement – submitted.

H. Hope conference will explore other possibilities, wh. might apply to other Colonies. Hope we may consider t. of r. later.

A.E. At equal taxation, other Colonies won’t want it – save prs. Gib.

S.Ll. What happens at end? Labour Member will support. Tories will split. Govt decision will turn on how Tories split. Ultimate posⁿ. of Govt. may be more difficult. Mght be easier for Govt. to decide now.

R.A.B. Round-table procedure is controlled by Govt. They can guide & influence. Better therefore than Joint Sel. Ctt^{ee}. Can’t settle this w’out any enquiry.

O.P. We can’t apply our social services in Malta. Conf^{ee}. shd. take into a/c the financial & admin^{ve}. implications.

A.L.B. Nothing in this announcement to stop this.

P.M. Read minute from H.M.

R.A.B. Best way out of a v. diff. pol. situation.

J.S. Consult leaders of Oppⁿ. Parties before announcemt. made.

P.M. Yes.

Announce – Thursday. Wednesday.

A.L.B. This will give me chance of warning Olivier, on Wed. a.m.

[Enter B.C.]

6. Industrial Disputes.

W.M. Are setting up enquiry into working of Dock Labour Scheme.
Must ask T.G.W.U. to put their house in order on Merseyside. This is not the end of trouble there.
One good effect : last 3 strikes have gained nothing for workers which cdn't have bn. gained w'out strikes.
Stevedores on Merseyside may go for another break-away Union.

[Exit B.C.]

7. M^{rs}. Nunn May : Grant of Br. Passport.

R. Congress decision will be taken by 18/7.

P.M. Why can't she be interviewed?

W.M. Rumour that his work may come to end in autumn.

L.I.G. They cd. leave w'out ppts.

S. Must stall until 18/7.

P.M. Wait until after 18/7. Then have her interviewed – to form judgmt. on her intentions. Then report to Cabinet.

8. Register of Electors.

J.S. Experts in Scotland think it unnecessary.

P.M. Seems less important now tht. we have proved we can win an election in summer.

W. No need for it.

Agreed : no action.

9. Monopolies.

P.T. Indicated proposed answer to P.Q.

[Enter B.H.]

1. Cyprus.

(a). Visit by S. of S.

- A.L.B. Wish to visit – to support morale, not for disc^{ns}. in advance of conference. Intend to go this week-end.
- P.M. Let it be known purposes are not related to conference – e.g. developmt. plans, for which he had planned to visit Cyprus earlier.
- H.M. Are you, or are you not, going to see local leaders?
- A.L.B. Have sought Govr's view on this. I wdn't exclude possibility of seeing Archbishop on neutral ground.
- H.M. Don't increase his power – doubt if Gks. are pleased with him. Tho' don't snub him if Govr. makes conv. opportunity to meet him & he comes to Govt. House.
- H.M. Greek acceptance is satisf.
- A.E. Except denial that Turks are concerned at all with Cyprus.
- H.M. But, in press releases, Gks. admit T. concern with minorities. It's on Treaties, they say, T. are excluded.
- P.M. Not impⁿ. I go from telegram.
- A.L.B. I wd. be disposed to see Archbishop only if he asks to see me. W^d. announce tht. I was going, not for constit^l. matters, but for develop^{mt}. plan : and decline to discuss constit^l. ques.
- P.M. Then they will complain : they are excluded fr. conference.
- A.L.B. But they can talk to Govr. – invitation remains open. Better prs. announcement what I am going for, not mention the negative. Say for “economic development and admin^{ve}. ques”.
- H.C. No one will believe it's for those purposes – given announcemt. of conference.
- A.L.B. Want to talk to Govr. re EOKA – as well as boost morale. New law can be deferred until 12 or 13 July – after my visit. Want to discuss with him wtr it is still necessary. I cd. say tht. therefore longer tour starting 23/7 this is my only opportunity to visit Cyprus.

- P.M. If you go, you must see Archb. if [he offers] a reasonable way of meeting can be arranged.
- H.M. Say you were going for discⁿ. with Govr. & Ex. Council Econ. developmt.
- (b). Emergency Law.
- A.L.B. W'spread ev^{ce}. of conspiracy. Some arrested. Some may not be convicted because disclosure of sources of informⁿ. Need for special powers to detain them. Don't want a declⁿ. of "emergency". Suggested instead a special law, limited to this one purpose. Govr. has accepted this suggⁿ. I will suggest some improvemts in his scheme. Now less urgent because those in custody are likely to be remanded to 12 or 13/7. Hope Cab. will authorise this if I'm satisfied tht. there is ev^{ce}. in support of belief tht. there is conspiracy to murder. 10 arrested : Govr. wants to arrest 40 more. This is aimed at terrorism, not Enosis.
- P.M. Total of 50 is a little disturbing.
- H.M. When law is introduced, I will inform Gk. Govr. – giving reasons, viz., we must m'tain law and order.
- P.M. A.L.B. shd. form view wtr this is necessary now situation is calmer.
- K. Is there already power to arrest for possⁿ. of arms or explosives?
- ALB. Yes. It is organisers they now want to arrest. But I do want to satisfy myself on need and on timing.
- P.M. Hope Govr. will realise posⁿ. has bn. changed by accept^{ce}. of G & T. to come to conference.
- Bring up again at Tuesday's Cabinet.
We shd. aim at avoiding this action at present time.
- K. C^d. Govr. not at least omit ref^{ce}. to "overthrowing constitⁿ." and rely on "force or violence". Easier to defend if limited to violence & not extending to revolutionary propaganda.
- [Enter G.Ll.]
2. Parliament.
- H.C. Coal Prices. Sh^d. G.Ll. tell 1922 Ctt^{ee}.?
- G.Ll. Have expl^d. to F & Power Ctt^{ee}. It went reasonably well. Is it necessary to tell 1922 Cttee^{ee}. as well? I favour it : to give a lead to

Party as a whole. Prices go up to-morrow. Debate is likely in week after next.

Agreed : unnecessary.

H.C. Business for next week.
Debate on Monopolies : 13/7.

Try for general debate non-committal in character. On motion talking note of Rpt.

P.T. It shd. be on our motion. We shd. open.
Posⁿ. isn't easy. Party, w'out lead, is divided.
Two courses a) Give them a lead & aim at unity
b) Say it's complicated & we haven't made up our minds.
If we follow b) a united Oppⁿ. will seize initiative, & keep it, on monopolies.
Propose therefore to tell Trade & Industry Grp. on Tues. what our line is. expediency demands tht. we take a course between majority & minority reports. And I believe that is best course on merits.

P.M. Circulate before week-end summary of your line & let us consider at Tuesday's Cabinet.

R.A.B. Is it as easy as this? Re-sale price m'tenance is v. difficult. Believe we may have to fall back on b).

K. C^d. we not get more time – even a week would help.

H.C. Oppⁿ. wdn't accept delay.

P.T. Confident I can get 90% of T. & I Group behind a Govt. line, by Wed^y.
Will consult some colleagues before week-end. Can devise a motion which Party will support.

P.T. We must lead off. Must therefore be our day.

B.H. I can try Oppⁿ. with firm promise of debate a week later } Agreed.
If that fails, announce debate on 13/7 on Govt. motion }

H.C. Adjourn 28/7. [Exit G.Ll.

3. Foreign Affairs.

H.M. Conference with G & T. M/D. and M/State, Colonies. Mid/August.

Saar Agreement. Risk that Saar people may throw it out. Appt^{mt}. of Commr. Propose to keep out of this (suggesting a name) until referendum is through.

P.M. Warn Germans of risk. No nonsense over this.

H.M. I will suggest that to H Millar.

Council of Europe.

H.M. Minor Europeans showg. signs of weakness because of change in R. attitude. I put in a word of caution v. throwg. away our defences. R. peace propaganda is a bit dangerous.

P.M. NATO., Anglo/U.S. friendship, German unity : these are the 3 things we don't give up. Wise to nail these before going into Mtg. Some people in U.K. may think this too stiff.

[Enter B.C.]

4. Road Haulage Disposals.

B.C. As in memo.

RAB. Don't put up S. 4 again.

A.L.B. Support that. If we stopped all sales, w'out warning, we shd. be open to criticism tht. small men wd. have come along if they had known. Doubts : a) F.B.I. case is strong.
b) People have bought in belief tht. they wd. not have competⁿ. from B.T.C.
But compromise betwn. d) and e) in memo. is best course.

J.S. Can we give an assurance on b)?

P.T. They can't expect to escape competⁿ. They wd. have faced competⁿ. fr. trunk services in private hands.

K. Agree.

D.E. Not worried on that. B.T.C. competⁿ. is less of a threat because less competent!

W.M. Small packets unpopular with Unions therefore more diff. to organise workers.

B.C. There shd. be disc^{ns}. with Party and with outside interests. Diff. to complete these before debate next week. Will stall in debate. Will send RAB & H.C. a note of what I would propose to say – indicatg. a line we are likely to follow. Some of debate will be on rlwys.

Authorised announcement before end/July. Text to be submitted to P.M.

[Enter J.T., Att.G

5. Admiral Hughes-Hallett.

- K. No ques of raising rate of pension. Ques of damages v. Onslow.
- i) Was he in fiduciary posⁿ. I don't believe he was. Don't think claim wd. succeed on that point.
 - ii) C^d. he have w'drawn candidature? Yes – tho' with some political loss. He cd. therefore have minimised his damage.
 - iii) He complains of losing in pension an annual sum much less than his Parl^y. remuneration in a v. safe Cons. seat. Not therefore much of a claim.

I advise we contest the action. If it looks worse when pleadings are complete, we can pay into court with denial of liability or consider going to arbitⁿ. We needn't decide that now. If we allow action to be opened, we shall avoid suggⁿ. of appearing to try to hush it up.

J.T. Dislike prospect of Onslow's being dragged thro' the courts.

W.M. Support K's conclusion.

Att.G. I agree tht. Adml. wdn't succeed short of H/Lords.

Agree : let him go to law, if he will.

[Exit J.T., Att.G.

6. Housing Subsidies.

R.A.B. L.a's are going from market to P.W.L. Bd. We must raise rate. And next week.
Subsidy ques must come up later for Cab. decⁿ.

D.S. What do I say in reply to P.Q.'s which will be asked at once – will housing subsidy be raised in consequence? W^d. wish, in reply, to begin to prepare ground for reduction. E.g. to indicate tht. whole ques is under review. W^d. stimulate public discⁿ. which wd. be helpful.

J.S. Useful for l.a.'s to realise tht. P.W.L. rates can vary w'out consequential changes in subsidies.

D.S. Shall need to discuss with l.a. assoc^{ns}. Want therefore to indicate tht. there is review procdg.
Reduction will be only on new houses. Change will be gradual. Tho' political diff^{ies}. are considerable.

R.A.B. Say that it is always under review.

- D.S. Will submit memo. – for Thursday next.
- H.M. Strike note of re-direction vice reduction.
- D.S. Diff. because no increase on any part of field.

[Enter B.H.]

1. Atomic Energy : Statement by Scientists.

P.M. B. Russell has written askg. me to give public expⁿ. of my views. U.S., who were concerned in advance, were relieved at statement wh. emerged.
Read draft reply. Welcome recognⁿ. tht. it is war, not at. weapons, that shd. be outlawed : this is in line with Govt. policy.

Sal. Annual conf^{ce}. of Parliamentarians in Aug. Invited Minister to give welcoming address on this ques. Have told W. Elliot this wd. be mistake : but promised to send message.

2. European Fund : Diplomatic Immunity.

H.M. As in memo.

R.A.B. Doubt if there will be any “branch” in U.K.

H.C. Then do we need to have Order – if it’s academic.

H.M. Make provⁿ. in agreement. Consider later wtr Order is needed. Approve 4(b) – but only when we know its required.

[Enter B.C., G.LI.]

3. Economic Situation.

R.A.B. E.P.C. minutes. Reserves : as in Appendix.
Fundamental sitⁿ. : no grave deterioration. Due to increased imports caused by prosperity + coal imports. Classical diff^y. for Br. economy : effect of inflationary condⁿ. on b/p. Aggravated by strikes as shown by June trade figures. Diff^y. in controllg. our costs because wage increases.
This sitⁿ. cd. be held for 12 mos. – if it didn’t cause confidence failure. But latter mght cause a run. And, on merits, want /surplus/ more reserves for overseas investment.
Rumours (Fin. Times) re our intent^{ns}. on currency. Arise fr. Paris disc^{ns}. on multi-lateral clearing system. Too much talk in banking circles.
Must therefore “handle” situation. Methods –
i) Credit restriction. We are tightening this up – thro’ Banks. Diffy = operating it v. gt. flood of expansion. Prodⁿ. rising & emplt. is brimful. But Banks think it will produce effect. They want Govt. support, in public, for this policy – in statement before Parlt rises.
ii) banks are indignant tht. same policy has not be applied to public sector. Want annoucement. tht. investment p’mmes in this

- sector are being slowed down. Think we can do this, after consultⁿ. with Dpts. Nat^d. industries.
- iii) Govt. & l.a. expenditure. Wish here also to indicate slowing down. W^d. affect e.g. roads p'mme.
 - iv) H.P. on motor cars. 25% deposit + 2 years. But increased sales, none the less. W^d. sooner tighten h.p. than increase p. tax. 64% increase June 54/55 in h.p. sales. Motor cycles & cycles similarly. W^d. wish discuss this with B/T.
 - v) If foregoing isn't enough, we may have to consider other measures.
Must we launch direct attack on consumer expenditure?
Simplest, shock treatment, wd. be to rumour bread subsidy. We shd. consider it. W^d. like to discuss with M/Ag. Possibly reduce this & increase subsidy on milk.
W^d. like Cab. views on (v). It might be reserved for autumn budget or even next spring. Ques : when shd. we do it?

- P.M. Must think v. hard about this.
Politically, this is time to do anything disagreeable that is necessary. If (iv) & (v) measure must be introduced, this is time for them. W^d. like to consider bread further because of effect on wages.
Presentⁿ. : how convince public tht. this is necessary when all is booming? C^d. relate it to exports (+ strike effects). That wd be the way to get it understood. Also give industry to know tht. more of this can be avoided if they increase exports.
Stock exchange boom. Can we express our dislike? Is carry-over system capable of adjustment? Can we do anything?
Nat. Service. We will review after Geneva. That wd. help.
- W. Apprehensive about reducg. bread subsidy. W^d. support wages claims, & that is main danger.
Prosperity is brittle. Doubt if Bank rate is curbing much. Credit restⁿ. will be increasingly felt. But need for Govt. lead. Govt. shd. practise what it preaches. We aren't reducg. Govt. exp^{'re}. I wd. favour delaying road & rail improvemts. pro. tem. 2% unemployment. wd. give us more prodⁿ. Need for restⁿ. in cap. exp^{'re}. for wh. Govt. is responsible.
- R.A.B. Diff. for Banks to apply credit restⁿ. discriminatingly – to avoid cuts on export or investment activity.
Bank advances to nat^d. ind^{ies}. will have effect tht. total credits will be reduced by less than Banks were asked to secure.
- B.C. Road & rail p'mmes are in such early stage tht. delay wd. save us money or resources – but wd. put us back for years, in the future.
- Sal. Dislike direction in wh. we are moving. Need is to restrict consumer demand. Because that is politically diff, we are tending to make investment cuts wh. we don't believe in – e.g. road p'mme Sh^d. we not put consumer demand first, not second?

Bread subsidy : housing subsidy : these (more unpopular) wd. be more rational.

We aim at the false economy because we fear to tackle the true one.

- H.A. What we need is more investment & less consumer exp^{re}. Nonsense to subsidise bread when people buy t.v. sets etc., £40 M. p.a. 1.3 on c/l. 5^d. p.wk. per head of popⁿ.
W^d. wish therefore to abolish it.
Means : i) in Budget, with compens^{ns}.
 ii) together with other unpopular measures.
W^d. not wish to do it alone.
Milk : consumptⁿ. shd be increased; but doubt if a lower price wd. secure that.
- H.M. Monetary aspect. Action in relⁿ. to nat^d. ind^{ies}. is necessary in order to get Banks to apply credit restⁿ. Pity nat^d. ind^{ies}. weren't forced on to market when rates were lower.
Stock Exchange boom. Due largely to unrealistically low dividends over 15 years. Must increase value of equities. Public are realising tht., in full empl. it's better to own equities than trustee stock or cash. Stiffer monetary policy wd. help to put that right.
Reality. Due to excessive consumptⁿ. of imports. – or goods needing imported materials. Need to encourage frivolous exp^{re}. – e.g. prostitution (transfer payments).
- O.P. Hope RAB won't exclude savings. People are spending too much. Make small savings more attractive. Good Conserv. policy.
- J.S. Support h.p. vice p. tax: on (iv).
Support H.A. on bread & milk.
Timing : not v. long since Election. Drastic action wd. look more consistent in Oct., than now, with our Election boasts on prosperity.
- W.M. Autumn conferences are starting-point for wage claims. What we want is more work for same wages – not reverse.
Hard for employers to resist claims, if c/living has bn. jerked up by abolition of bread subsidy. Also if business prosperity is so patent. The "cake" seems to be there.
Wage- earners wd. recover fr. increased c/living. But what of fixed-income groups.
Industrial rel^{ns}. need to be improved, not worsened. Effect of dock-strike were felt tho' 2/3/rds. were working.
Nat. Service. A reduced call on manpower wd. help the economy v. materially. Further in roads by exemptⁿ. wd. undermine system.
- D.E. Measures taken shdn't provoke wage claims.
Two poss courses i) make it clear tht. we aren't touching the investment needed to ensure increased productivity. Cuts shd therefore be concentrated on non-productive exp^{re}.

- ii) Stock Exchange boom. Must be tackled.
- C^d. you get small investor into equities via insurance companies. You won't get him to do much more on trustee.
- H.A. Anyhow, it's wrong. Because saving money lets him down in times when value/money is bound to drop progressively.
- L.I.G. Consider bread subsidy. Exp^{'re} on sweets & ices is larger than on bread & milk. How justify bread subsidy in those circs.
- H.A. Exp^{'re} on sweets : £200 M. p.a. What about taxing it?
- D.S. Housing subsidy – memo. on Thurs.
Concentrate action on real problem. Electricity investment is last thing to be cut.
- R.A.B. Discuss with Ministers responsible for nat^d. ind^{ies}. what we can do & say to support Banks in credit restⁿ. policy.
Discuss with B/T. plans for h.p.
Govt. expenditure : Ty. as before.
Bread subsidy : discuss with M/Ag. Doubtful about doing it before autumn conference.
Stock Exchange : report to B.H.
- [Enter Att.G.
[Exit B.C.
4. Clean Air.
- D.S. Exempting all existing houses wd. depart fr. Ctt^{ee's}. plan & give industry an opportunity to run out.
Not sure tht. higher grant wd. mean early increase in cost to Exchequer.
Choice : alternative (b) or leave Bill as it stands.
- R.A.B. C^d. we suggest one third each – for Govt., l.a. and owner.
- D.S. I wd. accept that.
- Sal. Memo. over-simplifies issue. Cost has proved quarter than at first assumed. Ctt^{ee}. said £10. Further research suggests average of £20 & much higher on older houses, wh. are already the most uneconomic for owners.
R.A.B.'s compromise is most valuable.
- D.S. Don't want Exch. contⁿ. to be reduced from 37½% to 33⅓%.
- J.S. Beaver Ctt^{ee}. recommended 50% fr. Exchequer.
- D.S. Nothg. to prevent l.a. fr. working out higher rate for small old property.
- O.P. Must ensure tht. l.a. pays not less than owner.

Agreed : RAB to consider rev basis of 40 : 30 : 30.

[Exit G.Ll.

5. Cyprus.

A.L.B. Have evolved, with Govr., form of law – furtherance of organⁿ. wh. has been responsible for violence etc.,
Satisf^d. these powers are necessary for m'tenance of law & order.
Courts won't give further remands in custody.
This is moment to break up EOKA movement – by arrest of only 20 or 30 more.
Risk of T/Greek communal strife in Cyprus.
Peake (Athens) does not dissent. Aimed at terrorism.
Firm adminⁿ. in Cyprus is necessary to complement conciliatory move in relⁿ. to conference with G & T.

K. Govr/Cyprus put security & intelligence v. low in his order of priorities.
He may be suffering now from this error of judgement.

Agreed : Govr/Cyprus to be authorised to make this law.
Inform Peake & Bowker so that he may deal with GK.
Govt. telling them, after event, if he judges necessary.

6. Monopolies.

P.T. Reason to believe tht. Party can be carried along on this policy. I will open debate on these lines. Att.G. will reply.

R.A.B. V. ingenious.
After debate, we shall have to think.

[Exit Att.G.

7. Legislation Programme.

H.C. Of List A, only 6 out of 12 are likely to be ready.

H.A. Gowers (Agric.) might be introduced in dummy.

H.C. Family Allowances might get in before recess.

D.S. Mght get Clean Air. Shall get Rural Sewerage.

P.M. Go hard for Gowers & Clean Air.

R.A.B. Pensions Increase Bill may be needed in autumn.

P.M. Junior Ministers?

RAB. Ctt^{ee}. hasn't yet met. Will get ahead.

P.M. Seen C.R.A. F'coming about H/Lds. expenses. Favoured increases for junior Ministers. But sees diff^e. in relⁿ. to senior Ministers. I sugg^d. they prs. they mght get some part of Parl^y. salary e.g. £500. But clear he wants M.P.'s allowance increased. I gave no encouragemt. on this save possibility of paying for Friday.

[Enter B.H.]

1. Parliament.

H.C. Business for next week.
Debate on Coal 20/7 : on motion to take note of annual report for NCB for '54.

R.A.B. Review of offls. Plan to slim off exports until we end with none save to Eire. We must come down to 5½ m. exports v. soon. But ques : can we retain our bargaining in trade Treaties if exports of coal go much lower.
Imports of coal – not wholly tragic because reflects increasg. prodⁿ. in industry tho' falling prodⁿ. of coal.
Ministers must look at export policy. G.Ll. can't announce it on Wed. He shd. however say tht. even tho' we may cut investment generally we can't cut investment in coal.

P.T. We shd. examine the study. But believe coal exports will have to be reduced.

RAB. Ministers concerned cd. meet to discuss this study on Mon. – before debate.

P.M. Ready to accept redⁿ. to 5½ m. + principle tht. we shdn't export coal except to secure valuable trade advantage.
Minister's shd. meet & settle this on Mon. next, at latest.
Govt. spokesmen : G.Ll. + H.C. or Ll.G. [RAB., G.Ll., P.T., Ll.G., H.C.]

x Parlt. to re.assemble on Oct. 25. x

Gowers' Report on Offices etc.

Ll.G. 20 Ques to-day. Want to be a little forthcoming.

P.M. Widen up answer to cover whole subject & indicate Govt.'s plan for handling it.

2. Technical Educⁿ.

D.E. Debate 21/7. Shd. have to admit we are doing less than 1/3rd. of programme. C^d I have auth^y. to refer to a 5 year plan.

R.A.B. C^d. pray in aid exp^{'re} on technology under U.G.C. Will consult with D.E. on a formula.

P.T. Shortage is crippling us. We must be sure tht. our plans are ambitious enough.

D.E. Enormous demand for technical courses – both at techn. colleges & at secondary schools.

Agreed : expedite re-building at Imp. Institute.

3. Ministerial Remuneration.

R.A.B. Want Cab. discⁿ. next week – so tht. we may make some soundings with Oppⁿ. & supporters before recess. We cd. then make some progress during summer.

[Enter B.C.]

4. Road Haulage Disposals.

B.C. Do Cab. agreed tht. Br. Road Services shd. be retained?
Timing of statement. Not too soon after recent debate

(1) Agreed : B.R.S to remain w'in B.T.C.

P.T. Cd. rlways take over their operation?

B.C. Prefer a central organⁿ. for road services.

P.M. Won't our supporters claim tht. 1953 Act wd. be frustrated by leaving B.R.S. in B.T.C.

A.L.B. B.T.C. wd. have power to delegate to Reg. Bds. control over road services.

P.T. Don't close door to operⁿ. of these services by rlway side of B.T.C. – regionally.

R.A.B. Add somethg. to indicate tht. this “doesn't preclude ideas” in the future.

(2) Draft statement.

Sal. Confine para. 1. to position under 1953 Act. Continue : main objects of Part II of Act have bn. achieved.
Also minor amendments in other paras.

J.S. x/ in para. 5. We don't want another failure. Sh^d. we try, if we are likely to fail?

B.C. There is reasonable chance that we may be able to sell : in Oct., when it has bn. workg. as separate co. for some months.

Statement approved subj. to amendments.

[Exit B.C.]

5. Four-Power Talks.

P.M.

Have held preparatory mtgs.

West is in strong posⁿ. Cohesion : ahead on nuclear.

But, in long term, there is known impetus in G. twds re-unificⁿ. R. can prevent that happening on terms acceptable to West & can offer it later on terms tempting to G. & unpalatable to us.

Thus, we have everythg. to gain by pressing for agreemt. on G. R.'s interest is to delay that.

I wd. not therefore be content with upshot, relaxed tension but no advance on G. re-unification. Believe U.S. wd. agree. Fr. wdn't be so keen. Adenauer's age also indicates R. interest to delay. My aim is therefore to press hard for a move on G.

Similar sitⁿ. in Berlin over Austria. R. refused to budge. But later they moved because they thght it wd. pay them better to do so. We may be able to make such an offer on G. tht. they can't afford to reject it.

We start therefore with Eden plan. We don't think it's enough. So we will indicate what limit^{ns}. cd. be imposed on a re-united G. to ensure tht. she will not represent increased mil. threat to R.

We think we shd. have to include (not at Geneva) arrangemt. about strengths of forces, some area in G. for de-militarisation : relaxⁿ. of tension & Security Pact (w'out guarantee of frontiers).

No sign yet of any flexibility on R. side.

Their delegⁿ. includes : Bulganin, Molotov, Krushev & Zhukof. A formidable team.

H.M.

R. won't come far in 1st. round.

Our trouble will be to persuade U.S. to open substantive ques.

Next phase will be temptation of Germany. Some bluff in this.

Suppose G. accepted. W^d. R. really want to w'draw if G. had to be left to remain neutral & disarmed. They might distrust them on that.

Our aim must be to take a line wh. world opinion will think reasonable, if R. reject it.

In 2nd. round, after Ad. visit to R., we shall want to do business. To make that possible, we shall need to have put our project in 1st. round.

P.M.

Ascertain wtr U.S. will bring Wilson now it's know tht. Zukof is coming. If he is, S.Ll. shd. come. R.M. to find this out at once.

[Agreed.]

6. Cyprus.

H.M.

.... We shall have to choose our line. Either i) some régime on analogy of Tangier, in which 3 Powers wd. be associated in control tho' no change was made in sovereignty : or ii) a plan to allow self-

govt. to run for 10 yrs, when 3 parties wd. consult on ques of sovereignty : that wd. in effect surrender decⁿ. (via veto) to Turkey. There may be many variants, but all plans will be of one or other of these types.

Don't put fwd i) and fall back on ii). For impⁿ. of scuttle.

A.L.B. Type (i) plan : wd. lead, not to condominium, but pandemonium – acc. to opinion in Cyprus. But mght not, if T. & G. had agreed to operate it.

Type (ii) plan : may be beginning of surrender of sovereignty & wd. be so regarded as many. Durg. the 10 yrs, many Cypriots mght begin to doubt wisdom of assocⁿ. with Greece, & mght favour staying with us. Much may happen in 10 years.

P.M. How do we handle this – with A.L.B. away when HM is here.

H.M. If we meet 24/8. ALB returns on 4/9. Preliminaries cd. be spread over several days.

I cd. however p'pone date until 29/8, so long as that is not a Tuesday (fall of Constantinople) – Agreed.

P.M. * Have a memo. prep^d. for Cab. decision in week beginning 25/7. *

Sal. At Conf^{ce}. invite T. & G. to develop their views before we disclose our plans on Cyprus'. constitutional future.

S.Ll. I will submit memo. on views of C.O.S.

7. Housing : Subsidies.

D.S. Am cutting down new houses. But politically diff. to m'tain posⁿ. tht. only type of bldg. over wh. there is any control = houses for poorer people. Surprised we have held it so long. It will come to a head in Oct., on new l.a. programmes. Our policy must be disclosed then. There will be pol. trouble.

Ty. want redⁿ. in subsidy. I wd. favour abolishg it for all new houses save those to be built for slum replacem., new towns, overspill. Then system of allocations to l.a.'s can be abandoned. That wd. reduce by 40% area over wh. subsidies wd. be paid on new houses.

If l.a.'s averaged it out, max. increase in rent wd. be a little over 1/= a week. Most wd. be 5^d. or 6^d. And that on assumptⁿ. tht. the l.a. had no subsidised new houses (slums etc.,)

Wish to begin to prepare p. opinion on this – & be able to open discussions with l.a. associations. Want therefore to indicate now we shall be reviewg. whole ques – as outlined in para. 10.

R.A.B. Limit Cab. discⁿ. to para 10 proposals. I accept (a) and (c). But wdn't go into detail of (b). Words "every aspect" cd. be added to (c).

- P.M. (b) wd. precipitate demand for debate. Accept R.A.B.'s modified announcement.
- J.S. Gt. diffies. i) variation from one area to another. Many in Scotland where absolute shortage of houses – irrespective of slums.
- P.M. Need you go beyond 10(a)?
- R.A.B. Want this policy. But don't want early statement, lest I.a.'s go ahead in order to forestall.
- D.S. Shall have to make an announcement early in October.
- P.M. Cab. can decide policy & you can discuss with I.a. assoc^{ns}. in Sept.

Agreed: D.S. to say as little as possible before H/P. rises : if he can, nothg. at all : lest he provokes demand for debate.

8. Japan and G.A.T.T.

- H.M. Still favour voting in favour of J.'s inclusion.
- P.T. We shall have to announce it. Won't that rouse H/C.?
Do we want to precipitate debate on G.A.T.T.
Posⁿ. at Geneva is complex. Still possible tht. Benelux & G. will run out & J. won't get in. Sh^d. we not wait & see what happens on that.
Posⁿ may develop at end/July in wh. only our intervention can get J. in.
But a chance J. may get in w'out our vote. Can't we wait & see.
- H.M. Abstention is regarded as opposition.
J.'s position is important to world balance of power.
They will resent our abstaining, wtr they get in or not.
- RAB. During the 2 wks. posⁿ. has become more obscure.

Agreed : Bring up at Cab. in next week and in week beginning 25/7.
Tho', if it seems that she gets in, we shd. vote in favour at last moment.
B/T. to watch the position.

[Exit B.H.]

9. Palestine.

- H.M. Had hoped to handle Alpha plan on Trieste model. Now looks as tho' we can't. But, more serious, Dulles is insistent tht. he shd. make public statement of his posⁿ. for domestic pol. reasons (N. Yk. vote). This may enflame opinion in M/E., esp. among Arabs.

We can't prevent D. from making statement. We can't say it's bad plan because we made it with U.S.

[Arabs cling to truce because don't want to admit, by peace, Israel's existence. They hope it may go bust.]

If statement is p'poned, a worse statement by U.S. is inevitable as Election approaches. But if statement is to be made with our agreemt. we shd. get a price for it. I suggest in para 7 3 concessions we mght secure in exchange.

Do we associate ourselves with this statement if these concessions are obtained?

P.M. Announcement wd. have v. alarming effect in M/E. I wd. be influenced by report of emissary to Iraq.
C^d. H.M. say to D : This was intended as plan for negotiation. Quite a diff^t. thing to publish it in advance. Big decision for us, in view of our M/E interests. We need more time to study it. C^d. he not p'pone for a time? W^d. it not be better as Anglo-U.S. plan? We shd, if so, want to amend it.

[Enter H.A.]

S.Ll. Real diff^y. for us arises on Part III. Frontiers are there defined in a sense unfavourable to Arabs. If you intend to negotiate with parties, unwise to disclose such details in advance.

H.M. Will ask for more time. But do we attempt to get para. 7 concessions.

H. Settlement betwn. Israel/Egypt is best approach to a settlement of Arab/Jew conflict. Isn't situation more favourable for that.

H.M. We must avoid sitⁿ. in wh. we get all the blame & none of credit.

P.M. Put para. 7 points as your views, not views of Cabinet.

Sal. C^d. we not have objective Anglo-U.S. statement first – followed by D.'s "political" version?

H.M. I wd. offer i) U.S./U.K. statement ii) U.S./U.K. co-opⁿ. in dealg with Arab reactions.

[Exit R.A.B.]

10. Japanese War Criminals.

H.M. Major criminals are under internat^l. control – & prerogative is not involved. It is involved only for minor.
Proposal wd. involve immediate release of 81 prs.

J.S. Feeling has worked itself off.

H.M. Other countries are doing the same. Even Austr. accept this : have done it.

- A.L.B. Won't be liked. But right to do it.
- L.I.G. This is in accord with "civil" practice.
- S.L.I. W^d prefer to do it in batches – say, three batches over 12 months.
- H.M. Diff. to introduce any principle into that plan.
- A.L.B. Link it with decision on major criminals, wh. was not wholly in our control. And do it v. quietly.
- H.M. Allow me to put further memo. showg. what wd. happen in practice.
- H.A. Explain need to F/E P. of W. Association.

Agreed : decision to be deferred.

11. Uganda.

- A.L.B. Near agreemt. save on 2 points – i) method of election to Ex. Council.
 ii) date of return of Kabaka
 There has bn. tranquillity & co-opⁿ. in Uganda.
 After new constitⁿ. is in, & elections completed, allow Kabaka to
 return 6 weeks (or not less than 2 months) after that date. this is being
 put to Lukiko. Shall know their view by early next week. Hope to
 announce by end of next week.

=====

[C.M. 24 and 25 were held in the week during which I attended the Meeting of heads of Government at Geneva.

N.B.]

[Enter B.H.]

1. Parliament.

H.C. This week re-arranged. Economic debate to-day : F. Affairs y'day.

Sal. Malta Conference. How approach D/Norfolk? I think P.M. shd. do it.

B.H. H/C. members have bn. approached. Some wdn't be available before mid/Sept.

H.C. Business for week after Recess.

[Enter H.H.]

2. Economic Situation.

R.A.B. Statement quite well received.

What do I say in speech to-day?

i) Social Services. Shall make it plain there will be no slashing cuts in investment – existg p'mmes.

L.a. expenditure generally – Dpts will look more strictly at proposals.

ii) Housing. Read draft. Exp^{re} bound to be affected. We stand by authoris^{ns}. : starts in '55 were 80% of '54 : but further auth^{ns}. in '55 only for [urgent slum clearance or overspill.] No downward move in Scotland, where starts are already dropping.

D.S. Cdn't limit new auth^{ns}. to [] alone. W^d. create gt. pol. disturbance. Suggests a v. big change. Hard enough to get people to accept what we have done already.

R.A.B. Will adjust what I say : I mean to convey tht. we will go on at about 80% of '54.

D.S. That wd. do. Admit what we have done, but don't threaten worse. If we abolish subsidy, Govt. control won't be needed : l.a. themselves will go slow for financial reasons. Cdn't we avoid giving a figure? I have averted answering all summer. Can't you dodge it for last 3 days?

P.M. We went above 300,000. Can't we say we don't want to drop below it. That wd. be a tenable political line.

H.M. We are shifting more emphasis to un-subsidised. More of them are being built.

- P.M. Stress the fact tht. we are above 300,000 : and we don't intend to restrict auth^{ns}. any further. M'tain house-bldg at 300,000 or more : and ques wtr they are l.a. or private is irrelevant in a debate on capital expenditure.
- D.E. W^d. make it palatable to say tht. we are re-deploying from houses to schools. It's happening. Take credit for it. [Received with unspoken scepticism.]
- P.T. Economic need is for redⁿ. in l.a. investment exp^{'re}. Don't therefore be too soft, for pol. reasons, on housing.
- W. Remember tht. credit restⁿ. may have effect of slowing down house bldg by private persons. Bldg. societies are drawing in their horns.
- H.M. But because they can't get savings. And credit restrict^{ns}. might increase savings.
- P.M. Estimate private bldg : and adjust l.a. p'mmes to ensure total doesn't fall below 300,000.
- R.A.B. Can say : [adjusting as betwn. private & l.a.] we were above 300,000 mark. We shall now come down twds it.
- D.S. Avoid even that.
- R.A.B. Will consult D.S. on final text.
- iii) Exchange Policy.
- RAB Shall declare our aim of keeping sterling at parity of 2.80. Shall decline to foreshadow future course e.g. on convertibility.
- i) Social Services : Investment.
- J.S. Chaos if we cut back on hospitals.
Also, if we delay schools, we shall have conting. transport costs.
- R.A.B. Can preserve status quo on these. No cuts.
May have a margin in autumn : cd. prs. let up then. Don't want to start a deflationary movement : only disinflationary (!).
3. Malta Conference.
- H.H. Mid/Sept. was desired by Malta.
- B.H. 16/9 wd. suit W. Elliott. Agreed : 19/9 (Monday)

- P.M. Conservative Members : L^d. Chanc. in chair.
P.C.'s: Elliot, Spens.
Members: Pickthorn, Amery, R. Wood,
Aitken + Lib. Nat. (Renton or Maclay).
Spares: M-Radcliffe, Austr. Gray.
Will announce names on Thursday.
- Sal. Will invite D/Norfolk by special lr. inviting reply to-morrow. Agreed.
Second choice: Perth.
- P.M. Go for Perth vice D/N. Sal. To see him.

4. Four-Power Talks.

- P.M. *Records of private talks will be circulated in summer boxes*
Far East.
Far the more dangerous. Private talk with E. : formed impⁿ. U.S. wd. not intervene in Q & M. E. has "bear by tail" : can't get Ch. to move out. R & R. weren't v. effective emissaries. Sugg^d. mght be wise to hold islands only as outposts – to evade loss of prestige if over-run. In second talk : E. admitted his posⁿ. in U.S. is due to his success in gaining peace in Korea & avoidg war over Dien Bien Phu. He will continue in such efforts.
D. on other hand said, if islands were attacked & didn't at once fall, U.S. wd. have to intervene because D. B. Phu atmosphere. And interventⁿ. wd. be with atomic weapons. A most dangerous policy. D. showed no enthusiasm for 'outpost' solⁿ.
E. will do his utmost. But he is worried.
My view is tht. Chiang is black-mailing U.S.
- Europe.
- P.M. V. diff. to assess. My belief : R. want relaxⁿ. of tension, not merely to gain time. Strongest motive = fear of G. revival. That is instinct of R. people. Even dictatorship must take a/c of that. B.'s remark tht. "I can't agree here to E. Germany joining with W. in NATO: my people cdn't understand that : Stalin wd. never have accepted it". B., however seems to realise tht. somethg. will have to be done to re-insure v. risk wh. a united G. wd. represent in 10 yrs' time. Significant that they never spoke of threat by U.S.
Talk on last evening. Went on to garden. Rush of photographers. No security screen at all. Most unlike Stalin regime.
K. asked for increased contacts. E.g. exchange of mil^y. missions. We wd. show you what you want to see. "Send any soldier you like" etc., B.'s suggⁿ. of my visiting Moscow. I declined. Then, under his pressure, I said : why don't you come here". He replied : I wd. like to come. I have invited him : prob. next spring.
- Sal. A v. good thing.
- P.M. Details now arranged. Will announce in H/C. Wed^y.

H.M. Peace is secure. R. have decided, clearly, no war while nuclear is available. W^d. they feel the same if n. weapons prohibited?
Complicates v. much our conduct of disc^{ns}. on disarmament.
How do we exercise influence in develop^{mt}. of intern-affairs, if war is excluded?
Far less R. talk of U.S. bases than we had expected. It is G., not U.S., that they fear. Plus, prs., where will R. be when China is as strong as G.
Shan't get far on G. unificⁿ. in Oct. But steady pressure may lead to agreemt. on basis of Security Pack.
R. are more relaxed a) because atomic war b) because Stalin is dead. Fear of wholesale purges has bn lifted. c) Tho' Malenkov is out, they wd like to adopt his policy on consumer goods vice invest^{mt}. & re-armament.

[Exit R.A.B.]

5. Singapore.

H.H. Tel. 80. Resolⁿ. passed y'day – i) liberal constructⁿ. of present constitⁿ. ii) where Govr. is requ^d. to consult, he shd. accept advice. iii) askg. for new constitⁿ. at once conferring self-govt.
Govr. has said he must have time to study this. Marshall, who is behavg. v. irresponsibly, has shown surprise at this. New constitⁿ. only came into force in Apl. Must counsel caution : no change w'out discⁿ. & A.L.B. will have 24 hrs. there on Sun. & will be there for some time in 10 days.

P.M. I wdn't contemplate altering constitⁿ. now.
What is M.M. saying to them.

H.H. If Marshall resigns, we shan't get another Govt. We shd. have to suspend constitⁿ.

P.M. Ask M.M. for early report on his talk with Marshall.

H.H. I Br. Battⁿ. in Sing + squadron of arm^d. cars. Another battⁿ. in Johore. Police are prob. reliable.

6. Security in Colonies.

K. Obligated to A.L.B. & R.A.B. for co-opⁿ. in getting agreemt. on these points.

H.H. We were doubtful at first re organⁿ. : but are now persuaded, on basis of F.O. experience.
Police expenditure. Diff. to get Colonies in later stages of developmt. to recognise import^{ce}. of e.g. police housing.

- H. May C.R.O. be permanent member of J.I.C.?
- P.M. Will consider : Chairman J.I.C. & C.O.S. mght advise (H.M.).
- P.M. K's Ctt^{ee}. to remain in being & submit progress reports.
7. Japan and G.A.T.T.
- P.T. Austr., [U.K.,] SAfr., CAfr. Fedⁿ. are all inclined to abstain.
If we were going to abstain, we shd. tell Austr. & others.
Posⁿ. is as before. No real change.
- H.M. They have 15 votes. N.Z. will vote for. 23 votes needed. W^out Austr. they mght get 26. We cd. therefore abstain : & she wd. get in, without our vote.
We cd. vote in favour, up to 11/8, after we know she has the 2/3rds. majority.
But that is feeble course. Such protⁿ. as we can get must be thro' Art XXXV. Why not get what credit we can from Japan.
- P.T. Accept f. policy arguments. But we shall have trouble here.
J. will get in. If we decide to vote for her, we shd. tell Comm. Govts. concerned.
- Agreed : Vote in favour, about 8/8. Try m^owhile to get other Comm. countries to take same line.
- [Enter B.C., N.B.]
8. Hyde Park Traffic Plan. (adjourned).
8. Administrative Tribunals.
- K. Radcliffe may have to be re-considered if he decides to resign because of Gulbenkian's will.
Ran thro' other names. Woman : recommend Miss Younghusband.
- J.S. O. Franks might be suitable alternative Chairman.
- K. Then add Ld. Justice Parker as member.
- J.S. And drop Balfour of Burleigh because of Lloyds Bank.
- W.M. If you ask T.U.C. to nominate, B.E.C. might think they shd. nominate one.
- K. Quite sufft. if M/L. will consult T.U.C. on a name.

- D.E. Add someone who likes to get things done. e.g. Costain.
- Sal. Silkin : D Johnston : L.a. interests : Miss Y. – also answer to that description.
- P.T. A Costain wd. represent industry too.
- K. Don't need employers as such.

Agreed : K. to consult with P.T. & W.M. on “rep^{ves}.” of
workers & employers.

[Enter H. Brooke.

9. Hyde Park Traffic Plan.

- Sal. Not worth doing w'out the tunnel.
Won't add to beauties of Ldn., but can see no other way out.
- N.B. Don't under-rate opposⁿ. 50 trees : Hamilton Terrace : will excite public opinion. Crawford believes tht. scheme was devised w'out due attentⁿ. to amenities. Suppose you had set problem on basis “what can you do w'out wrecking amenities” it might have led to better solution.
- Sal. Not so sure.
- H.B. If we are to spend £2¼ M., Ty. want to be sure we get best value for money. If L.C.C. had known fr. outset tht. underground works wd. be allowed, might not a better scheme have bn. devised?
- Sal. H.A. Ctt^{ec}. worked on basis of old L.C.C. plan : we only considered how to improve it.
- B.C. But our experts advised tht. tunnel wdn't diminish area of surface works.
- Ll.G. W^d. tunnel alone suffice?
- B.C. No.
- D.S. Can we be sure that this is best method, given a tunnel?
- K. Think of traffic congestion & its increase. Delay on this is very dangerous. We must act, despite amenities.
- H.A. Can't allow standing trees to divert us from that. They can be planted.
- D.E. Need more informⁿ. about effect of tunnel alone. C^d. we not start with that & see what relief it affords.

- B.C. The openings, w'out enlarging total area, wd. make posⁿ. worse.
- H.B. 8 years' work has bn. done on this. But worth another 8 wks. to be sure tht. some of criticisms can be met. In particular, I wd. like to be sure tht. tunnel is properly integrated in plan.
- P.M. Who is to do this?
1. Agree in principle
 2. See wtr better plan can be devised. M/T. to convene.

[Exit B.C., N.B.]

10. National Service : Science Teachers.

- W. As in memo. Annoucement. in written reply to P.Q.

[Enter H.H.]

1. Cyprus.

- S.L.I. C.O.S. memo. Conclⁿ. in § 19.
- P.M. Drew attentⁿ. to size & complexity of mil. establ^{mts}. as shown on map. Not much room left for Cypriots.
- H.M. But, however we restrict H.Q., Cyprus is needed as H.Q. & transit base. How preserve it for these purposes? C.P.(55)94. What type of plan are we eventually to table, at app^{te}. moment, at conf^{ce}. Two main alternatives. Had hoped to find practical plan on lines of A because B is traditional course wh. leads us to w'drawal. But C.O. think somethg. like B. is inevitable : that means that at end of prescribed period we shd. have to reply on Turkish veto to keep us in Cyprus at all.
- P.M. Under a B. Plan, cd. you not try w'in period to make Cyprus a good place to live in & build up some vested interests favouring our remaining there.
- S.H. Defence Treaty cd. be condⁿ. of self-determination, at end of period – on Ceylon model.
- P.M. Turkish minority distinguishes C. from other places. W^d. T. ever agree to C. joining with G.?
- H.M. W^d. like to see in Conf^{ce}. how stout-hearted the Turks are on this. If they were v. tough, we might be able to run Plan A. We mght adjourn for 2 wks., if we reached deadlock, so that Cab, cd. decide.
- Sal. Can we foresee any period when we cd. renounce our sovereignty over C. If we do, we shall in C. be in same posⁿ. as we were in E. Hard to wear w'drawal in one place in M/E. Cdn't stand two. G. is less important to us than T. All this leads me to think tht. we can't contemplate self-determinⁿ. w'in this generation.
- P.M. Ready to "review" in 10 yrs. or so. But don't imply tht we will then concede self-determinⁿ. In 10 yrs. situation mght be quite different.
- H.M. Fear that it wd. build up expectⁿ. of self-determinⁿ. in 10 years.
- H.H. A.L.B. is not happy about Plan A. Won't be permanent because Enotist agitⁿ. will continue. Gks. (island or m'land) wd. never agree to Turks having any hand in C. Byron-ism in Greece.
- omit* [Dy-archy with Gks., on a divⁿ. of functions, is only practical way of
[bringing Gks. in.

P.M. I cdn't accept that exclusion of T. from island much nearer to T than it is to G.

H.H. No support in C. for anything on lines of Plan A.

H.M. I'm not wedded to Plan A. My concern is to avoid use of words wh. will lead to expect^{ns}, on past history elsewhere, of self-determinⁿ. in 10 yrs. C^d. find a combination of A & B.

P.M. Plan A cd. be a starter in discⁿ. tho' it will be refused.

D.S. What if neither plan is accepted? Shan't we have to sit it out? What wd. that involve? Isn't that a third course? Use the Conference to show that we are reasonable & hope for enough world support to m'tain status quo.

H.H. Some signs that Archbishop is now suspicious of too much intervention by Greece. May get independence movement growing up vice Enotist.

H.M. Para 1 (iii) of Plan B. is what makes me nervous. It offers too much. C^d. we not have somethg. rather more vague. Is there somethg between that and "never".

P.M. Work fr. constitⁿ. for x years & we will then consult together – nothg. excluded from review.

1. H.M. to let Cab. know what he intends to say before he does so, in light of discussion.
2. S.L.I. to review plans for mil. establ^{mts}. in Cyprus.

P.M. On 2. We are not going to fight major war in M/E. We hope to arm Arab (e.g. Iraq) to fight, and to have ourselves only 1 armoured divn. to help them.

H.M. Jamming Gk. radio. Reluctant to do this – esp. after Geneva disc^{ns}. on free communication. Do Cabinet agree?

P.M. Weakens our posⁿ. progressively.

H.H. Our counter b'castg. is being developed, tho we haven't yet got full cover.

[Exit H.H.]

2. Palestine.

H.M. No joint declⁿ. No admⁿ. tht. we had joined in workg. out this plan. Admit tht. we had bn. consulted & were in agreemt. on principles. It will therefore be a U.S. initiative.

Moreover, D.'s revised statement looks much less like a diktat.
In return we wanted i) U.S. support for Turko-Iraq Pact.
ii) U.S. to buy tanks for Iraq "off-shore" : 70 out of the 80 required.

P.M. Sent Pres. E. a lr. on ii). He was glad to know only 70 were needed to supplement 10 by us. He promised to do his best to get this. Recognised a) we had armour in M/E. b) not good that U.S. shd. be sole supplier. He asked, however, tht. if this was agreed we wd. begin supply immediately.

H.M. Mustn't tie up the tanks as condⁿ. to conclⁿ. of Anglo-Iraq agreement. Delay of this announcemt. will mean tht. Israsel will persuade U.S. Govt. to give them a unilateral guarantee.

S.Ll. i) C^d. D. add verbal obeisance to idea tht. Arab refuges cd. return to Israel. On part I. ii) On III omit "in every respect".

R.A.B. Don't get pledged to £15m. We mght get away with less.

H.M. Will say : we will make some ????

3. Japanese War Criminals.

H.M. New memo. shows how it wd. work out. No need to make announcement. Just do it.

P.M. Agree – wait until we are asked.

Sal. Can't resist this argument. But I don't like this. Hope therefore we shan't try & get kudos with J. by making an announcement.

P.M. Let us accept this (15 years) as principle, but review cases individually – so as to reserve right to keep for longer men who were especially brutal.

O.P. On this basis, it wd. be unwise to consult Perceval. That is inconsistent with doing it quietly.

S.Ll. Tell him : he might stop agitⁿ. fr. boiling up in his organⁿ.

4. Legislation Programme.

H.C. Doing better. Sh^d. be well if Ministers will try to reach targets recommended.

R.A.B. Hope to have Revenue Bill – wh. will shorten Fin. Bill. Sh^d. be ready for introdⁿ. in Oct.

Pensions Increase Bill – can be brought to Cab, in Oct., to decide wtr or not we shd. go on with it.

L.I.G. Shops (Hours) vice Geneva Conventions.

P.M. Don't p'pone G.C. Bill too long.

5. Economic Situation.

R.A.B. Effect on market was pronounced. Ex Eq. A/c. has ^{?offered} bid for sterling 6 mos. ahead at 2.80. : at once taken up.
Credit restⁿ. : opⁿ. was delayed largely because Banks financing nat^d. ind^{ies}. & less able therefore to restrict private sector. My statement on nat^d. ind^{ies}. & (public) Govt. exp^{'re} will enable them to squeeze private borrowers more effectively.
Drop in reserves in July will be marked. Effect is being discounted because my statement. Reasons : rumours of floating £: speculators' belief tht. we were going convertible & £ wd. begin by swinging down & their action in losing sterling on that a/c. World is now short of sterling, however, & on techn. grds. a swing back on reserves is likely. I intend therefore to continue disinflationary policies at home, and to wait on exchange policy. M'While, I shall say nothing.

Noted.

6. Newsprint.

P.T. They will get 850,000 t. in '55. Ceiling is far above supply : they cdn't obtain as much.
"Times" resent control because they have found means of using other paper.
"Express" want control retained because they don't want "Times" to go on with their plan.
Contracts betwn. home-mills & newspp. are v. complex. My aim : to get newspp. to re-negotiate contracts. Mills are ready to do this & to reserve supplies for smaller users. Then I can see what happens.
I may be defeated. But at least it will then be clear that it's not our responsibility that control continues.

P.M. Let us make this effort to get rid of control.

R.A.B. C^d. we re-impose control if small users can't get their paper.

P.T. Yes : my formula wd. allow that.

R.A.B. Can take the risk involved for b/payments.

Memo. approved.

7. Cabinet Procedure in Recess.

P.M. No standing Cab. Ctt^{ees}. in Aug. Malta & Cyprus Ctt^{ees} may need mtgs.
No Cab. in first 2 wks of Aug. Thereafter, prs. a mtg per wk. attended by Ministers in or near Ldn.
Sept. Cab. once a week.
No standing Ctt^{ees}.

8. China : Parliamentary Delegation.

H.M. China have sugg^d. we send one. Suggest we say : they may send an invitⁿ. but, as we have so many visits to arrange, we fear it may not be poss. to arrange it for some time to come.

P.M. Stall it – but care will be needed.

1. I.R.A. Raids on Army Barracks [Enter H.H.]
- P.M. Will discuss with S of S. for War & Home Secy.
Aim : to do somethg. effective w'out appearing dramatic.
2. Economic Affairs.
- R.A.B. i) Shortage, man-power, causes inflationary pressure.
ii) Can't expect Banks to operate credit rest^{ns}. w'out Govt. doing same.
Must ask that we prosecute this vigorously. Will discuss specific proposals later Cab.
Sterling. Some uneasiness.
Wish to have Cab. discⁿ. on this before I leave for Turkey.
- W. Govt. must show v. gt. strength if country is to be carried with us. This involves delaying much that we shd. like to do – in order to check inflation. If we are half-hearted in this, creeping inflation thro' rising wages will price us out of markets.
- W.M. 4 m. (2m. in engineering & shipbldg.) are about to lodge wage claims. Tho' order books of shipbldg. industry have lengthened.
No prospect of c/living coming down.
Rlways : road passenger transport : miners (redⁿ. of hours) : newsp. Indications therefore of a troublesome autumn.
- R.A.B. I intend to achieve what W. proposes. Welcomed his memo. Will submit concrete plans at next mtg. – in about 10 days time.
- W. We must carry public with us on this.
- Sal. Danger of policy of restrictg. investment needed for modernising our capacity to compete. E.g. roads : usually can't build them because times are too bad : are we now to be precluded because times are too good? Same applies to modernising production plants.
- Agreed : Meet for this on Aug. 26th. (Fri.) subject to x/.
- H.A. Overt signs now of inflation. Work going even more slowly.
Credit rest^{ns}. applⁿ. to farmers may be damaging – not enough animals to eat the available grass.
- D.E. Confidence factor working : wise to leave it as long as 26/8.
- P.M. x/ Leave it to me to put it forward to 22/8 or 23/8, if need be. /x

3. Singapore.

(a) Constitution.

- H.H. Phase i) Appt^{mt}. of Ministers. Local support for Govr's refusal.
ii) Marshal's argument re obligⁿ. to accept his advice.
iii) Leg^{ve}. Assembly's demand for self-government.
Choice now : keep this Govt. in office or risk consequences of direct rule.
Concessions wh. ALB now proposes to make do not undermine any essential interest of U.K. He must stand firm on Dissolution : tho' on prorogation he cd. make concession provided Govr. retains reserve power.
Method. Can't do it by "liberal interpⁿ." Marshal's obj^{ns}. to amendmt. of constitⁿ. Propose therefore method of formal dirⁿ. to Govr.
Talks in Ldn. on constitⁿ. next year is more difficult. Their requests (larger Assembly : M/Justice) are not, in themselves, dangerous. Undesirable however to re-open it all so soon : tho' we have had to do so elsewhere. But Singapore & Malaya are last 2 important Colonies to get this degree of independence. Also last 2 outposts of y| "Colonialism" in S.E.A. : don't want to risk b'down there.
- W.M. On appt^{mt}. of Ministers, Govr. & S of S. both want to make concession. On Prorogation & Dissolution, concession is contemplated only in last resort on prorogation.
On method : "liberal interpⁿ." is plainly unacceptable. Art 7 of O-in-C. contemplates inst^{ns}. to Govr. on discharge of duties of his Office. This, Att G., claims, is in effect to amend constitⁿ. But I hold that it is w³ in power of S of S. to proceed in that way, in advance of amendmt. of constitⁿ.
Anyhow, it can't be challenged. Nor wd. it constitute any awkward precedent.
- R.A.B. Ready to accept proposals in memo. Clear that no concession shd. be made on Dissolution. Must we make concession on Prorogation?
- Sal. Ch. Minister might refuse to prorogue. But, if Govr. has right to dissolve, he can overcome that.
- H.H. Yes : there wd. also be a safeguard on prorogation.
- P.M. I don't accept y/. I had no diff^y. at Bangkok in establishg. that Malaya & Singapore are best governed countries in S.E.A. The other countries have never had an election. They are also much more prosperous. Don't be deterred by that consⁿ.

Agreed : Authorise concessions on Ministers.
.. .. on prorogation, with
safeguards, as last resort.
No concession on dissolution.

But I am against promising review of constitⁿ. next April. W^d. suggest we are on the run. Offer to “meet Marshall next April to discuss general situation.”

H.H. A.L.B. proposes to suggest disc^{ns}. with Malaya re relations with U.K. W^d. suit us to have such disc^{ns}. with Singapore. But those disc^{ns}. wd. involve some revision of constitⁿ. E.g. a specific defence agreement.

P.M. Can't accept para. 11(e) – especially with the reference to “timing”.

S.^H. Be adamant on defence, for. rel^{ns}. and internal security, but allow them to set their own pace on other constitutional “advance”.

P.M. | “ ... to discuss the situation of the Colony in the light of a years’
z| working of the constitution.” He cd. say that.
Making it clear that we will not relinquish control over internal security.

Sal. Can say that the talks will be comprehensive.

S.Ll. More apprehensive of that because it mght thght to cover reserved ques.

Agreed as at z/.

(b) Re-enforcement.

S.Ll. A brigade in U.K. strategic reserve is earmarked for this.
But suggest one battⁿ. shd. come from H. Kong.
By Oct., we shd. have another available from Kenya or fr. Canal Zone.
The battⁿ. from H. Kong might go to Singapore, vice Malaya.

H.H. We shd. not wish to see any weakening of H. Kong garrison.

S.Ll. A field regt. might be available from Korea : dependent on consult^{ns}. with U.S.

P.M. Dislike weakening H. Kong. Tougher you look, quieter you will be.

S.Ll. We have 11 units there : shd. be removing only one.

R.A.B. } Support H. Kong proposal, subject to warning Govr. now that this
H.M. } may be done as emergency arrangement.

Agreed : M/D. and C.O. to discuss on this basis.

[Exit H.H.]

4. Meeting of Commonwealth Prime Ministers.

P.M. Jan. is a good month for this. Useful to have it before the Russian visit. Sh^d. we warn them now.

H. Autumn wd. be better qua Gold Coast.

R.A.B. W^d. welcome opportunity to discuss economic situation.

H.M. C^d. base it on R. visit. For. Ministers Mtg. over.

Sal. This is a special year.

Agreed.

5. Russian Visit to U.K.

P.M. Reported exchange of messages with Bulganin.

H.M. Care to avoid over sympathetic demonstrations by Br. public.
E.g. football matches. I wd. prefer to make it rather more formal.
Queen : a luncheon?

P.M. Luncheon at Windsor wd. be v. appropriate.

[Enter B.C.

6. Road Haulage Disposals.

B.C. 900 more vehicles to be retained than we had assumed.

Sal. Must be guided by expert advice on numbers necessary, once we have decided the principle.

W. Why announce it?

B.C. I told Parlt. we were seeking EVC's advice. Purchasers must know how many are available.

W. Normally, Minister takes responsibility.

P.M. Announce with minimum publicity.

7. Mid. Ulster Bye Election.

P.M. Unsatisf. result.

Agreed : Next mtg. W. to obtain advice m'while.

[Enter Boyle, Low.

8. Japan : Trade & Payments.

- P.M. Can't we try another round before we insist.
- Low. Our advice : no chance on discrimination v. sterling.
- Boyle. Want to try once more to get assurances, if we don't restrict Col. purchases.
- P.M. What faith cd. we put in such assurances. Outcry here if more J. goods flow into Colonies.
- L. Add another £7 M. to a £5 M. wh. is hard enough already.
- S.Ll. Why is shipping excluded.
- P.M. C^d. we not p'pone this until next Cabinet. Our delegⁿ. cd. be instructed by telegram after their return to Japan.
- H.A. Support B/T. line.
- W. We must be firm with Japan.

Agreed : P'pone until next Cab.
M'while get report on shipping ques. (F.O.)
Sh^d. it not be brought in? [Enter H.H.

- D.E. We have no cards to play nowadays because what they want is materials from Doms., little from U.K.

9. Irish Republic : German Industries. [Exit B.C.

- P.M. Disliked Norton's remarks.
- Low. So did I. But policy no diff. fr. other sterling area countries.
- S.M. But 90% if Ireland's product comes to U.K. So we shd. be in a strong posⁿ. to be tough with them if we wished.
- W. And they must sell it here.
- Low. Agric. exports to U.K. is only 1/3rd. of total exports.
- P.M. Give warning to Irish thro' dipl. channels.
- H. Nothing will happen in fact. Watch it, via Clutterbuck. Agreed.

10. Cyprus.

H.M. i) Shall we cancel Conference – because of Gk. radio excesses.
Is it to our advantage to [refuse to warn them we won't] sit down with people who incite to murder?
ii) How compose the Conference, if held? Rep^{ves}. of Cyprus?
Archbishop will prob. come to Ldn.
Suggest we say : this is a conference of Govts. : but we wd. be ready to consider written statements by Archbishop and Mufti.
(iii) Tactics. Will spin it out. Opening statements, with translation, might last until Thursday. Then I wd. suggest drafting Ctt^{ee}. to draw up specific statements of various points of view. These may be less uncompromising or wild.
[Opening statements might be published. Thereafter, procdgs. in diplomatic privacy.] This may produce a deadlock. But we shall have shown it's a deadlock, not because of Br. Colonialism, but because of differences between Greece & Turkey. Then Br. plan cd. be produced. Its nature wd. turn on wtr we then see that there is, or is not, hope of securing its acceptance. There will be chance for Cab. to consider that before it's tabled.

P.M. Indicate in opening speech that we have some ideas, tho' this is not moment to produce them.
On (i) I think we must go on with the Conference.

H.M. We shd. be ready to get firm internal control over Island.

H.H. Proposal for Director of Operations (military). Difficult.

P.M. W^d. prefer a policeman, not a soldier.

A.H. Chief of Police is good.

Agreed : Cyprus Ctt^{ee}. to meet & submit proposals.

H.H. Govr. is going to b'cast on new legⁿ.

11. Disarmament.

P.M. i) Para 5. I did discuss with Gruenther in Geneva. C^d. we not carry it on with him before Nutting leaves?

H.M. He only has 2 wks in N.York.

S.Ll. If you ask G. formally, he will want to refer to N.A. Council.

P.M. V. well. But let him develop it a little more.

- ii) Para 5. U.S. no firm views. They won't produce any soon. We may have to go ahead a little with our own.
We mustn't appear to be so much slower than R.
- iii) Para 9 x/ is embarrassing in light of what I said in Geneva.

Sal. Still true that disarmament must be accompanied by world settlement.

S.Ll. Anglo-Fr. plan is quite safe. It's dependent on control, & practical proof of it.

P.M. Let S.Ll. send note on this to H.M.
Don't deviate from Anglo-Fr. plan.

H.M. But don't press it too hard.

Agreed : Approve memo..
Subject to P.M.'s glosses & adherence to Anglo-Fr. plan.

12. German Prisoners of War.

H.M. Germans are urging release of Raedar and Doenitz.
R. is 79 : likely to die at any time. We released Neurath on those grounds.
D. is only 64 & cd. become a figure in Germany.
U.S. & Fr. want to release both.
Suggest we agree to R. not D.

Approved.

1. Economic Situation. [Enter H.H., BH., B-C., H.W.

R.A.B.

i) Exchange situation. Fundamentally not unsatisf. Short-term shakiness due to confidence factors related to rumours of swinging on the rate (!) M^owhile, however, we are in heavy deficit with E.P.U. Loss for Aug. may be 50% of that for July. Drain is nothing like that wh. we were suffering when W.S.C. took office.

No reason therefore to treat this as a crisis. No ground for panic action. Tho' Sept. is unfavourable month.

ii) Results of measures taken. Credit squeeze is taking effect. B/E however is in diff^{ies}. because of Govt. need of money for l.a.'s, electricity etc., Action by Clearing Banks is v. stiff: & results will be seen soon. This is doing all it can do in private sector. We must therefore back it by firm action in public sector.

iii) Wages pressure: continuing. Due to brimful employmt. Demands on labour are so heavy tht. inflation inevitable unless pressure is relieved. This is answer to L.P.'s memo.

iv) Action. Package – not too soon. Don't advise recall of Parlt. Intensify measures taken in July.

Bank rate: further increase now wd. not be effective. P'pone it until "package" or later.

Package must include more effective measures for reducg. public exp^{re}.

a) Cap. exp^{re} by l.a.'s: other than housg. £215 M. in '54 cpd £173 M '51.
housing £375 M. in '54 cpd £295 M '51

We can't therefore operate on this sector w'out cutting housing. Some large cut in housing subsidy will be sound in itself and good for public confidence. Sh^d. we include considⁿ. of restoring bldg. controls? Shall need to state tht. l.a. bldg. must drop back to 100,000. I want saving of £100 M. in l.a. exp^{re}. W^d. wish to ask l.a.'s for economies in the £215 M. by circular – valuable psychol. effect.

b) Ty. have bn. pursuing other means of reducg. exp^{re} in public sector, incldg. nat^d. industries. With exceptⁿ. of coal & atomic. Hope to be able to announce Oct. changes in Nat. Service.

c) Bread subsidy. This may be the time to cut it out. W^d. restore confidence abroad, tho' it mght at home sharpen wages demand. This last point must be considered.

d) All Ministers must be ready to slow down p'mmes, if that wd. help to curb inflation.

New road p'mme must be delayed. Rail hasn't started. Even education may have to make contribⁿ.

e) Private industry. F.B.I. wd. like us to appeal to firms not to spend reserves in unnecessary bldg.

f) Fiscal action (not to be recorded). Revenue Bill cd. be turned into Autumn Budget, which wd. include increase in tax on distributed profits & other measures on "capitalist" front – e.g. an attack on prices & price margins, in co-opⁿ. with employers, and on increasing scale of

dividend distribⁿ. These last 2 cd. not be done by legⁿ. No increase in purchase tax.

v) Exchange policy. Gt. temptatⁿ. in Exchange Control to say we are de facto convertible because of free exchange in commodities. Also B/E. can't resist saying tht. 2 rates as near together as they are is bad business. But I'm not ready to go convertible while we are weak. I wish to wait. We may have to bring the 2 rates together & widen the spread. But U.S. now don't want a wider spread. At Istanbul I will discuss with U.S. how to get out of free-trade consequences of de facto convertibility. Think we may get agreemt. to this. If so, & if we restore domestic sitⁿ., we may be able to face de facto convertibility next year.

P.M.

i) Defence. Programmes are being worked out w'in limit of £1580 + German contⁿ. This will involve considerable red^{ns}. by Services. But can, & ought to, be done. This will free labour for civil purposes. There are red^{ns}. in our overseas commitments.

Services are considering how to adjust Nat. Service in such a way as to help to counter inflation with least damage to Service efficiency. I aim to announce Nat. Serv. decision before Parlt. meets.

ii) Bank rate. I agree with R.A.B.

iii) Nat^d. industries. I have talked to N.C.B. Redⁿ. in cap. exp^{re} wd. mean loss of coal. I agree tht. coal & atomic must be exempt fr. cuts.

iv) On "package" plan. We shall get support for necessary action : no praise for trimming. We shd. not be afraid to do what we think is needed. But need to keep a balance (rich and poor) & avoid appearance of being hard-faced Tories.

v) Convertibility. Welcome proposal to discuss with U.S. means of tempering wind. Don't want to go convertible on fixed rate. Risk of forced devaluation. A floating rate wd. avoid these disastrous consequences. We must at least have enough room to manoeuvre.

D.S.

It was a mistake to abandon bldg controls. But it wd. be v. awkward politically to restore it now.

Subsidy. Have moved in step with R.A.B. We are spending too much public money : & we are subsidising many people who don't need help. Also widespread misconception of what a house shd. cost. Ques is therefore one of means of approach.

While I favour redⁿ. of subsidy, I am alarmed at RAB's suggⁿ. of reducg. l.a. bldg. to 100,000. Is this restricted to "subsidised" houses? If all l.a. bldg were reduced to that figure, & if econ climate took private bldg below 100,000 as now, we mght find total below 200,000 not 300,000.

My idea : announce abolition of subsidy on houses for general needs in 2 years – with tapering off m'while. Otherwise, l.a.'s mght stop bldg altogether. Want to m'tain subsidy for "overspill" housing, as well as slum-clearance. Having rationed no. at reduced subsidy, l.a.'s shd. be at liberty to build without subsidy for general needs. To round this off, I wd. like to give a small increase in subsidy for slum-clearance : e.g. from £22.10.0 to £24.

The other half of this problem is Rent Control. Are we to tackle that too? On loss of subsidy, l.a.'s will prob. spread their increased costs of further bldg over all their stock of houses. Differential rent schemes wd. then become more widespread. Genl. effect will therefore be to increase rents of l.a. houses. This will increase disparity with private rent-controlled houses. But no-one save l'lords wd. welcome adjustments in rent-restriction. This has ceased to be a sensible investment. We may have to consider, with relaxⁿ. of rent control, makg. it condⁿ. that on vacancy they shd. be offered for sale to housing associations etc.,

On balance, I favour drastic action on subsidies but delay on rent control – tho' we may have to indicate what we have in mind on that.

- R.A.B. Forecast abolition of general subsidy, even tho' it is tapered off. Probably wise also to forecast action later on rent control.
- P.M. 300,000 is a redⁿ. on present figure : and it will be m'tained in 1956.
- B.C. Roads. Exp^{'re} for 16 yrs. has bn. far too low – this differentiates it fr. other p'mmes. Present exp^{'re} is 50% of pre-war in terms of g.n.p. or 33 $\frac{1}{3}$ % of Govt. exp^{'re} – at a time when no. of road vehicles has doubled. Little can be done by way of slowing down major schemes authorised – only increases cost. Slowing down author^{ns}. gives no immediate saving. Minor improvemts & m'tenanance. This, in nat^l. exp^{'re}, goes only on major roads. On minor roads (where standard may be too high) l.a. exp^{'re} only is involved. Much of it is related to anti-accident precautions. But what about Rural Roads Act : £4 M., wh. relates to least important roads of all.
- P.M. Plan announced in Feb. was £40 M. This can go on. We can't have the further plan £90 M. It must stand over until spring. It was a mistake tht. roads were not improved when times were bad. It wd. be a double mistake to go ahead now when times are good.
- R.A.B. Want more co-opⁿ. from M/T. on m'tenanance.
- H.A. Favour tough & balanced package in autumn.
Bldg. Favour forecast of action on rent control.
Favour also stop in Govt. bldg.
Encourage small saver.
- H. Can't we do more to discourage expenditure on consumption. What about sales tax vice purchase tax.
- R.A.B. Bread subsidy is a contribⁿ. to that.
But can re-consider p. tax in autumn.
- D.E. Don't re-introduce bldg. controls. V. cumbrous. The increased rates of interest do operate as a control – & a much less objectionable one.

Balance of package. I'm asked to reduce subsidy on school meals. V. diff. politically but quite sound economically and socially. If that were added to what R.A.B. already proposed, increased profits tax alone won't balance it. It is increased value of shares that annoys workers & lower middle classes. Can't therefore rule out a capital gains tax. Reduce surtax as against a capital gains tax.

R.A.B. R. Commⁿ. has just reported v. capital gains tax.

P.M. But, politically, D.E. is right. We must find something more.

W. Or legⁿ. freezing dividends for a period, e.g. 3 yrs. Industry shd. hold more of its profits than it does nowadays.

RAB Don't believe it's practicable.

H.W. Support D.E., in general.
Fr. T.U. point of view, limitⁿ. of dividends wd. be more impressive than capital gains tax.

Resume 5/9.

2. Industrial Relations.

H.W. Wage claims threatening.
Engineering & shipbldg : employers will resist hours, but not wages. Will try to settle for lowest figure. This shows one danger. "Package" announcement wd. help to stiffen employers.
Farm workers. Railways. Miners. All in prospect.
Some announcemt. of Govt. intention to reduce prices wd. help to hold wages position.

B.C. Trouble over hours in Ldn. buses. May be strike in autumn.

[Exit H.W.
[Enter Low.

3. Japan : Trade and Payments.

R.A.B. Main comment : if we threaten Col. restⁿ. at this stage, you throw away bargaining counter much too soon.
Endorse H.M.'s view on shipping.

Low. There is a diffy. Para 5 of RAB.'s memo. – not enough to justify increased J. imports into Colonies. We had trouble enough over last agreement. wh. provided for another £4 M. sales to Colonies : this wd. provide for another £7 M. We shall find it v. diff. to justify this to Lancs. or to H/C.

J. do discriminate v. us now, administratively. W'out an assurance that this will cease, we can't count on getting all the trade we expect. Quotas won't give us as much as we hoped in June and we now have to pay in salmon for the smaller quotas we are to get.

H.H. Col. posⁿ. is fairly stated in R.A.B.'s memo. Can't easily ask Colonies to restrict their imports fr. J. save on b/p. grounds.
B/T. proposals wd. apply only to Africa. In E. Africa cheap J. textiles are in interests of people : that, I thght, was agreed. In W. Africa there is growing demand for J. goods & the Govts. there wd. not readily accept restriction of that save on b/p. grds.

K. Para 26(a). Is it merely a matter of timing?

R.A.B. Yes. I want to w'hold the decision on Colonies.

L. We have bn. negotiating for 6 wks. We can guess what we are likely to get – i.e. para 5 of R.A.B.'s memo.

H.A. B/T. fears tht. despite our assurance undertakg. won't be carried out. C^d. we link them more closely.

H.H. The Col. weapon is getting blunt, now that we have independent Govts. We can persuade them on b/p. grounds, but not for protⁿ. of Lincs.

R.A.B. Use the threat : & see what agreement we can get. If it's not good enough, we cd. implement the threat.

Low. I don't think the agreement is good enough to warrant the assurance.

H.A. Can we give final decisions before agreemt. is concluded?

R.A.B. I think it shd. be.

Low. If we give the assurance, & get the agreemt. we asked for, we can't w'draw the assurance. Can I discuss with RAB before next Cab.?

Agreed : Low & R.A.B. with H.H. to meet on Wed^y.

[Exit Low, B.C.
[Enter Carrington.

4. Cyprus.

H.M. Opens to-morrow. Will consider which P.M. shd. see first. Security in Cyprus. Ctt^{ee}. agreed on appt^{mt}. of Director of Security, who wd. assume "Templer" functions if situation became an operation. Acting appointment has bn. made. Telegram re low morale of Police & pressing for transfer of 7 or so fr. Kenya or Malaya.

Situation needs to be gripped.

H.M. Trying to get these re-inforcements fr. Malaya, or ex-Sudan Police.

P.M. Action shd. be taken urgently.

H.H. Other posts created & men drafted in fr. Canal Zone.

P.M. T. toughness in early stages will help us. Keep close to them.

5. Broadcasting : 14 day Rule.

P.M. Cl. Davies wants to run out of his earlier agreemt. & to publish corr^{ce}.
Have told him I won't publish but he will have early opportunity of
mtg. at wh. he can explain to other Parties why he has changed his
mind.
Cab. can consider merits later.

6. Disarmament.

H.M. Risks aren't as great as Ctt^{ee}. suppose. U.S. legⁿ. debars them fr.
allowing any inspⁿ. Let them make the running. Don't let us wreck it.
Listen to U.S. arguments : don't take a line. Don't raise diff^{ces}.
Propose to instruct Nutting not to oppose.

Agreed.

7. I.R.A. Raids.

P.M. Explained additional precautions which are being taken & those wh.
may have to be taken if situation gets worse.
Police handled this v. well.

8. Hong Kong : Loss of Indian Aircraft.

H.M. Govr. shd. issue warrant for Chou's arrest. W'ton to be given one
weeks' advance notice in order to prepare their case v. accusation of
U.S. complicity.
Otherwise, Govr.'s action is approved.

9. Sudan.

H.M. Neutral Commⁿ. – inclgd. neither Br. nor Egyptians.
M'while, mutiny has broken out in south. W. of Nile it seems to be
dying down.

We must support Khartoum Govt. Helm may get thro' w'out asking for more Br/Eg. troops than are in Sudan.
Uganda : some troops have moved in there. Govr. has made Reg^{ns}. wh. will prevent their return to Sudan.
Cohen's sugg^{ns}. (Tel. 601) shd. be referred to Khartoum for considⁿ. I will do so.

P.M. We don't want a Sudan dominated by E. If this moves twds. a split, we must re-consider our posⁿ.

H.M. M'while we must support Khartoum Govt., w'out use of E. troops. If Govr. needs more troops, he can use first those earmarked for Sudan in Nov. Don't want more E. troops.

[Exit H.H.]

10. Bacon Prices.

H.A. Early in year we cdn't sell it. Now there is shortage. We have bn. increasg. prices – & now it's 12% above level at de-control. Also we are makg. £½ M. p. wk. profit on imports. I propose not to follow market up any higher because higher prices haven't damped down demand.

1. Economic Situation. [Enter B.H.]

- R.A.B. Loss for Sept. likely to be \$150 m or more. Due largely to settlement with Europe. [Up to date \$112 m.] Deficit with E.P.U. of £37m will have to be carr^d. fwd. into Oct. So figures won't be good for Oct., as well as Sept. : cdn't well be less than \$100 m. Reserves, at highest in Nov. 54 (3 bill^{ns}), are now 2.349. m. – a considerable decline moving twds. level of Jan '54 (2.500 & going up). 1650 was lowest level – Budget of '52. Further action is essential to check this. Wish therefore to proceed with plan for re-call of Parlt. and introducg. further measures of restraint. We shd. thus retain initiative. Return 18 or 25 Oct.
At Istanbul, no-one doubted fundamental strength of sterling but concerned at our wages spiral, coal, & competitive power of exports.
- P.M. I was doubtful. Feared mght create crisis atmosph. Mght recall Labour fin. crises. Diff. to get Parlt. up when once re-convened. W^d. sooner have waited until Oct., if we cd. have said July medicine was working. But, if it is not, we shd. be in diff. posⁿ. at Party Conf^{ce}. etc., if unfavourable figures come out just before it.
- H.C. Don't like a recall. Will create crisis atmosphere. No indicⁿ. tht. situation is deteriorating – Cab. have not bn. mtg. Will the shock not be damaging to confidence.
Shan't get Parlt. to go away again without debates on Cyprus, Mclean etc., And shall be accused of hustling H/C. in order to get to B'mouth.
- R.A.B. Measures: i) Statement (by P.M. on defence – redⁿ. of man-power. [Improvemt. in Army pay wd. have to wait until Estimates.]
ii) Housing. Proposals in pp. circulated. Main diff^{ce}. of opinion is tht. I want to announce new subsidy figures. But we must forecast intention to deal with rent de-control (tho' Scotland will have to follow a year later). An important & diff. manoeuvre.
iii) Other expenditure of l.a.'s. Obj^{ns}. qua education and hospitals. Don't want to exclude fr. circular any Dpt. interest. Circular gives latitude to l.a.'s to decide how to arrange their cuts. Hope to reach agreemt. with Ministers concerned with these expenditures.
iv) L.A. finance : methods. Carrying them on Exchequer below the line is out of date. Larger l.a.'s shd. stand on own credit not on ours. Will help credit squeeze on private sector.
v) Investment by nat^d. ind^{ies}. Statements on electricity & gas.
vi) Bread. M/Ag. wants subsidy abolished : it is unsound. Propose we abolish it, but allow off-setting increase in N.A. scales. e.g. 2/6 & 4/= increase – wh. is likely anyway : wd. cost £3 M. more to do it now.
vii) Savings. New 4% Def. Bond, with same premium as for existing 3½% with 3 mos. vice 6 mos. notice for encashment. Modification on deposits (?).

viii) Tourism. Redⁿ. to £75 wd. save £3 M. Ready to do this, if Cab. so desire.

ix) Purchase tax. Only immed^{te}. way of reducg. pressure of home demand. Triple manoeuvre : a) remove D. Scheme to encourage quality prodⁿ., and instead sales tax of 5% on woollen cloth. Socialists will say it is regressive. A. & N.Z. are going to re-impose import rest^{ns}. (because of their inflation) : and our textile ind^{ies}. will need help with quality prodⁿ.

b) Increase of all rates fr. 50% to 60%.

c) Bring in domestic articles (pots & pans.)

Together, these changes wd. yield £75 M.

x) Tax on distributed profits : 30% instead of 22.5%. Can find no other way of curbing excessive profits. Industry got £70 – £80 M by abolition of E.P.L. Tho' this wd. put profits tax back to 1952, there have bn. 2 income tax red^{ns}. m'while. Will deflate Stock Exchange boom. Yield : £60 M.

Weakness : no certainty of redⁿ. of Govt. exp^{'re} save on bread subsidy. That is reason for incldg. latter.

Measures wd. be welcomed by economists here & abroad & instructed public opinion.

Anxious about keeping such a package on ice for a month. We cd. get it thro' now.

- H.C. Only (ix) and (x) need Parl^y. action. Rest cd. be done w'out it.
- R.A.B. This p.^y. opⁿ. cdn't be done, decently, by Order. Parlt. wd. wish to be recalled. Also for housing announcement, because of politics.
- D.S. But unwise to announce figures of subsidy cut before I can talk to l.a.'s
Grave risk of announcg. w'out consultⁿ.
Tho' I will sound warning note about housing finance in a speech to A.M.C. at Harrogate to-morrow. L.a.'s are thinking of increased subsidies.
Shall meet l.a.'s on 3/10.
- P.T. Commercially – much to be said for early announcem^t. of all measures. We can't go on with 90% liberalisⁿ.
Also v. embarrassing to hold Party Conf^{ce}. w'out having said this.
Package : can't announce save simultaneously.
Oppⁿ. wd. demand recall if we announced some of these measures.
- K. Malta Conference : wdn't be able to meet much next week : & in followg. wks. 2 Party Conf^{ces}. Malta won't be able to make much progress : Labour members will complain of that.
- W.M. Package : can't defend it so easily w'out (x). Better therefore to recall Parlt.
Bread subsidy. T.U. Congress : 1952 attack on subsidies is still resented. This will poison package, fr. my angle. Recognise tht. I have always opposed it, & tht. large wage increases have in event bn.

obtained. But there are Labour leaders who do wish to urge wage restraint – and they may well be alienated by this.

- O.P. This will drive Ass. B^d. to ask for increase in scales. That is not inevitable otherwise. We have succeeded in reducg. by 200,000 the nos. on assist^{ce}. because we have got N.I. rates higher. Increase in Ass. scales will undo all this good work. Reproach : steady increase of nos. on assist^{ce}.
Am circulatg. memo. – hope it may be taken into a/c before decⁿ. taken on bread.
- RAB. 1.33 points on c/living index : bread.
1 point : p. tax changes.
- W. Recall of Parlt. will create biggest crisis we have had. We have boasted of avoiding crises. Will it not damage confidence.
Sh^d. have to reconsider handling of Party Conference.
- P.M. Include Tourism. Then it is balanced. Unwise to divide it.
Bread is most diff. ques. If we don't do it now, shall we ever? But see force of W.M.'s remarks re effect on T.U.'s – who have given us as much support as we cd. have expected. Also its effect on wage demands thro' increase in c/living.
Parlt. Choice is recall now, or one week before date arranged.
- L.P. Substance : Housing changes v. important & essential.
In view of that, I wd. drop bread proposal – i.e. because housing is even more important. (incldg. decontrol of rents, which I think important to start on).
Tourism. Travellers nowadays are not the rich. But I wdn't mind much, one way or another.
Atomic Power. Plowden thinks we cd. accelerate p'mme.
L.A. expenditure. Is circular fair – in leaving so little lead on what Govt. expect them to do. Flexibility may be a little over-done. Some more guidance is needed?
Timing. How disastrous to delay until 18/10., viz., another 3 wks. V. embarrassing to recall now.
- P.M. Turns on impact of Sept. figures.
- S.Ll. Just before Party Conf^{ce}. – w'out any announcement of Govt. intentions.
- D.S. C^d. you not on 3/10 announce tht. Parlt. wd. assemble a week earlier than arranged – because of add^l. measures to be taken.
- P.M. I wd. announce that before Sept. figures come out.
RAB's speech at Istanbul had steadying effect. If RAB. did it again in speech on 4/10., wd. not that hold it.

- D.S. If this Cab. is followed by recall next Tues. will give impⁿ. of undue gravity.
- H.M. V. evenly balanced. Will create crisis atmosphere. But worse criticism tht. (as with Gaitskell) you knew & did nil. Can R.A.B. reconcile himself to inaction? Or does he feel that action ought not to be p'poned.
Measures will have no immediate effect, save on confidence. Ques therefore is : is statement necessary, qua confidence, next week or in 3 weeks.
- S.Ll. Announce them all : & say that on this a/c Parl. will meet one week earlier.
- D.E. Trends (of figures) are known to those who influence "confidence". Important not to delay announcement.
Education (not heard).
- J.S. This is a big package. Will be regarded as serious. May shake confidence still further. Shall we get Parl. to go away if we get them back. W^d. prefer tht. Parl. shd. meet on 18/10.
- L.P. Cdn't R.A.B. give warning on 4/10., & declare Govt.'s intentⁿ. to deal firmly with situation.
- R.A.B. If we went on now, believe we shd. win. We shd. do this, quickly, and all at once. Diff. to hold it for a month. Can't untie this package. Can't say much until we can announce definite measures.
M/D. suggⁿ. tht. we cd. announce intentⁿ. in advance. There are precedents for this (profits tax & p. tax); but wd. provoke demand for recall of Parl.
- P.M. If we don't recall next week, announcement of earlier recall (Oct) shd. be made on 1st. or 3rd. Oct., before R.A.B. speaks at G'hall.
- R.A.B. C^d. we add : there will be autumn budget.

2. International Bank and Fund.

a) Relations with U.S.

- R.A.B. Humphrey is strong Protectionist. Wants to shut down on foreign aid. In answer to our diff^{es}. he said "you must do whatever you need to protect yourselves." We have therefore dropped previous undertakg. to abandon discriminⁿ. w'in 12 mos. of going convertible.
Harcourt thinks Anglo-U.S. economic rel^{ns}. in diff. condition. We shd. not therefore bombard them with recriminations. On Joseph Dam we shd. not publish our protest, for time being.
Send off another tel. now in machine.

Also one on oil. But leave it to R.M. to handle it : avoid too much emotion. Things are tricky.

b) Commonwealth.

R.A.B. Asked Dom. rep^{ves}. wtr in view of U.S. attitude, they wd. wish to reverse the multilateral policy. They all said "no" : but take it more slowly. Canada in end, persuaded tht. we intend only to take it slowly. A. & N.Z. import rest^{ns}. are tiresome : but believe they will do their best on textiles.

[Enter Nugent.

3. United States Fruit.

R.A.B. Take \$19 m. worth of non-citrus : but no free dollars.
\$4.5 m. citrus, of which not more than 1 m. for fresh grapefruit.
\$½ m. only for canned : & up to Dec. : & consult Colonies.

A.L.B. Diff^{ies}. with W. Indies over bananas etc., We shall have more diff^y. if we go ahead on citrus w'out consultg. them. I must have chance to get their reactions. Talks with them are due on price support. Have put my diff^{ies}. to R.A.B. & draft of telegram to W.Indies – suggesting another mtg. betwn. W. Indies & Florida growers to find some method wh is w'in the U.S. law. Can't accept (d) until I have consulted W. Indies.

P.M. Much concerned at Col. sitⁿ. generally. Can't afford more economic diff^y. in W. Indies.

A.L.B. I can't hope for agreement on price assistance scheme if I have to start with disclog. a give away on U.S. canned g. fruit.

P.T. This is all aid : no free dollars.
Suggest mtg with RAB., ALB., P.T.

N. Carry-over of what we didn't spend last year. U.S. put v. gt. stress on the canned fruit.

A.L.B. Trifle to them : life & death to W.Indies.

W. It is U.S. interest, not ours, to have this on our market.

Agreed : RAB., P.T. & ALB. to consider another way out
– Junior Ministers.

[Exit Nugent.

4. G.A.T.T.

Memo. approved.

5. Cyprus.

- A.L.B. I want Bishop out of Cyprus & out of Athens Radio.
But I also want Cyprus not inscribed on U.N. Agenda. Was ready
therefore to wait until F.O. knew U.S. attitude on latter.
- H.M. Dulles' reply was better than I expected. He will support us. Looks
therefore as if Genl. Ctt^{ee}. will vote v. inscriptⁿ. on agenda, on ground
tht. discⁿ. wd. be inappropriate. 6 votes known against : 3 for :
doubtful 6. Pressing those, now, on basis tht. U.S. agree with our
view. Decⁿ. will be taken 8 a.m. today recommⁿ. & will come to
Plenary Session on Friday. Result will be known then.
Advise therefore that we shd. wait until after Friday before arresting
the Bishop.

1. National Service. [Enter B-H., 3 Serv. Ministers.,
CIGS., C.N.S.]

Whole-time Service.

- S.L.I. Not because of econ. crisis. On present plans def. exp^{te} wd. rise to unmanageable heights. Decided therefore that size of Forces must be reduced. Ques of means only. Choice lies between e) and f). On grds. of mil. efficiency I must recommend e) – smaller no. of men for 24 months. Tho' redⁿ. to 21 mos. wd. not be disastrous.
- W.M. Advantage of later age – enables men to get job before Service. In '38 on merits age favoured was 21.
Grade III proposal. W^d. have to take doctors & dentists. Services wd. be criticised for not taking men who cd. be used.
- A.H. This is 1st. step twds. abolition, progressively : our action will therefore commit us to method. Don't want to be committed to tapering off by progressive redⁿ. of period. For object of N.S. now (not at outset) is to provide men for active Army, not trained reserves.
Goodwill of Army has bn. strained & burden on shrinking no. of regulars. We shd. stop this drain & increase regular content. Redⁿ. in time of service inefficient : reduces value of N.S. men : wd. make 3 year contract less popular : adds greater strain to regular cadres.
Practice of other N.A.T.O. countries irrelevant, for none but French have comparable overseas commitments.
Redⁿ. of 3 mos. will be ridiculed by T.U. and Opposⁿ. – and criticised by our supporters as inefficient.
- de L. Support A.H. – esp. on efficiency argument. Regular R.A.F. wd. be more efficient & that must be our long-term aim. Long period of training of N.S. men is essential. We need those men.
- J.T. Such N.S. men as we use are more use if held for 2 years. Support A.H. & de L.
- C.I.G.S. Support arguments on efficiency.
We can reduce to nos. sugg^d. by M/D. But can't do our job then w'out efficient forces.
Was C-in-C., F/E., when period was raised : effect on efficiency was v. marked. Achievements in Korea, Malaya etc., cd. not have bn. possible with service below 24 mos.
- P.M. i) Sh^d. retain elasticity. Intern. scene is not set fair & cd. cloud over again. We must be able to re-adjust w'out upheaval.
ii) W^d. be desirable to present them as 1st. step in a 3 or 4 yr. p'mme.

- D.E. Opinion: gap betwn. leaving school & call-up is period of tendency twds. delinquency. This wd. widen that gap. W^d. like discuss with M/L. wtr we can say we recognise tht. this is dangerous period & we have means of combating the risks.
- R.A.B. More weight in e) than f). If (f) cd. be combined with some forecast of future policy, we shd. get more credit than for a simple redⁿ. of 3 months.
Tho we so decide, let us not forget that 2 yrs. is a big slice out of a young man's life.
Para. 21 of memo. Imposs. to concede that this autumn . Will have to do it in due course, but can't be committed now. No proposals have bn. put to Ty. Prefer to have it dealt with over 3 to 6 mos.
- S.Ll. Agree it will take that sort of time. Only wanted a declⁿ. tht. we are going to do it.
- R.A.B. Regret premature disclosures to Press on such ques. Articles in Express foreshadowing pay increases in R.A.F.
- Sal. Agree with R.A.B. 24 mos. is easier to defend than 21. If smaller forces, we must have most efficient forces we can. Inefficiency is extravagance.
Politically, diff^{ce}. betwn. 24 & 21 is not sufficiently attractive.
Gap – delinquency etc., Argument of M/L. prevails over M/E.
Para 14(d). Such appl^{ns}. shd. be granted, automatically. E.g. University undergraduate.
- W.M. We do grant such appl^{ns}.
- H.C. Efficiency argument prevails.
- D.E. Agree.
- J.S. No pol. advantage in 21 mos. Can Services keep them employed?
- H.A. Service arguments are conclusive.
Persuade industry to treat 14-18 yr. olds as beginners in a career rather than filling in a gap.
- W.M. We are doing that & big firms are playing up to it.

Agreed: W.M. & D.E. to discuss this aspect.
- Ll.G. Efficiency argument carries the day.
- A.L.B. Agree.
- H.M. From F.O. angle, 24 mos. is preferable – a great help in relⁿ. to NATO Allies.

On numbers, can't yet be said how we can hope to discharge our commitments. Needs further study. Shall have to consult or inform U.S. & Allies if this redⁿ. shd. affect our capacity to meet those commitments. Easier, even so, if period rests at 24 mos. Before Election I told Party it wd. be madness to reduce period because of risk of competitive bidding. But : N.S. accepted as training scheme : we must admit tht. it is not now needed for that, but for active service in peace : a v. diff. political proposⁿ. Shall we in the end be able to defend this – on basis tht. we aren't ready to pay enough to attract suff. people into regular Forces.

- W. Services case is convincing. Redⁿ. to 21 wd. provoke demands for redⁿ. to 18 & we shd. not have argument of efficiency to w'stand it.
- K. Agree. But if advanced on efficiency, Services are acceptg. obligⁿ. to rebut criticisms of waste of time.
- P.T. Agreed.
- J.P. Agree. On statement. Is our objective to abolish N.S.? Hope not. I believe it is valuable to citizenship – tho' cost to economy must be weighed v. that.
- P.M. Endorse this conclusion.
But i) H.M.'s point must be kept in mind.
ii) Point of a redⁿ. to 21 mos. wd. be indicⁿ. of instalment. That mght avert strong pressure for larger reduction.
iii) Service pay. What I wd. like to see, eventually, is small regular Forces : esp. in view of technical specialisⁿ. Only approach to it = better cond^{ns}. of service.
iv) Internat^l. aspects. Don't want any suggⁿ. now of modifying our Treaty oblig^{ns}. W^d. sooner take the knock on strategic reserves than on B.A.O.R.
v) Course (e) will have to be announced in a statement foreshadowg. future policy.
Reluctant to link this with economic statement. Must avoid impⁿ. tht. it is done for econ. reasons. W^d. sooner link it with disarmament. We can do it at our convenience – w'out waiting for Parl. Mght be related to Bulganin's message
Draft statement will be submitted to Cabinet.

Agreed : {Adopt course (e).
{No consequential work before announcement.

Part-time Service.

- CIGS. Army cd. accept one camp & no drills. Present proposal designed merely to make Army obligⁿ. comparable to that of Mobile Defence Corps.

- S.Ll. "X drills". I was thinking of 24 p.a. – equivalent of 4 days.
- P.M. Let us discuss in Def. Ctt^{cc}., with object of relieving obligⁿ. to full extent consistent with needs of Mobile Def. Corps.
- Agriculture.
- W.M. Want to make some concession w'out a breach of principle of universality.
To restore "blanket" wd. cause criticism qua agriculture; and wd. also be v. diff because of repercussions – claims for other ind^{ies}.
We cdn't hold the posⁿ.
- H.A. Drop in labour force is now becomg. serious. 1953 : 6,000. 1954 : 12,000. 1955 : 23,500. Out of 500,000 employees. Only about 50% return to agric. after N.S.
N.U.'s concerned. T.U.'s not – because they prefer shortage of labour.
Support memo. of M/L.
- Sal. Scientists etc., resisted because of universality rule. Surely they are more important than nos. in agriculture.
- W.M. This will yield 2,500 p.a.
- A.L.B. Proposal (a) is not a new principle.
- Agreed : Accept this in principle.
No announcemt. before genl. decⁿ. is announced.
Look again at genl. ques of exemptions.
2. Economic Situation. [Exit Serv. Min., C.O.S.]
- R.A.B. Choice betwn. i) creatg. or increasg. crisis atmosphere.
ii) preserving initiative.
Read prepared statement.
Reserves are recovering, at present because of improvement in Europe.
May not be more than \$130 m. loss.
Risks of waiting. At worst, run on reserves. At best, posⁿ. will be worse in Oct. than now.
B/E. don't advise announcemt. of autumn Budget or recall of Parlt.
before announcement, or soon after, of Sept. figures. If we are not to act, B/E. wd. prefer to see it played down.
Diff. : but I wd. prefer to have said somethg. before end/Sept. – eg. that our plan will be disclosed to Parlt., wh. will meet for that purpose a week earlier than planned. Before publⁿ. of Sept. figures.
- P.T. Unwise to risk delay. 3 wks. of speculⁿ. : 2 Party Conferences, at which issues wd. have to be fluffed.

- D.E. I also favour early action. For both Conf^{ces}. will suggest economies & Govt. will lose initiative.
Figures will show change of trend.
- P.M. Grave effect on Govt.'s credit if Parlt. is recalled – confidence of our public will be shaken. Opposⁿ. wd. gloat over it. If therefore it is avoidable, we shd. avoid it.
- W.M. Decision Thurs. for recall Tues. will look like panic.
- S.Ll. Measures we envisage are not immediate in effect : less reason on that a/c for urgent recall of Parlt.
- A.L.B. I agree.
- O.P. No sudden catastrophe can occur in next 3 wks – only a gradual worsening of posⁿ. of our reserves.
- W. Public have confidence in Govt. Abroad, there is more confidence in Govt. since RAB.'s statement at Istanbul. Panic action now mght provoke a run on sterling : & will lead people here to expect more drastic & immed^{te} action than we intend.
Prefer therefore to take this quietly. Fear “dramatic” action.
- Sal. Endorse that view. Decⁿ. to recall wd. create panic.
- J.S. Share that view.

Agreed : Announce from No. 10 before end/Sept.
decision to recall Parlt. 8 days earlier than
planned.

[Enter S.G.]

3. Parliament : Re-distribution of Seats.

- Ll.G. No major legⁿ. needed.
But i) reviews need not be so frequent.
ii) numerical equality shd. not be too rigidly pressed.
- S.G. Diff^{ces}. betwn. Att.G. & H.O. are v. technical. C^d. Att.G. discuss with Ll.G.
- Ll.G. I can settle these outside.
- P.M. Pl. do.

Agreed : Try to formulate leg^{ve}. proposals.
Consult Opposⁿ. parties.

[Exit Sol.Genl.]

4. United States Fruit.

A.L.B. If agreemt. on period, I assent – subject to consultⁿ. with W.Indies. But on canned grape-fruit, I feel that we cd. refuse to take any – this year – because it is U.S. law which prevents implemⁿ. of agreemt. Tho' Manley may think tht. we cd. take a little, because of need to preserve good rel^{ns}. with U.S. If so, we cd. do so.

P.T. Pre-war 14.000 t. of imports, mainly fr. U.S. Since war, we have bought none fr. U.S., to protect Col. Present proposal wd. give 75% protⁿ. to Colonies. A.L.B. is askg. for 100%. If we go as far as that, we shd. have a worse case than they have on Ch. Joseph Dam. Prs. we had better p'pone decision until Manley comes, as he will be here so soon.

A.L.B. We have requ^d. W.Indies to grow this in order to diversify economy.

R.A.B. A complete ban wd. enflame our rel^{ns}. with U.S. & wd. end Manley's rel^{ns}. with Florida too. Surely, we must take a little. Tho' I agree tht. we shd. not decide or tell U.S. until we have talked to Manley.

P.M. Tell W.Indies what we propose on fresh, but that we are reaching no decⁿ. on canned until he comes & can discuss.

[Exit Sal. & J.S.]

5. E/West Trade : Strategic Controls.

S.Ll. If Cab. accept new basis, Ministers concerned cd. work out a new embargo list – for discⁿ. with U.S., Fr. & others.

A.L.B. China too?

P.M. Not at this stage.

Agreed.

6. Arms for M/East : Supply of French Aircraft to Israel.

H.M. Staging facilities in Cyprus for Myster fighters.
Idea of general ban has failed : U.S. & Fr. won't agree.
On balance, my view is tht. our vested interests in staging facilities shd. prevail.

P.M. Allow the facilities – after delaying reply for as long as possible.

H.M. and S.Ll. to settle between them.

1. National Service. [Enter A.H. de L., BH., Noble

P.M. Outline of statement which I propose to make, in speech form, on 5/10.
Amendments discussed.

J.S. Will provoke ques about future of H. Guard.

A.H. Not ready quite to answer that.

S.Ll. Some redⁿ. inevitable : present cost = £1 M.

P.M. Wait until we have a full plan.

A.H. Will you announce (soon) appt^{mt}. of C-in-C., Land Forces?

S.Ll. Depends on context : will submit suggⁿ. on this. Agreed.

P.M. C^d. there be redⁿ. in no. of Commands?

A.H. Reducg. strengths (10%) but not no.

W.M. Report on effect of N.S. on youths. W^d. Cabinet wish to see it? Result
is encouraging. Want to publish before Parlt. meets.

Agreed : Summary to be circulated to Cabinet.

H.C. Inform old Doms.

[Exit Serv. Ministers.

2. Teachers' Superannuation.

D.E. Teachers must accept increase to 6% : l.a.'s the obligⁿ. to meet (subject
to 60% grant) any increased liability.

R.A.B. Support this plan.

D.E. Shall open consult^{ns}. before Parlt. meets.

Approved.

3. Aerial Advertising. [Enter B.C., AttG.

B.C. Discussed with D.S. & J.S. We agree tht. shouting shd. be prohibited
& advertising controlled.

But Att.G. is doubtful wtr I can do this by Air navigⁿ. Order. Will discuss method with him, if policy is approved. W^d. be suitable for a Private Members' Bill.

H.C. Sh^d. it be used for public purposes? Don't want it at all.

Sal. What l.a.'s wd. operate it?

P.M. Try for all-out prohibition via Private Members' Bill.

[Exit Att.G.

[Enter N.B.

4. Road Traffic : Park Lane Scheme. [Enter H.M.

B.C. Have proceeded h'to on basis of no interference with Decimus Burton screen. M/W. wants now to open that possibility. Fear further delay that wd. involve. Traffic needs are urgent. Don't want to upset L.C.C.

N.B. Recognise diff^{ies}. of M/T. But i) damage to amenities of this plan wd. be v. great. The screen cd. be moved to make entry to Serpentine road. If that were done, range of new possibilities wd. be opened. Might cater for 50% increase in traffic. C^d. be done progressively. M/T. agrees : but dislikes delay & says it wd. take in more of Park. No "aesthetic" add^l. encroachment. Unwise to go ahead with what may be 2nd. best.

Sal. If you move screen you will take ring-road out of Park. Fear it may lead to takg. it out on Bayswater R^d. & Knightsbridge also.

y| May ultimately lead to chipping off Park all round.

On balance I favour recommⁿ. of M/T.

R.A.B. Not clear what is considered view of Fine Arts Commⁿ. Take more time to get it right.

x| This (econ. sitⁿ.) is not a good moment to start this.

B.C. Dispute x/. This is most urgent problem of Ldn. traffic.

D.E. Tunnel will involve cutting down trees as far as H. Park Hotel. That will raise a storm. 100 trees in all : but only 20 on Piccadilly.

N.B. On y/. boulevard scheme takes E. Carr. R^d. out anyway. Move of Dec. B. screen wd. not make it worse.

P.M. Can Cab. see 2 models of the competing scheme

B.C. M'while, may I tell L.C.C. that Govt. regard this as urgent – as

z| agreed in earlier Cab. decision.

D.S. I support x/. This wd. be v. spectacular.

P.M. Tell LCC z/ : add that we don't exclude removal of the screen, and are considering what alternative there may be on that basis : that Fine Arts Commⁿ. will be consulted.
M/T. and M/W. to review, with M/Housg. Road Research Lab. can help; L.C.C. to be associated with review.

[Exit N.B.]

5. Japan : Trade and Payments.

R.A.B. Good assurance fr. J. on imports fr. sterling area.

P.M. Trade quotas is the main thing?

P.T. Support memo.
But J. has £80 M. balance : on this it will rise to £100 M. And we shall have to justify open door in Col. to J. because no b/p. diff^y. to warrant restⁿ. of imports to Colonies. Can just be done, with powerful statem^t. by R.A.B.

Two snags : i) J. cd. in Jan. make bi-lateral deal with Pakistan on textiles. A double blow for Lancs. Hope our negotiators will tell J. that on review after 6 mos. HMG. will give serious consⁿ. to any exclusive bi-lateral deals. A warning : so that we may have an answer to criticism.

ii) Quotas. Support §13. Try for another £2 M. in return for £3 M. of canned salmon. If they decline, I wd. cut £1 M. off their grey cloth. On £2 against £3, we can start with £ for £, but we won't get it.

R.A.B. Don't think we can hope to do better than proposed in memo.
Unlikely to get a better deal.

P.M. Try £ for £ : authorise £2 for £3 in last resort : but, if we don't get that, cut £1 M. off grey cloth.

Agreed : subject to P.T.'s (i) and (ii)
Ty. to consider with B/T. and F.O. what more can be done on shipping.

6. Economic Situation.

R.A.B. Figures.

P.T. Trade figures look a little better.

P.M. Decision v. earlier recall of Parlt.

D.S. Had wished to introduce Housing Bill as soon as Parlt. meets, so that 2nd. Rdg. cd. come early thereafter. Don't want 2 debates. Introdⁿ. wd. preclude discⁿ. of this in the general debate.

P.M. Discuss this with R.A.B.

R

.A.B. Don't want it excluded from opening debate.

[Exit B.C.

7. Foreign Affairs.

[Enter K.

H.M. Genl. deterioration since I took over.

a) Détente at Geneva has increased our diff^{es}. because it has re-opened so many issues : open warfare vice trench warfare.

Everyone is ready to take chances now on all policy ques.

b) Paralyzing effect in U.S. of Eisenhower's illness. Republicans have little chance, unless Adlai is Democratic candidate because wisecracks à la Guedalla don't please U.S.

UN. Assembly.

French will go to Sec. Council but not Assembly.

Cyprus – we did v. well to win.

Algeria – Fr. failure in N.Africa is affectg. whole Arab world.

Arms to M/East.

R. have made deal with E., & prob. overtures to S. Arabia.

Looks as tho' R. finding stalemate or stabilisⁿ. in F/E., have decided to fish actively in M/E. waters. Our posⁿ. isn't v. easy – a little ambivalent.

Mystery of E. deal. Seems tht. R. started it & then switched it over to Czecho. R. cd., w'out damage, part with v. large nos. of obsolescent arms : these are not new Mig to wh. R. Air Force are turning over. Far more available than we, or prs. even U.S., have to offer.

How handle this – with giver or receiver or both.

Mentioned to Mol., who seemed upset. Tho' he had prev. told Dulles tht. he knew somethg. of it.

We cd. make protest or appeal to Bulganin – not consistent with Geneva spirit – if this were isolated deal. But we know now tht. they are approachg. other Arab States. This must be a new policy. C^d. we knock them off it? They don't always persevere in a try-on. That is case for P.M.'s proposed message

A message fr. P.M. mght be followed by one fr. Eisen. if he recovers.

What line shd. we take in such a message? Alarmg. prospect if we had to meet in conf^{ce}. with R. and French on arms to M/E.

At receiving end : Nasser was alarmed, tho' putting bold face on it by our & U.S. rep^{ns}. He depends wholly on Army – no other basis of support. This is all he intends – not to put his head in Communist noose.

Conference with D. y'day. Agreed tht. a strong squeeze on Nasser wd. affect U.K. interests adversely. Favour a mild squeeze: a) informⁿ. about order b) get a term put to it c) no technicians. Means of squeezing – i) get on with independence of Sudan : don't allow the 18 mos. interval.

P.M. Favour that on merits.

- [H.M] ii) nothing else(!). Make it appear tht N.'s benefits are reduced (slowed down) : others who behave better get more. But U.S. won't join N. Tier., unless Alpha succeeds. My problem was to prevent U.S. from swinging pro Israel viz., unilateral guarantee to Israel alone. But will U.S. support N. Tier – not only morally, but with money & arms. H'to, we have insisted tht. we shd. supply Iraq with arms : big step to allow U.S. to join : but easier for them to give arms than money. Try to show benefits for Lebanon and Syria as well as Iraq. Ques : can we do more, at either end.
- P.M. V. serious sitⁿ. is developing in M/E. We need to review drastically our M/E. policy. We must realise tht. U.S. has almost always bn. wrong on M/E. They are ignorant of it & can't steer steady course. The big interest in M/E. is ours – not U.S. We are dependent on M/E. oil. We must therefore do our own thinking on this. Trucial Coast & Iraq is more important now than Egypt. [Remember error of U.S. view on Commⁿ. in Persia. Alpha : they were most reluctant to start & they have ruined it by trying to launch it alone.] One correct course is to help our friends – esp. Iraq. U.S. ought to help with cash off-shore). Eis. was ready to do so on tanks for Iraq : & they have failed to come along. We may have to spend more – to save Iraq oil. Giving end. Do R. realise how dangerous this game is qua risk of war betwn. E. & Israel. They can't want to see such a war – wd. affect them v. soon. I wish therefore to send cautionary word explaing. why we don't regard this as commercial deal. We must put our case in some form. W^d. sooner do it privately to Bulg. Wish to send some message. I admit risk. They may retort : we shd. discuss this ques e.g. at Geneva. But what alternative. Are we to leave R. to hawk these offers all round M/E. We don't even know amount of N. order : can't assess size of problem. We cd. restrict scope of any disc^{ns}. we entered with R. – viz., this particular deal pro. tem. I wd. be ready to accept temporary ban on all supply of arms to M/E. countries.
- R.A.B. Fishing enquiry more useful than no action. At home, we shall be asked if we have approached R. Don't want to have to say "none".
- Sal. Dangerous to allow anti-Comm. front to disintegrate. For readiness of R to be reasonable seems less than it did at Geneva. No future in threatening E. any more. Risk of rebuff. W^d. sooner isolate them & ignore them if we can – & consolidate the N. Tier. If that can be done – how much will U.S. help. R. end. Doubt if message now will do good : but can it do harm. Even if they suggest a mtg., we can limit discⁿ. at it. We shall be expected to have said somethg. to R. We may elicit some more of their policy and intentions.

D.S. Support project & terms of message.

Approved despatch of message.

8. Industrial Hostels.

W.M. Have bn. closing a no. of industrial hostels. Propose now to announce tht. I shall close remainder w'in next 12 mos.
This is right, & saves money. But there will be some protests.

[C.M. 35(55) – 38(55) : missed on account of sick-leave.]

N.B.

1. Burgess and Maclean. [Enter R., B.H.]

H.C. H.M.'s intentions.

P.M. On F.O. – Eden/Bevin reforms. No need for more.
Security – not for lawyers. More for P. Councillors.

L.I.G. Don't need enquiry on Security : more a matter for Ministers because
amend^{mt}. of law wd. be involved.

D.S. Wdn't mind inter-Party Ctt^{ee}. on security procedures : ex-Ministers.

H.C. Sh^d. P.M. not discuss with C.R.A. before the debate. See if he wd.
agree to small body of P.C.'s who have held office to confer on
security checks & procedures in the public services.

2. Parliament.

H.C. Business for next week.
Tues. Fin. Bill 2nd. Rdg. Fin. Secy & Econ. Secy., Ty.

3. House of Commons Disqualification Bill.

L.I.G. Cl. 6. means disqualifⁿ. of anyone who has controlling share-holding.
Att.G. says it wd. affect some Govt. supporters.
We have shown Bill to Oppⁿ. If we change Cl.6. they wd. know why.
We wdn't have any defence in H/C.

[Exit B.C.]

P.M. It is right, surely?

[Enter J.S.]

H.C. Yes.

[Enter B.C.]

4. Road Haulage Disposals Bill.

- a) Transport Levy. Agreed.
- b) Contract Hire Vehicles.

B.C. R. Haul. Assocⁿ. attitude makes it easier : they won't object to
intention by B.T.C. This removes most of my political fears. Reduces,
rather than removes, my doubts.

A.L.B. The holders of contracts will have had a change to transfer contracts to
a private firm.

[Exit B.C.]

5. Egypt : Aswan Dam.

- R.A.B. U.S. Ty. & Bank think E. figures are under-estimates.
Unwise for us to under-write this w'out N. American help – Govt. or Bank.
U.S. scheme : U.S. Govt. & U.K. Govt. wd. put up \$100 m, while Bank puts up \$200 m. Bank are v. interested.
If we follow course (c), will it take too long & let in Russians.
As Bank are interested, don't believe E. will rush ahead.
I cd. put E. For. Minister against participⁿ. of U.S. firms, not against participⁿ. of Bank.
Believe consortium will get the job. Less need for hurry.
Ask Makins & H. to get best terms he can from Bank [& U.S. Govt.]
If it does mean intern^t. tender, see if U.S. Govt. will support us.
- P.T. Endorse general thesis. But want to keep E. with us. If we negotiate with U.S. Govt. behind their backs & behind consortium E. may get cross. Keep therefore to Bank (not U.S. Govt.) until we have talked to E. Foreign Minister.
- P.M. Risk by us + Bank is best course for us.
Don't want U.S. Govt. or Exp/Imp. Bank in it, if we can avoid it. For that will lead in U.S. firms, wh. neither we nor E. wd. like.
- H.C. Hope we won't do this alone, when we haven't bn. able to do this sort of thing for Commonwealth countries.
- R.A.B. We may have to take bigger risk – to avoid R. engineers on headwaters of Nile.
- P.M. We must reserve our posⁿ. on control of waters – influence in Sudan & also our own E. African water.
- D.S. We can't afford to lose this.
- P.M. We can't under-write it all because of weakness of E. economy. F.O. to consider wtr we shd. not now confer with G. Govt. on import^{ce}. of securing this for consortium.
- Sal. Support D.S. P.M. & R.A.B. shd. have auth^y. to do all necessary.
- P.M. Modern equivalent of Suez Canal shares.
- Approach Bank first : see what their cond^{ns}. are : see what gap remains.
- But keep U.S. Govt. informed.

6. Full Employment : White Paper.

R.A.B. Shall we publish a revised version?
W^d. prefer to p'pone until end/Nov.
Mayn't do much good, but does make clear the diff^{ies}. of m'taining
economy on full empl. standard.

Sal. What about Appendix?

R.A.B. Omitted. All amendmts. sugg^d. by Ministers have bn. incorporated.

P.M. Circulate revised version. Delay publⁿ. for a while.

7. Colonial Immigrants.

L.I.G. W. Indies : 20,000 this year & rate is increasg. Now 10 times what is
was 2 years or so ago. They are losing their most skilled.
Here they are needed at present. They are law-abiding. But housing is
a problem. E.g. B'ham slum clearance : it is in those slums tht.
Coloured are concentratg.
750,000 Irish have come here since end/war.
Immigⁿ. fr. India/Pakistan : 6.000/7.000 p.a., excludg. students.

H.C. Govts. in I/Pak. are doing what they can to check this.

W. We need the man-power.

D.S. Control for housing proposed wd. be diff ; but we shd. try it.

A.L.B. Bill, if we do it, must be non-discriminatory. By sea alone 13.000
Austral., 9.000 Canadians, 5.000 N.Z. in 1954. Ind/Pak. influx is
greater than said. And figures concern only arrivals by sea. This wd.
involve considerable interference with inter-Comm. movement.
Election showed tht. this is not (yet) regarded as a v. serious social
problem.
Sh^d. we not aim at spreading the load betwn. one area & another. This
Bill wdn't do that. Once they complied with cond^{ns}. and entered, they
cd. concentrate into "black" areas.
How wd. housing control work? You can't keep him to area first
declared.
Various diff^{ies}. about deportⁿ.
Gold-Coast/Nigeria. Cdn't treat them differently.
Timing : don't increase unemplt. in W. Indies just at moment when
Fedⁿ. is being negotiated.
My view : Wait, + try to spread load here.

W.M. No problem for me. They are easily absorbed & work well.
Control wd. turn on effectiveness of detailed prov^{ns}. in O-in-C.

Can't control really w'out reporting to Police, as aliens, on change of address or change of job.
Will have to admit tht. legⁿ is discriminatory.

Sal. Not convinced by A.L.B.
Doesn't matter that public don't ask for control now. It may be our duty to act ahead, before it is too late.
Flow of immigration is v. large. Effect on racial characteristics of English people, in long run.
Colonies restrict immigrⁿ. Why shd. we not do same?
Why cdn't we give figures – indicate dangers for future – any Govt. shd. have power to control.
Admit diff^y. re Irish : it wd. be illogical to exempt them.

P.T. Factor of prosperity.
Legⁿ., if introduced, will be seen to be directed v. W. Indians.
Will be regarded as illiberal measure.
W^d. like to see the case for legⁿ.

Sal. C^d. you distinguish between temp. emplt. permit & permanent residence.

P.M. to consider means of further considⁿ.

1. Parliament. [Enter Ch. H., B.H., R.

H.C. Business for next week.
Housing Bill. Sh^d. it go to standing Ctt^{ec}.?

D.S. Will spin it out until March – nr. local Govt. elections. Better to take it on floor, even with late sittings, and get it over more quickly.

W. Support that view.

D.S. Don't want action (diff. rents scheme) beginning just before l.g. elections.

H.C. Wait until we see how much time is likely to be needed in Ctt^{ec}. on Fin. Bill.

P.M. Need that occupy more than 3 days?
 Political importance of speedy passage of Housing Bill.

2. Monopolies : Report on Tyre Manufacture.

P.T. Manufrs. are pressing me to suppress parts of report on tyres. Decided, after consultg. H.M. Amb., W'ton, that there is no reason of public interest to suppress any part of it. W^d. like to make this clear, in reply to P.Q. to-day because lobby is at work.

R.A.B. O.K. say there are 3 points of public interest. P.T. has a discretion. I can't say, on informⁿ. available to me now, how it shd. be exercised.

P.T. Have bn. considering this since June. Am quite satisfied. Lobbying with Ty. etc., follows my decision.

Agreed : Avoid answering to-day supplementaries on excision. Ty. to consider at once wthr. they object to full publⁿ.

3. Broadcasting (a) 14-day Rule.

H.C. Opposⁿ. have announced their view – debate (with free vote) followed by Select Ctt^{ec}. P.M. has taken line, in reply to P.Q., that this is not a matter for Sel. Ctt^{ec}.
 We cd. have debate on motion proposing Sel. Ctt^{ec}. – and free vote.

P.M. A bit awkward for me if it were carried. [Enter J.S.

- H.C. Good chance tht. it wdn't be carried.
- P.M. We can offer to find times for a debate. Don't delay it.
- P.M.G. Cdn't debate be on motion approving principle, leaving procedure open. That wd. involve 2 debates (one after report of Sel. Ctt^{ee}).
- P.M. I wd. prefer that.
- (b) Political Broadcasts.
- H.C. Oppⁿ. now suggest one Welsh & one Scottish political b'cast each year – to be arranged centrally, not by the Regional Councils.
- J.S. We must discuss with Opposⁿ.; tho' I am not keen.
- Agreed – discuss, with Opposition.

4. House of Lords : Appointment of Joint Select Committees.

- Sal. Opposⁿ. refused Joint Sel. Ctt^{ee}. on Army & Air Force Act. They are doing same on Naval Dis. Bill. V. wrong : for H/L. have more experience on this ques & cd. contribute. This is a move to discredit H/L. Sh^d. we stand firm. Or shd. H/L. appoint Sel. Ctt^{ee}. of their own.
- H.C. Oppⁿ. object i) because tradition that Peer wd. be Chairman. ii) Proportional composⁿ. wd. mean that Labour wd. be outweighed.
- Sal. I offered to waive both those points on Army & Air Force Ctt^{ees}.
- B.H. And offer was repeated this time. They object on principle.
- Sal. Then shall we appoint our own Ctt^{ee}. – disadvantage of 2 Rpts.

Agreed : Press the point again with Opposition.

[Exit Ch. Hill.
B.H.]

5. Aswan High Dam.

- R.A.B. Seen E. For. Secy. He has talked with Black. Wants to go to W'ton. Is willing to accept aid fr. U.S. Govt. Consortium wd. accept co-opⁿ. of a U.S. firm – Knudsen. Two diff^{ies}. remain :-

i) Black doesn't want both medium & long-term finance. Doesn't want Fr. & G. Banks : wd. sooner do it all in U.S. Ty. will persuade him out of that.

ii) Dispute with E. & Sudan on use of water.

S. are being unreasonable on this. Want F.O. co-opⁿ. to seek understanding with S.

Finance. Hope of agreement now, so long as Bank don't insist on internat^l. tendering or on more than one U.S. firm.

Next stage is discussion in W'ton, on instructions given.

R. We don't know what S. Govt. really intend.

P.M. Get Helm's view : see what he can do to help.

6. Togoland.

A.L.B. We gave to U.N. impression tht. we shd. not be ready to go on administering Togoland after G. Coast became independent. U.N. commⁿ. are there & are about to propose a referendum which envisages continuing Trusteeship as alternative to merger in G. Coast.
x| Want therefore to make it clear tht., if referendum went in favour of
| Trusteeship, we wd. be ready to go on administering. Alternative – another Trustee is intolerable.

H. W^d. mean another H. Commⁿ. territory in conflict with G. Coast – as in S. Africa.

A.L.B. Even so, adminⁿ. by e.g. Russia, wd. be even worse.

D.S. Why didn't we allow similar division, on basis of plebiscite, in Gold Coast?

A.L.B. That is another issue. But my mind is not closed. We may have to re-open this v. big issue.

Agreed as at x/. Memo. on genl. ques to be subm^d.

7. A Capital for Wales.

L.I.G. Now genl. agreement locally on Cardiff.
Govt. depts. are there already – most of them.
No formal act : merely recognition of it, in speech on behalf of Govt.

D.S. Formal resolution by H/C. – to commit Opposⁿ.?

L.I.G. Prefer a simple statement.

Agreed.

8. Pensions Increase Bill.

R.A.B. Suggest this be app^d. by next Cabinet – so that it may be announced on Thursday 17th.

9. Expenditure of Local Authorities.

R.A.B. Some misunderstanding among l.e.a.'s.
Have prepared draft P.Q. & Answer. Will agree it with M/Housing,
M/Ed., & S. of S. Scotland.

[Absent on sick leave : 10th. November, 1955 to 16th. Jan. 1956.]

1. Export of Surplus War Materials. [Enter R.M., E.H.]

W.M. What emerges is i) mistakes ii) diffuse machinery iii) implic^{ns}. for f. policy. Of these (iii) is most important. What is our object, re supplies – e.g. in M/East.

P.M. iii) applies more to new materials than surplus.
Let the W. Paper be presented by For. Secy. & M/Defence.

S.Ll. And Prs. of B/T.?

P.M. Too many.

E.H. Speakers in debate on Adjournment. Nutting to wind up : M/Defence to open.

S.Ll. Or M/Supply to wind up, if debate is on technical points.

P.M. Think Nutting will be needed to reply. Needn't decide yet.

Draft of White Paper.

Amendments discussed & approved.

Para. 8. New decision to cut gun-barrels can be added if it can be said that decision was taken well before this row developed. Prob^{ly}. not.

Para. 15. F.O./B/T. to decide wtr sentence be added making it clear that the licence contemplated re-export fr. France. Also consequential passage in 20(d).

[Exit R.M, E.H.]

2. Malaya.

A.L.B. Col. Policy Ctt^{ec}. have considered line to be taken.

i) Internal security. We had hoped to retain operational control of police & def. forces. We think we can retain that – tho' we may have to concede administrative control over all local defence forces.

Govr. wd. also have right to disregard advice of Ministers.

ii) Defence. Had intended only to suggest tht. agreemt. be negotiated later. C.P. Ctt^{ec}. thght we shd. go for formula specifying broadly what rights we shd. need to secure in that agreement.

The Malayan Delegⁿ. seem to be in reasonable mood.

iii) Constitutional Commⁿ. Had hoped it wd. be confined to scheme for next stage. M. Delegⁿ. will ask that. it shd. prepare scheme for full self-govt. This need not affect timing of change we had in mind (1959) : for task of Commⁿ. wd. be v. long. Suggest therefore tht. we allow Commⁿ. to consider scheme for both stages. If we allow this, we

believe they will agree that all reserve powers shd. stay in force throughout (i) both stages, until 1959.
They want Commⁿ. to be composed wholly of people from outside Malaya. U.K. rep^{ve}., Austr., Indian & Canadian.
I will inform Cab. of any unexpected changes or developments.

P.M. I am concerned about Singapore. We may have to revert to direct rule there. It wd. help with that, if Malaya was going fwd. on sound lines.

D.S. Hope we shall get assurances for our economic interests as quid pro quo for our assistance (on which they must rely) in defence.

A.L.B. Not proposed to try to write into any Treaty provisions affecting internal taxation etc., Can we hope to bind their domestic policy.

D.S. This is our last chance of getting such an agreement – because of their awareness of need for B. military protection. We are in strong position to drive a good bargain securing econ. advantages in return for help in defence. E.g. undertakings v. discriminatory taxation or expropriation of B. interests.

A.L.B. Will consider what we can get along those lines, consultg. Ty. as
* required and B/Trade.

3. Tariff Policy.

P.T. E.P.C. have settled line we shd. take in next round of tariff negot^{ns}. at Geneva.
No dramatic changes are likely. For U.S. will set pace, & they are limited by their legⁿ. to 15%.
We are pledged to continue these negot^{ns}.

P.M. We shan't get anything fr. U.S. And we shall be pressed to make concessions. I hope we shall lie quiet & see how existg. agreemts. work out in practice. I am content, however, that we shd. make the necessary noises.

4. Alan Nunn May.

S.Ll. Important considⁿ. is effect on U.S.

P.M. Let us at least be able to say we gave him no facilities.

B.H. L.P. supports v. strongly views of Makins.

Ll.G. Will be difficulty in continuing his employmt. in U.K.

Agreed : Withhold grant of ppt.

Continue to try to keep him at work in U.K.

[Enter B.C. K. E.H.

5. Widows Benefits.

B.C. Report of Advisory Ctt^{ec}. has bn. received. Sh^d. it be published? All precedents are in favour of publication. I propose to publish early in Feb^y.
May be some trouble over 10/= widow because Ctt^{ec}. have declined to deal with this case, as they are not w[']in their scheme & Ctt^{ec}. have never dealt with rates of benefit.

H.M. C^d. not Ministers consider report before publⁿ.

B.C. There will be Ques : known that report was signed on 10/i : also useful to have public re-actions.

H.M. Surely we can have quick review of this before publicⁿ.
Must be able to state a preliminary view.

B.C. Printing shd. go fwd. Publⁿ. as late as possible. Discⁿ. by Dpts. & Ministers to be accelerated. H.A. Ctt^{ec}. w[']in 10 days.

[Exit B.C.
[Enter T., Strathc.

6. Heroin.

Alternative drafts of statement considered.

Original draft approved, subject to amendment.

[Exit T., Strathc.

7. Government Expenditure.

P.M. In B'fd. speech I shall refer to Service pay & its purpose, and also to reduction of admin^{ve}. costs – showing what has bn. done & indicating that we shall aim at further reductions.

1. Pensions Increase. [Enter B.C., E.H.]

- K. Cab. auth^d. prepⁿ. of Bill in July : announced 17/xi : we are committed to it. Much pressure for it. Proposals : eliminate means test : differⁿ. v. those w'out dependants : increased rates. Cost £10-11 M. 1922 Ctt^{ee}. have more costly plan : £20-25 M. Paras 7 & 8 : arguments in favour of Govt. plan. Outstanding ques : (i) Effect on social services payments : fam. allow^{ce}. widows, old re-compⁿ. cases, earnings test, Br. Legion. B-C. wants assurance tht. these will be considered on their merits & for Parl^y. time-table also on merits. ii) 1922 Ctt^{ee}. plan. Para. 12. Popularity of Govt. plan wd. be prejudiced if 1922 Ctt^{ee}. plan leaked out. Executive of 1922 Ctt^{ee}. haven't yet approved it : but will leak if report goes to full Ctt^{ee}. Propose therefore tht. our plan be announced on 26/i & that Minister shd. then explain it to 1922 Ctt^{ee}. & say why their plan can't be adopted. We shall be criticised for not havg. consulted Party groups & for not havg. considered their plan.
- R.A.B. Risky to treat 1922 Ctt^{ee}. thus. They haven't even seen their Sub-Ctt^{ee}. 's rept. Suggest Ch. Whip & I see J. Morrison & make a plan with him. E.g. Govt. shd. tell Executive of 1922 tht. it must produce its plan – as it has to be discussed with l.a.'s etc., Get their authority for us to see their report. Meet 1922 Ctt^{ee}. at once : explain sitⁿ. to them : make no announcem^t. until next week. Risks disclosures over week-end : but better to take that risk.
- P.M. Ministers' statements to 1922 Ctt^{ee}. will leak.
- J.S. Executive is less likely to leak.
- B.C. This Bill doesn't confine relief to hard cases. Substantial add^{ns}. for people with high pensions. Repercussions on those receivg. much smaller social service payments will be severe. Must therefore be free to deal with latter on their merits. If so, I think we can prob. handle it.
- P.M. At what cost?
- B.C. See Annex IV. Disabled ex-Servicemen also : & I can't quantify that.
- H.M. These middle-class people have bn. suffering for years. In these difficult econ. circs. we spend another £10 M. on them. This must sharpen demand for action on cases in Annex IV. We can't hope to resist a) – d). Repercussion on war pensions mght cost £7 M. + (for insurance) £80 M.

I see no way out of this. But will lead us into v. expensive courses.
Suggest we must reserve posⁿ. on this until after review of ec. sitⁿ.
Are the economic circs. such that we can lift the means test?

- R.A.B. If we delay, we shan't settle it for £10 M.
- H.A. Doubt if this is moment to abandon means test. Can't we do the rest?
- K. W^d. detract seriously from popularity of our plan, but wd. help M/P. to hold his position.
- D.S. H.M.'s memo. will involve abandonment of other commitments. May be reason for not going fwd.
- P.M. We are v. deeply & recently (B'fd) committed to doing this. "shortly". e.g. Fin. Secy. on 17/xi.
- H.M. Mght face it if we cd. settle quickly for £10 M.
- P.T. Can you avoid doing this, while wage claims are being conceded.
- H.M. If we do this, M/P. must avoid any promise that other cases will be considered on merits. We must hold ourselves quite free to resist them.
- D.E. On policy of "pulling out concertina" we shd. not skimp these.
- R.A.B. V. little room in Leg. P'mme for any Annex IV proposals.
- H.M. If we give the £10 M. we shall prob. have to concede £5-6 M. on Annex IV ; but we can play that slowly.
- H.M. 1) Approve this.
- Agreed. 2) No commitment on Annex IV
3) Leave L.P.S. to negotiate with 1922 Ctt^{ee}.
2. Broadcasting : Athens Radio. [Exit B.C.
[Enter C. Hill.
- A.L.B. Reluctant to recommend this retrograde course. But satisfied it is necessary.
Recognise international obj^{ns}.
But must give Govr. this support, if talks break down.
- P.M. Mtgs. with Harding. Formula agreed : counter-assurances by Makarios drafted. Talks will break if we can't get Makarios to give counter-assurances. Hope for U.S. support.
Local posⁿ. is improv^g. Better intelligence.
- P.M. No statement re jamming, at any rate until we are asked.

- C.H. Gks. will jam Cyprus station & prs. B.B.C. Arabic b'casts.
- P.M. Govr. accepts loss of Cyprus station.
- J.S. Free speech enthusiasts will work up a fuss over this.
- ALB. Unlikely that Gks. wd. complain to U.N. No point in our taking initiative there.
Shall be ready with excerpts, wh. we cd. publish w'out delay. Will put this in form of W. Paper & hold it in readiness.

Memo. approved.

[Exit Ch. Hill., E.H.]

3. Newsprint.

- P.T. As in memo. Promised to end control in 6 mos. fr. Sept. last if posⁿ. of small newsp. cd. be safeguarded. I can't say that it will be safeguarded. And all newsp. save Times want rationing to be continued. But diff^{ies}. about method. Times wish to print 24 p. paper on special paper, & wd. surrender their newsprint.
Plan of other papers wd. give Times only 15 pp.
Minimum economic size for Times on new paper = 21 pp. Suggest we give Times 21 pp. & other papers what they propose. And try to end rationing before end of '56. More chance of ending it if Times is larger.
- H.M. Mechanical printing paper hasn't bn. rationed for years. If Times choose to use it, let them – unrationed.
Press were given freedom to import because was known there wasn't more to buy. They shd. be warned now tht. they won't be allowed to import more newsprint than they are already committed to buy – wtr w'in the ceiling or not.
- P.T. Press have bn. given import ceiling.
Can't give Times freedom, while others are subject to that limit.
H.M.'s suggⁿ. wd. be a new approach to Press.
I cd. ask them to keep us informed of their purchasing p'mme.
- H.M. Ceiling was put v. high because we knew it was unattainable.
We must now say "no fresh commitments", irrespective of ceiling.
- P.T. This is new policy.

Agreed : Ty. and B/Trade to discuss and report back to Cabinet.

1. Parliament. [Enter E.H., Ch. H., B-C., Turton, A.J., H.W]

R.A.B. Statements after P.Q.'s. Numerous. Propose to send round guidance on this – to reduce quantity – space them out. – reduce length.
H/Commons Disqualification. Discussed in Leg. Ctt^{ee}. Bill will be needed for Beatty.

2. Economic Situation.

H.M. Our diff^{ies}. are well known. Indices : employment higher than in '54 : many more unfilled vacancies. Even if we tried to increase exp^{'re} : we cdn't do so. Trade returns : £50 M. deficit Oct., rising to £73 M. in Dec. Due to demands of industry. Reserves : from £780 in June '54 have fallen to £757M.
Remedies. Large measure of agreement.
If we don't act now, we shd. appear to be produc^g. Estimates for '56/57 £228 M. higher than those for '55/56., & even higher than out-turn. Due to inflation because money is losing value : have therefore to run v. fast in order to keep up.
Memo. is partial because doesn't cover monetary policy in detail. Tho' action e.g. on Bank Rate shd. not be taken save in conjunction with other measures over a wide field. Also – omits any balancing action which might be taken in Budget.
Timing. Can't wait until Budget (12 or 18 Apl.) Jan. trade figures, if bad, might provoke a run on sterling. Tho' some measures shd. not be taken while wage negot^{'ns}. are procd^g. Aim to submit final p'mme after P.M.'s return on 9/2 with view to statement in H/C. on 15/2 or thereabouts when Vote on Account is published. For that will show increased Estimates.

P.M. Defence. Metal-using industries. We made a thoro' review in Def. Ctt^{ee}. But clear now that we shan't be able to spend Estimates esp. on Aircraft & R & D. W.M. asked to look into this further. May have to discard some projects because we can't do them. That will give us financial saving. Make more allowance for under-spending – tak^g. supplementaries if need be. Also may be better to cut some provision for global war prep^{'ns}. by Services instead of defence exp^{'re} by civil Dpts.

R.A.B. Credit Policy. Can we intensify the squeeze?

H.M. Weaknesses : i) mainly investment boom. Lower dividends since war has left firms with large liquid reserves.
ii) nat^{'d}. industries have not needed to go to public.
If we make a cont^{'n}. now on (ii), we shall get firmer action by Banks.

- R.A.B. Think we shd. be firm with Banks. They don't take enough a/c of what Govt. have done already.
- P.T. Hire Purchase. Am ready to go further. Tho' produces more political clatter than economic effect. Will discuss how far we can go.
- R.A.B. Trouble in H/C. over furniture. Agreed in principle.
- H.M. Savings. Must be sure of retaining support of Movement. It may have to be no more than acceptance of action by Govt., rather than action thro' Movement.
- D.E. Insurance cos. also tap small savers, tho' life insurance not liable to tax. Cd. the cos. introduce some new & attractive scheme.
- H.M. Am consultg. Prudential.
- Investment.
- H.W. Railways. At outset of big p'mme. "Defer until next year" involves absolute cut, doesn't it?
- H.M. Presentⁿ. Approve useful schemes, but re-phase them. Spread them out over longer period. Large estimates for this wd. prob. be under-spent this year because of shortage of resources.
- H.W. I cd. help in tht. way. Diff. to handle one year at a time. Will suggest to H.M. means of spreading over 2/3 years. Agreed. Have already put para. 16 to B.T.C. & can meet H.M. on this.
- A.J. Coal, Electricity & Gas.
- Can do all H.M. asks & even more on gas.
But on coal I can't go all the way. £110 M. is actual figure : I cd. cut it by £5 M. but beyond that I shd. cut into production. Can't m'tain labour force unless you show intention to expand investment.
Lack of balance : investment in some ind^{ies}. ahead of others. And coal has fallen behind. Can't afford to cut it back further.
Subject to that, will yield total economy desired by H.M. over group as a whole. Agreed.
- P.M. Imports.
- A.J. P'ponement to summer : not cancellation.
- P.M. E.P. Ctt^{ec}. shd. look at this in relⁿ. to stocks etc., Agreed.
- LI.G. W^d. they have spent so much under private ownership? How much invested since war in modernisation of mines?

- A.J. About £400 M.
- Ll.G. V. large investment for small apparent result.
- A.J. Don't accept that : will circulate memo.
- H.A. Regret delay in rural electrification. Avoid sharp reduction.
- A.J. Citrine may insist on directive on this.
- J.S. Scottish Electricity. Already reduced distⁿ. exp^{'re} from £8.2 M. to £8. Will also try to reduce exp^{'re} on production. But in future years it shd be a bigger coal-saver.
- H.W. Civil Aviation. Airport constⁿ. shd. come into account. Will make a joint proposⁿ. to H.M. covering that as well as Corpⁿ.
- R.T. Hospitals. We are pledged not to cut this p'mme. P.M. 17/10. Breach of that wd. do us more harm than money saved. Most I cd. cut wd be .4. Guillebaudreport will be publ^d. tomorrow. It finds no extravagance & no means of saving. On cap. exp^{'re}. it finds we are spending only 1/3rd. of pre-war. Propⁿ. spent on hospital bldg. has declined by 40% over last 4 years. It recommends return to pre-war rate when present p'mme runs out in 1957/8 – annual exp^{'re} at £30 M. Shocked by cond^{ns}. in some old hospitals. Most of £17½ M. p'mme is really slum clearance. Mental & m.d. hospitals are even worse.
- H.M. Hope Minister will evade any new commitment or repetition of old pledges in his f'coming statement in H/C. Can't afford exemptions from this attack "across the board".
- R.A.B. Small p'mme : strong case for exceptional treatment.
- H.M. At least no new commitment.
- P.M. Can't accept Gillebaud aim to go to £30 M. after 57/58.
- H.M. This p'mme was v. late in starting.
- P.M. Not inclined to cut existg. p'mme, to which we are pledged.
- J.S. Support P.M. This is exceptional.
- P.M. Easier to avoid £30 M. if we stand on existg. p'mme.
- H.M. Reluctantly agreed.
- W.M. Atomic Energy. Will involve re-examining 6 new reactors.

- R.A.B. Plowden is reviewing p'mme. Think we can help.
May not involve any public appearance of slowing down.
- H.M. Saving might be secured thro' avoiding double-time for Sundays.
- S.Ll. Look for savings mainly on defence side e.g. no. of bombs.
- Ch.H. Post Office. £92.5 M. this year and £97.5 M. next. Shall under-spend this year, but shall need more next. Can work to £182 M in 2 years, assuming defence cut of £2½ M. If that were £4 M. my figures wd. be correspondingly less.
- P.M. P'pone new starts of P.O. bldg.
- Ch.H. Accept principle tht. no increase in exp^{'re} next year as cpd. with this.
- P.T. Development Areas : Factories. Estimates Ctt^{ec}. have reported that we have spent too much. We can take shelter under that. But it means p'poning diversification, wh. goes to long-term unemployment problem.
Can accept H.M.'s proposal in principle.
- J.S. Can't clamp down completely e.g. in Lanarkshire when Chandos is going ahead in N. Ireland.
Must be some exceptions.
- H.M. Admit that.
- B.H. Government Building. Much redⁿ. already in large bldgs. Will do all I can to help. Am discussing with Ty.
- R.A.B. New Towns. Can we not add this, as new item? And secure saving.
- D.S. Factories are being erected only to balance houses.
Doubt if there is much we can do.
- P.T. W^d. help us to defend cuts in Develop^{mt}. Areas, factory bldg.
Home Defence : Civil Depts expenditure.
- H.M. Def. Ctt^{ec}. agreed that training etc., shd. continue – at £28 M.
But is this the moment to increase stock-piles.
We have spent about £300 M. on this since war ended.
- Ll.G. C^d. accept cut in fire-fighting.
But not cut in Observer Corps & radar chain. W^{'in} the .45 M. figure.
- P.M. This shd. be related to active defence prep^{ns}. which contain still a large element for prep^{ns}. for global war. Diff. to defend this cut in (home) civil w^{'out} corresp. cut in action for global war.

- W.M. Caveat on saving sugg^d. in communications.
- Ch.H. 50% cut in telephones to airfields : air raid warning system : slowing down of ring-circuit trunks. W^d. involve some compensⁿ. paymts.
- W.M. Sh^d. wish to examine this with H.D. Ctt^{ee}. Also to consider balance between civil & active.
- H.A. Food stocks we have wd. provide no safeguard v. mass starvation. Hope I can have some provⁿ. for food-packs.
- P.M.
Brief for |
W'ton | U.S. storing here. May I have discretion to go for what they are willing to send e.g. canned meat – instead of diff. propⁿ. of wheat wh. wd. have to be destroyed at intervals. Avoiding heavy exp^{re} on storage.
- D.S. Local Authority Investment. Must accept somethg. on these lines. But l.a.'s are in awkward mood & will howl. Sh^d. like therefore to be assured tht. red^{ms}. will be spread over whole of l.a. services. No mention here of H.O. bldg. (police etc.,) minor roads, allotments etc., – variety of small services.
Water and sewerage. Will be great outcry, esp. fr. rural areas.
Holdg. it at £38 M. means cutting back from £60 M. to which it rose in current year.
Want discretion to make exceptions in urgent cases e.g. epidemics.
- J.S. No immediate results if work in progress is to continue.
- R.A.B. Look at statement in Election manifesto on water & sewerage. At least for presentation.
- Housing.
- R.A.B. I wd. be ready to go further – reducing. Total £600 M.
- D.S. Unless you re-introduce allocations, only method wd. be to reduce subsidy still further. Later, it may become possible to w'draw the £10 subsidy.
Para. 33. Suggⁿ. of cutting existing subsidy wd. be v. revolutionary.
Cdn't face that unless inflation became v. much more serious.
* Rent Restriction. Welcome Ministerial Ctt^{ee}.
- Education.
- D.E. Can't offer economy on "further education" because inconsistent with proposed expansion of technical education.
But may be able to make larger saving on Training & Minor Projects.

P'ponement will fall mainly on primary & secondary schools. If we stopped rural re-organⁿ., it wd. damage secondary educⁿ. which is vital to prodⁿ. of technologists.

P'mme is lagging, however : and £10 M. or more can be cut fr. this years' auth^d. p'mme. This can be pushed forward.

But this, like G.P.O. means m'taining existg. rate of bldg. Is it good enough, qua inflation. If not, all I can do is to impose moratorium on approvals for x weeks. Shd. like to say to l.a.'s no more approvals of school projects until ¼ next. (after date of general announcement).

W^d. prefer to present it as step to increase efficiency of bldg. Doubt if I can do this unless other Ministers adopted moratorium procedure.

Otherwise cut will become effective only at end of 1956/57

H.M. Support principle of moratorium., over 50% of building which we do control.

J.S. I will discuss wth Ty. means of conforming.

Roads.

H.W. Want to change emphasis – small improvemts vice large projects. Will drop the £6 M. But do the above manoeuvre. Will put alternative plan to Ty., over 2 or 3 years. Can suspend all m'tenanance work for the time.

Factory Building.

P.T. General announcement may make factory-owners' change intentions.

B.H. Building licensing. Legⁿ. wd. be needed. And an odious measure. Not sure, even so, that control wd. work. Time lag before materials etc., began to be used. Also forestalling. To avoid time lag, limit wd. have to come much lower. That wd. mean more staff etc., Building industry responds v. slowly to control. Surely we can hope that credit squeeze will have its effect.

H.M. I'm against this. But it means we must operate our [own] control over own bldg & credit squeeze more stringently.

B.H. Industry reports that pressure is relaxing.

P.M. Accept this position – but I find it v. worrying.

Defence.

P.M. Reserve this – for W.M.'s review and my discussion (e.g. a Divn) in Washington.

* Report to P.M. wtr a Divⁿ. from Germany cd. be deployed in U.K. – accommodation.

Discussion adjourned until 6.30 p.m.

Economic Situation.

- H.A. {Milk Prices.
 {Bread Subsidy. Can't now justify subsidy for national flour on nutritional grounds for medical report received showg. that it has no more nutritional value than flour of higher extraction.
- I.M. Obj^{ns}. on grds. of wage claims. P.M. is to see Unions, on return from W'ton, before Easter conferences.
No logical case v. removing bread subsidy. But no logic in wage claims. Autumn budget caused workers to increase wage claims – e.g. builders & transport salaried staffs.
Deliberate Govt. action increasing c/living will provoke further claims. Little prospect of securing atmosphere of wage restraint if this is done. Mght be done in a Budget, accompanied by concessions to poorer classes.
- P.M. On merits, it can't be defended. Timing needs much thought. Final decision must be taken in relⁿ. to state of wage claims at the time. This suggests deferring decision for a time.
- R.A.B. Favour abolition, on econ. grds. But on timing, how shall we stand with claims?
- I.M. Engineering & ship-bldg. is the main claim. Settlement is likely at about the 7% of rlway settlement. Mght be reached on 2/2. If cleared then or soon after, 7% or 4/= will prob. be the pattern & claims likely to go thro' w'out major industrial disturbance. By 3rd. or 4th. week in Feb. we mght expect to be in clear water.
- J.S. Abolition of bread subsidy wd. bring admin^{ve}. savings – staff in Govt. and in industry. Economic case is complete. Timing : wd. prefer a package, pref. in a Budget, with compensations to pensioners etc., Believe it shd. be done fairly soon.
- B.C. This, with milk, wd. increase costs of poorest classes by 7½^d. a week. N. Assist^{ce}. scales were increased y'day : this add^l. cost wd. mean that 50% of increase had bn. offset. No immediate revision of scales.
N. Insurance benefits now are about balanced at original value – if this were done, we cd. no longer claim that.
- W.M. This will have immed^{te}. effect on c/living.
Bound to affect outstandg. wage claims.
If it must be done, ques is wtr it shd. be done in this package or in a Budget. If this package is to be announced in mid-Feb., it wd. affect current wage claims.

- A.L.B. C^d. there be off-setting concessions in a Budget?
- H.M. If we don't do this, we shall be criticised for cowardice – once again. Timing : either p'pone all until Budget, or include this in 1st. package. Otherwise we shall be in trouble because of being thought afraid of this.
Is it good politics to do this in a Budget – when it will be counted in a balance of what is given to rich and what to poor.
I wd. prefer to have the row on this over before Budget.
Sign of courage – and will be so regarded all over the world.
There will never be a moment when there is no wage claim pending. But big claim (engineering) seems likely to be out of the way by time I want to make announcement – week beginning 20/2 at latest.
The Socialist argument will be for controlled economy – import controls and subsidy. We must try to make free economy work : and this Budget may be our last chance to do so. After this it will be too late.
- P.M. After engineers, come miners & builders.
- H.M. I want this in first package : but am ready to relate timing of that package to progress of wage claims. Ready to wait until 20/2 vice 15/2.
- P.M. Still apprehensive about effect of this on our relations with moderate Labour. If we do this, shall we ever get our talks with T.U.C.
- J.S. Some elements in c/l. index are going down. Bread & milk together mean only 1.7 points – not a v. large rise to be offset by other reductions.
- D.S. Impressed by H.M.'s arguments against doing this in Budget.
- P.T. Depends on what whole package looks like. Cuts in capital exp^{re} are what we need to curb inflation. This is less urgently necessary. If package looks like makg. solid impact, believe this mght be p'poned until Budget.
- H.M. Can we agree in principle that this shd. be done, either in Feb. package or in Budget. Go ahead with plans, leaving that choice open.
- P.M. My political instinct is still against it.
- R.A.B. It wd. be easier to do it in Budget.
- K 1/= wage increase totals £50 M p.a. Is this saving real? Save £41 M on this and find it costs you £50 M. in wages.
- H.M. Absence of this from a Feb. statement will shake confidence abroad.

- P.M. Prepare plan on basis [that this will be done] either in Feb. or in Budget. of doing this.
- H.A. Unwise not to do all unpopular things at once. Prefer earlier date.
- D.E. Prefer earlier date.
- E.H. Feeling in Party. A section wd. regard this as test of Govt. courage. Another section regards it as likely to increase wage claims. Another wd. accept it as part of a package. Majority will prob. be influenced mainly by sensitivity twds. any increase in c/living of any action contrary to stability of prices.

Agricultural Review.

- H.A. Demand likely to be so big that settlement may have to be imposed. Cost this year will be £40/50 M. less than estimate. Don't expect settlement for next year to be less than actual cost this year. Prob. somewhere betwn. actual & estimated – imposed.
- * W^d. like Ctt^{ec}. RAB., H.M., & 3 Agric Ministers : to guide Review.

- H.M. And less bargaining than in previous years.

Social Services. Ctt^{ec}. unlikely to report before Budget.

- D.E. Favour increase in charge for school meals. I wd. raise it to 1/=.
- J.S. We have aimed at paying cost of food, not service. That is 10^d. : we charge 9^d. Is it worth making the change?
- H.M. I wdn't press for this, if it's clear we are doing bigger things.

D.E. & J.S. to discuss with H.M.

Administrative Costs.

- H.M. To carry out P.M.'s decision, co-opⁿ. by Ministers will be needed – and we must accept some lowering of administrative standards. This won't be easy.

- H.A. I cd. save 1.000 – as result of abolition of subsidies & other changes.

Coal Imports. see above : morning mtg.

- P.T. Steel Imports. V. diff. Steel prices ought to rise : but must try for stability : must not seem too inconsistent with policy of stable prices.

Agreed : continue to study this, as proposed in para. 62. incldg. possibility of ending “averaging” of prices of imported and U.K. produce steel.

- H.M. Import Controls. C^d. do this w'out legⁿ. Mght be possible to do some of this. And must have a plan for “crash” action. But importance of avoiding forestalling.
- P.T. Concentrate on “crash” plan. No scope for normal control : for its not in luxuries but in essential raw materials that excess imports are coming in.
- H. Two operations. First may misfire – esp. if it didn't include bread & milk. V. gt. advantage if it cd. all be done in a March Budget.

1. India & Pakistan : Arms. [Enter R.M., E.H., A.N]
- H. India will buy R. aircraft, if Canberra contract breaks down. Special offer is justified. India have agreed to take Gnats & Hunters : if they take Canberras it will be a useful range. Price : delivery dates : technical performance – these are the diff^{ies}. but price is greatest. Therefore I hope the develop^{mt}. levy can be waived.
Pakistan. Bofors guns & 5 ships (£1¼ M. might well be paid).
Guns : token paymt. vice gift.
- H.M. Financial cons^{ns}. need not prevail over political.
Canberras. Weakness is English Electric : their price was too high & they still won't disclose profit margin. We may end by subsidising them not India.
- R.M. Delivery – can be met by sacrifice by R.A.F.
Technical – U.S. can be pressed to agree to release Green Satan.
Price – E. El. will come down a bit further if we contribute £ for £ on our levy. We do often abate these levies in order to get exports.
- D.S. Canberra is only plane since war which can sell abroad as commercial success.
- H.M. Price has come down £20,000 on a £209,000 figure.
- R.M. But under pressure from us.
- W.M. Unattractive. R. can sell v. cheap & this is driving us down.
Complete waiver of export levy wd. be awkward precedent.
- H. Concession on delivery : Gn. Satan might turn scale. But I doubt it.
- P.T. B/T. fear this : but I consider that pol. cons^{ns}. shd. overrule “trading” precedents.
- A.N. S.Ll. supports H. on this.
If India turned to R. for arms, others mght well follow.
- Agreed : be ready to make necessary concessions on all 3 points re Canberra.
- R.A.B. Try for a nominal payment on Bofors guns, eg. £50,000. and £1¼ M. for the ships.
- Agreed : Supply these to Pakistan for nominal payment.
Between £10,000 and £50,000 for the guns and

£1¼ M. for the ships. (Subject to clearance of details by Def. Ctt^{ee}.)

[Exit R.M.
[Enter B.C.]

2. Parliament.

- R.A.B. Business for next week.
9/2. M/T. says that with another week he mght bring round some few Govt. supporters who wd. otherwise vote v. Bill. Transport (Disposal of Road Haulage Property) Bill.
- E.H. V. few will vote against. Oppⁿ. will be in favour. Nothing else ready.
- RAB. V. well. Don't let us wait.

3. Teachers' Superannuation Bill.

- RAB. i) M/Ed. saw Party Ctt^{ee}. last night. Burnham Ctt^{ee}. will now take decⁿ. in autumn – Sept. or Oct. Sh^d. opⁿ. of Bill be deferred until then. Ctt^{ee}. agreed Minister shd. go ½ way to meet B'ham Ctt^{ee}., with exceptⁿ. of Pickthorn. Minister will therefore propose in Standing Ctt^{ee}. to-day that opⁿ. of Bill be deferred until 1/10.
This shd. secure Party's support for Bill.
- ii) Sc. Members ask for 4 days in Sc. Grand Ctt^{ee}. on this Bill, in return for wh. they will be silent on English part of Bill. Believe this will reduce time & obviate need for time-table.
- J.S. For a firm Sc. undertakg., we cd. clinch this. But I have to get on with Sc. Rating & Valuation in Sc. Grand Ctt^{ee}. early in Feb^y.

Approved i)

Agreed – R.A.B. to dicuss ii) with J.S. and E.H.

4. Cyprus.

- ALB. Jamming. Parl^y. controversy will revive when we start jamming. Discussions with Makarios. Formula is leaking in Athens Press. Govr. suggests we announce it here. But Makarios himself hasn't disclosed it yet : we don't want to go off first. If publ^d. here, it will be criticised & this will stiffen M. Thus, I favour saying nothg. until we can make substantial statement & justify our policy.
- A.N. Turkish Govt. has bn. informed. They have taken it well. I also deprecate announcemt.
- A.L.B. Local Turks have bn. told by Govr.

Agreed : no statement yet.

A.L.B. to inforce P.M. of position reached.

Jamming. Govr. has said he won't start while talks continue & if they break down, will give 48 hrs. notice to us before he starts. Noted.

5. Widows Pensions.

B.C. Wish to publish report on Friday.

R.A.B. Legⁿ. needed, but can't be introduced until next Session. V. awkward to have report hanging round so long. But worse trouble if we delay it. Govt. decisions on recomm^{ns}. must be deferred – for about 1 month.

H.M. Embarrassing but inevitable.

Agreed : Publish report.
M/P. to submit recomm^{ns}. on policy.

6. Industrial Dispute : Printing.

I.M. Work to rule – affectg. periodicals & provincial newsp. Also Stationery Office work. Union want restorⁿ. of differential. They are ready to face long dispute. May lead to lock-outs or even strikes. In that event, printing for H/C. wd. have to be organised by volunteers from Govt. Dpts. This is being discussed with Unions concerned, who are being warned not to raise diff^{ies}. over mtg. this constitutional need.

RAB. First stage : duplicate vice print. Can go ahead with that.
Second stage : blackleg printing. Not w'out further decⁿ. by Cab.
Speaker & Clerk of H/C. agree with what is proposed.

[Exit B.C.
[Enter Att.G. Mill.

7. Capital Punishment.

L.I.G. In last debate we rejected main recomm^{ns}. of R. Commⁿ. but didn't exclude legⁿ. sometime on minor recomm^{ns}. And now report of Heald's Ctt^{ec}., which is likely to command much support, suggests tht. we shd. offer action on those lines in order to get a better chance of rejecting pressure for abolition.
The motion will have to give H/C. opportunity for clear vote for or against penalty.

J.S. Diffy. If we promise legⁿ. we can't delay it until next Session. In view of L.I.G.'s speech on 10/xi, this wd. be represented as a change of mind. We can't plead Heald's report as our reason.

The real issue is “for or against” : will this offer really gain support for the answer “for”.

- K. L.I.G. reserved right to legislate on these points.
Explanⁿ. for such an offer now – argument in Heald Rpt. : viz., in order to get clear decⁿ. on main issue, better to clear away minor points wh. we can concede to abolitionists.
If L.I.G. speaks in debate w’out any positive sugg^{ns}. his appeal will be much weaker.
On delay : we can plead tht. introdⁿ. of diminished responsibility is so serious a step that we shdn’t hurry it.
- R.A.B. Tactics. Gt. pressure in H/C. for early debate, wh. was ½ promised. Better that H/C. debate shd. come first. For stiff line by H/L. wd. make H/C. even more determined to be soft.
* H. shd. try, however, to persuade Chorley to p’pone debate in H/L. If that fails, H/C. will have to take it on 14/2.
General view that in H/C. there must be free vote. That precludes strong Govt. motion. An Oppⁿ. motion wd. favour experimental abolition for 10 yrs. Alternative : a Heald motion, wh. we cd. influence.
I suggest debate on motion by Heald favouring retention but offering the minor changes.
- Att.G. If Govt. is to have last speech before Divⁿ. (v. important), it must not be on Opposⁿ. motion.
- L.I.G. Free vote : but for back-benchers only. Members of Govt. shd. be free only to abstain. They shd not be free to vote against advice of responsible Minister.
- R.A.B. Believe L.I.G. will be able to take such a constructive line that it will not be diff. to vote in favour of retention.
- H.M. Favour debate on motion by Heald. Less awkward for Govt. if beaten.
- J.S. I agree.
Motion shd. be in such a form that legⁿ. wdn’t affect Scotland.

Agreed : Debate in H/C. before debate in H/L. but after P.M.’s return.
Motion to be tabled by Heald.
Free vote but Members of Govt. shd. not vote against advice of responsible Ministers.
Govt. Speakers : L.I.G. + another (to be discussed with Att.G. : shd. it be political or legal.

[Exit Att.G.
[“ Mill.

8. Betting & Lotteries.

L.I.G. [Not heard.]

R.A.B. This will be in next years' p'mme. L.I.G. shd. relate what he says (after H/L. debate) to that reality – viz., not this year.

[Exit E.H.
[Enter A.J.]

9. Fuel & Power Prospects.

A.J. Mainly for informⁿ. Decⁿ. needed only on open-cast. If Cab. accepted in principle need to m'tain open-cast output at present level, I wd. suggest a small Ctt^{ee}. to consider –

i) compensⁿ., wh. shd. be more general.

ii) a policy area by area.

Under Labour, priority for coal. Under Tories, priority for certain types of agric. land : this is due to expire at end of this year. Want a new policy, with priorities, by area.

R.A.B. Revised plan to be publ^d. in March.

A.J. Wd, circulate to Cab. early in March – prelude to new Borrowing Powers Bill which I shd. like to get 2nd. Rdg soon after Easter.

H.M. Ty. and M/F & P. will co-operate on that memo.
Welcome redⁿ. of imports. Shall save only £10 M., vice £17 M., because of binding contracts.
Atomic age contⁿ. has bn. over-played : only saves a few m. tons : has done much harm to morale etc., of mining industry. Has sugg^d. this is dying industry, when we shall need it for another 100 yrs. Oil also has contrib^d. We must make mining industry more efficient.
Can't get man power right w'out reducg. inflationary pull of other industries.

x|

Open-cast. No longer a reserve for war : a reserve for now. Hope we can have bias in favour of it. Need for a clear plan : that wd. help agriculture, who cd. better plan ahead 3 or 4 years. This is our best hope of reducg. imports.

H. Absentee-ism : 11% in Scotland. What add^l. output if that were reduced by 3%?

A.J. Current U.K. rate = 12%, incldg 8% involuntary. The 4% accounts for 3 m. tons. But despite large financial incentive, we have failed to get absentee-ism lower.

J.S. F. labour?

A.J. Right to remind miners of their oblig^{ns}. but I am not optimistic.
Believe it wd. be better to import Italians for labour generally, & let
mines get their share.

I.M. Support x/. We got increase in '52 on that account.

Agreed : Ctt^{ec}. on open-cast. H.M., A.J., D.S., H.A., J.S.,
M/W or rep^{ves.}
Memo. to be considered again in March, after
P.M.'s return.
A.J. to send note to L.P.S. for P.M., re export of
coal to Ireland.

[Exit A.J.]

10. Cotton.

P.T. As in memo.

H.M. I agree.

H. U.K. exports to India have doubled w'in last 2 months.

Memo. approved : P.T. to keep Cab. informed.

S. Some closing of mills is presumably due to rationalisation, on a/c of
synthetics.

P.T. Yes. – and loss of export markets generally.

11. Danish Bacon.

H.M. Brght it up again because P.M. concerned at earlier decⁿ. & I thght it
right that we shd. re-consider. Tho' I can't advise a diff. course.
Believe it's right to go fwd. with tariff negot^{ns}. If we tried to get bulk
purchase agreemt., we shd. be in v. weak posⁿ. & mght have to let it all
in w'out any tariff. Ty. believe Danes won't want to spoil this market
by dumping : moreover, demand is inelastic.
Recognise pol. dangers. Nor do I assume we shall succeed in getting
all the agreemts. now needed under G.A.T.T.

H.A. Agree : this is lesser evil.

P.T. Agree. Advised to announce in reply to P.Q. to-morrow. Will concert
terms with H.M., & H.A.,

A.N. Agree. Memo. approved.

12. Malta.

[Enter E.H.]

A.L.B. R.C.'s, some genuinely some less scrupulously, are concerned about future of R.C. liberties etc., in Malta.
Draft reply submitted to P.Q. by Griffiths M.P.
Drew attentⁿ. to penultimate paragraph. Assurances given on behalf of Malta Conference.

K. Agree with proposed action & draft answer.

Approved.

A.L.B. to inform P.M. by telegram.

A.L.B. Parl^y. anxiety re conduct of referendum.
We have obligⁿ. to see it is done as fairly as possible. Govr. wd welcome presence of M.P.'s on day of vote. I wd. support that.

E.H. Med. Ctt^{ee}. of Party met y'day : gt. anxiety on this : suggⁿ. that 6 M.P.'s (3 fr. each side) shd. go out as observers as soon as possible.

H.M. W^d. give blessing to referendum, whose terms we don't approve.

R.A.B. Dangerous idea. Believe Party majority may be v. Report.

E.H. Ministers are seeing Med Ctt^{ee}. on Thursday. Discuss this issue with them. Avoid decision.

General view : this shd. be discouraged.

13. Washington Talks.

R.A.B. Draft declaration. Mtg. of senior Ministers this p.m. 3p.m.

1. Queen's Tour in Nigeria. [Enter Att.G., E.H., Reading.

R.A.B. Summarised lr. from Adeane.

A.L.B. Nigerian Regt. has acquired Title Royal.

2. Export of Arms : India.

R.A.B. P.M. has secured Eisenhower's agreement to waive security objⁿ. to supply of specialised (bombing) equipment to India in Canberra aircraft.

3. Parliament.

R.A.B. Business for next week.

Monday : P.M. will prob. make statement on W'ton talks.

Thursday : Capital Punishment must be debated then or on a day in following week. Don't wish, however, to inform H/C. of this until H.M. has bn. able to discuss with P.M. wtr economic debate shd. not take place on Thursday.

Ques : do we keep Thursdays' business open – or offer Cap. Punishment and change business later.

Agreed : preferable to keep it open – on basis that P.M. is not yet back.

4. House of Commons. Disqualification Bill. [Enter Milligan

Att.G. Oppⁿ. demand y'day that whole ques be referred to Sel. Ctt^{ee}. Para. 13 of report lends support to that move.

Will be further pressure for this, when Beatty motion comes fwd. on Monday.

R.A.B. Choice : refer Cl. 6. (contracts) or whole Bill to Sel. Ctt^{ee}.

I favour 2nd. course. Means we shan't get Bill this Session. Don't mind that.

May have to hold 2nd. Rdg. debate afresh, after report of Sel. Ctt^{ee}.

L.I.G. Shall get criticism for further delay. But that is lesser evil.

Agreed : Refer whole Bill to Sel. Ctt^{ee}.
L.P.S. authorised to announce accordingly on Thursday.

5. Capital Punishment.

Ll.G. de Freitas has tabled Motion advocatg. suspension of penalty for period of years. This wd. be called in preference to Motion by back-bench supporter of Govt. This seems to point to need for a Govt. motion. And that is desired by our supporters – who wd. welcome a lead from Govt. Even those who favour abolition wd. be ready to vote in favour of retⁿ. if Govt. made clear their intention to legislate on secondary matters covered by Heald Ctt^{ee}.

E.H. Govt. motion wd. make it easier to get nobblers to support retention. Form of motion : put first the promise of amendg. legⁿ. and continue “meanwhile penalty shd. remain”.

Ll.G. Mustn’t imply tht. penalty will be abolished when that legⁿ. has bn. passed.

R.A.B. Will not be easy to frame legⁿ. on secondary matters. Most unlikely that it cd. be ready for this session.

Att.G. We must on that a/c be guarded about what precisely will go into this legⁿ.

L^d. Adv. Sc. common law of diminished responsibility to be applied by statute to E. & Wales. The legⁿ. need not therefore be applied to Scotland.

J.S. Unless we have to cover Geneva Convention.

Att.G. We needn’t take a decⁿ. or make an announcement, on that point at present.

D.S. Presume Ll.G. won’t define precisely which points will be included in the legⁿ.

R.A.B. Wiser to leave content open – for review in light of sugg^{ns}. made in debate.
In particular, inexpedient to promise that it will raise age-limit to 21.

Agreed : Table Govt. motion.
L.P.S. to draft [with Ll.G., K., J.S., Solr. Genl] –
on lines of promisg. amendment of law, while
c.p. shd. be retained as part of the law of the
land.

H.A. I wd. find it diff. to support such a Motion, but would be willing to abstain.

I.M. I am in same position as H.A.

Agreed : Free vote for back-benchers. Members of Govt. not to vote against Motion.

K. Think we must promise to legislate to narrow the law on constructive malice and provocation. Agreed.

Govt. spokesman in debate – to be settled by P.M.

[Exit Att. G., L^d. Adv.
P.T.

[Enter B-C.

6. Widows' Pensions.

B.C. W^d. not propose to announce decⁿ. until end/February.
But wd. be glad if decisions cd. be taken now.

H.M. On main recomm^{ns}. – no commend. I accept proposals, despite the cost.

L.I.G. Repercussions – on police & firemen's widows – can't avoid consequential increases.

I.M. Linking rule. Adopt recommⁿ. – advantage of accepting report as a whole.
10/= Widows.

B.C. This is ques of pol. judgement. Can we stand on the 10/= and get away with it. Almost every other pension has bn. raised since 1945. Gt. pressure, in Party & outside it. And expect^{ns}. tht. Ctt^{ee}. wd. deal with it.
If we believe we can't hold posⁿ., much to be said for takg. initiative wh. will enable us to cut off new entrants.
Para. 56 of Ctt^{ee}. 's Rpt. reproduces pledge of Coalition Govt. – but it needn't be construed as promise to continue these pensions for ever.

H.M. This is hangover fr. Chamberlain Govt. when widowhood as such was regarded as qualifⁿ. for pension. It wasn't v. popular. And conception has bn. abandoned since Beveridge.
No reason to spend £2 M. on increasing rate. The increase wd. go to types of widow who either didn't need it or because on N. Assistance wdn't benefit from it.

Large no. of other non-contrib^y. pensions – which wd. be much more expensive to bring up to higher rates.

Therefore, I wd. stand on 10/= and cut off new entrants.

Can't we stand firm on this. Doctrine is accepted. We can resist sentiment – esp. in present economic circs.

No case in logic. Little case on need.

- B.C. Don't believe old non-contrib^y. pension wd. have to be raised in consequence. They have bn. absorbed in N. Assistance.
- H.M. If so, it wd. not cost £6 M. That figure shows there are many who are not on N. Assistance.
- D.S. Gt. feeling of injustice about 10/= pensions. Were it not for economic measures we are proposing, I wd. favour increasg. it.
- Ll.G. Expectations aroused tht. Ctt^{ee}. wd. cover it – makes it v. diff. for us.
- R.A.B. (1) Review this in light of climate of opinion created by announcement of general economic measures.
(2) B.C. to circulate memo. summarising what has bn. said about these widows.
- I.M. Don't believe you cd. stand on 10/= and cut off new entrants.
- H.M. Perhaps not. Choice may be between raising + cut off or standing pat. I accept that position.

7. Malaya.

- A.L.B. Agreements will be signed today.
Defence, security etc., are adequately safeguarded.
We have accepted p'ressive w'drawal of B. advisers.
Accepted Aug. '57 as a hope.
Posⁿ. of Queen as sovereign of Settlements. Form of words accepted.
Will submit detailed report to Cab. – and t. of r. of Constitutional Commission.
Assurances re Br. trade & economic interests have bn. included in report. Dpts. agreed tht. binding agreemt. wd. add nothing.

1. Washington Talks. [Enter E.H.]

L.P.S. Welcomed P.M. on conclusion of successful mission.

P.M. President E. looked fit & well. Relieved of much detail, he was readier to handle major business. More time to reflect and to be helpful. Not clear wtr he is well enough to undertake full days' work on Presidential duties.

O.E.E.C. Some diff^y. over Messina. U.S. have same sort of feeling for this as they had for E.D.C. They are less alive than Canada to danger of high-tariff group.

Germany. They support our view tht. G. contⁿ. to our costs must continue.

M/East. Most important factor – U.S. felt we shd. make it clear we wd. carry out tripartite declaration. But words limited by President's need for approval of Congress before U.S. forces are engaged: sounds less forceful than it is. U.S. are moving naval vessels to E. Medⁿ., unobtrusively. H.M. ships are conforming to this movement.

Israel. Agreement to increase Burn's observers.

Baghdad Pact. Strong moral support. Discussed what aid be given to each member. Persia to export more oil : U.S. support for declⁿ. on line in Pak/Afghanistan : some more Centurions for Iraq : more financial aid for Turkey.

Saudi Arabia. They accepted our thesis tht. Saudi wealth is menace. But we cdn't see what to do. Sell them obsolete arms : divert them to cap. investment in social development – roads, hospitals etc., On our dispute – we rejected renewal of arbitⁿ. : U.S. agreed tht. direct talks wd. be best & will support our efforts to prevent recourse to Security Council.

F/East. Long discⁿ. on off-shore islands. Chiang has increased his forces there, contrary to U.S. wishes. Patrolling with air force over m'land. No US. troops there. No Communist build-up.

Strategic Controls. Prs. E. over-rode advisers in counselling relaxation. Our case was based on needs of Colonies.

Atomic Energy. Exchange of informⁿ. re R. tests. Deductions have h'to bn. withheld. He has promised to try to do more on this.

Weapons : v. generously treated. Shall save millions & much research.

S.Ll. Americans will support Messina and Euratom. Doubtful if this is in our interest ; for we can't join in.

M/E. Dulles was tough, considering Jewish vote. Won't give Israel more arms at present – or only bare minimum.

On 9 or 10 Feb. Co-ordinatg. Cttee will meet & report to Ambassadors on Tuesday. U.S. disposⁿ. is to give nothing. Fr. may press the Mysteres. This on supply of fighters to Israel to counter threat of R. bombers supplied to E. Perhaps some U.S. interceptors.

- D.S. W^d. need big backing of radar and ground organisation.
- J.S. Canned meat?
- P.M. No progress. C^d. pursue it thro' diplomatic channel.
- W.M. W^d. be useful, in relⁿ. to reduction of other food stocks.
- P.M. Put proposals to S.Ll. – after H.M. has discussed storage implications.
- R.A.B. Atomic tests. I was convinced. Regⁿ. wd. imply tht. tests are dangerous, which they deny. Esp. now that. ground bursts are not to be repeated. Genetic effects scouted. No anxiety in U.S.A.
As disarmament measure, wd. not help w'out full control of H. bomb.
- S.Ll. They have handled publicity on this better than we. Have promised to send their data. Medical report in March : but fully co-ordinated medical/scientific enquiry now in progress will not be completed for 2 years.
We mght consider wtr there is evidence wh. we cd. publish – in White Paper.
- I.M. Rpt. of M. Research Council may be available in March. Likely to be helpful.
- P.M. Ottawa. Successful talks. They are v. content with our relations with U.S.
Wheat Agreement. If we can't join it, they hope we will say so early.
- S.Ll. Wiser for us to indicate nature of Agreement we could join.
Soviet Economic Drive. U.S. are organising better intelligence on this.
We will join in this.

[Enter R.M.]

2. Defence White Paper.

- W.M. Printing difficulties.
No change in strategic picture. This describes applⁿ. to each Service.
In global war Services wd. have to do their best with what they had.
Survival therefore, rather than offensive, wd. be main feature.
Para. 6. last sentence. Necessary as lead-in for discⁿ. of graduated deterrence.
Para. 8(i). As in ms.
- D.S. Danger of using diff. words each year to say same thing. Watch this in future. Wiser not to re-state role in different words.
- S.Ll. Last sentence of para. 3. No ques of “ignorance”. Delete “1b... ignorance” & substitute “people” for “Govt.” at end.

P.M. Para. 45. We shd. re-consider supply of Hunters to 2nd. T.A.F. if they are inadequate substitutes for Sabres.

D.S. Para. 70. Have Australians agreed to publⁿ.

A.L.B. Para. on Malaya. Omit because subject to ratification by Rulers.

Civil Defence : Evacuation.

Ll.G. Difference of opinion re para. in [].
Fear this wd. encourage *sauve qui peut*.

J.S. Over 11m. in priority classes – 3 times as many as in last war.

W.M. But see para. 123 : no shelter in target areas.

D.S. Unwise to imply that there will be no further evacuation beyond priority classes.

P.M. Para. 16(iv). Later passage must be up to that level.

Ll.G. We can't do more than the priority classes.

Agreed : Amend as shown in C.P.(55)30.

Publication. 16th. February.
20th. February – Service Pay.

H.M. Distribⁿ. in Annex III to be re-arranged w'in same total.

3. Capital Punishment.

R.A.B. Form of Govt. motion. Approved.

1. Economic Situation. [Enter B-C., T., H.W., E.H., A.S.]
- H.M. Grateful to Dept. Ministers for cont^{ns}. made.
- Transport.
- H.W. £5 M. order for lorries will prob. be cancelled – relief to economy.
Railways. Cdn't make full saving because of early plan.
- N. Coal Board.
- A.J. Can accept figure, but not reason : not wholly on screening – that
explanⁿ. must be omitted.
- C.E.A.
- Citrine may not accept this cut w'out direction.
- H.A. Hope cut in rural services will not be disproportionate.
- A.J. Yes.
- R.A.B. Inevitable, however, that rural areas will suffer some disappointment at
the delay.
- Scottish Electricity – approved.
- Gas Boards – a real cut, not merely a p'mme.
- Air Corporations. This is accepted, and I hope to get more off later.
- W.M. Atomic Energy. I can't make any concession yet on 2nd. part of this
para.
- H.M. Post Office. Can't delay on plant – only on bldgs.
- L.I.G. Development Areas. Will this affect N. Ireland?
- H.M. Not intended – nor likely. We shall delay new starts, in G.B. N.I. is
separate : no N.I. money in this £1 M. cut.
- B.H. Government Building. V. little more to be scraped out of this barrel.
- W.M. Home Defence. Total shd. be £44.72 M., as agreed at y'day's Cabinet.
- D.S. L.A. Expenditure – miscellaneous. Accept H.M.'s demand in full.
Meaning of “nearly all”?

- R.T. M.d. occupⁿ. centres & accommⁿ. for home nurses are to be excluded, with Ty. agreement. But I am still arguing in favour of exclusion of old peoples homes – which I regard as a kind of hospital service. Cut wd. mean only 20 odd bldgs. instead of over 40. W^d. reduce our p'mme to not more than 175.000 beds. False economy – because cheaper than hospitals.
- H.M. All items I am cutting are good. This has no higher merit than many others, in which l.a.'s are concerned.
- R.T. Cut involved wd. be £1½ M. or more because l.a.'s are reluctant to build these homes & with this encouragement might back down.
- P.M. This is not a moment to press l.a.'s to do bldg. they don't want to do.
- H.M. x/ Begin with smaller p'mme and review posⁿ. in Sept./October.
- I.M. Doubt if these homes will relieve pressure on mental hospitals. I wd. accept offer at x/.
- H.M. to discuss with R.T. and report
- H.W. Roads. Won't be popular. Shall be criticised for slowing down p'mme we have recently bragged about a good deal.
- R.A.B. We must retain p'mme & say we are delaying its execution. Otherwise we shall be in trouble over broken pledges.
- Defence. Problem of presentation.
- H.A. Farm Prices. May be £20-25 M. more than last years' Estimate. But out-turn was £40 M. less than Estimate.
- H.M. First imposed settlement. Must seem reasonably fair. Wise therefore to err a little on side of generosity.
- Imports.
- A.J. Believe we shall get thro' on existg. stocks.
- H. We are comm^d. to take stated amounts annually, of sugar, from Australia & Colonies. Will redⁿ. fall wholly on Cuba?
- H.A. This won't cut across Commonw. Sugar Agreement.
- P.T. Strategic Stocks. Shall try to sell £50 M. But it's a big job – esp. if we are to get a reasonable price.
- W.M. Need advice on defence aspects of this ques.

[Exit R.T., H.M., A.S.]

Education.

- D.E. My current p'mme is in arrear : shd. carry fwd. more than £10 M. anyhow. Therefore, with cut of £10 M. originally sugg^d. by H.M. 1.a. bldg. wd. not be slowed down at all in current year.
I therefore propose to ration starts to £25 M. in 1st. 6 months : & to discuss with H.M. later how much I start in 2nd. 6 months. This is only practical way of securing relief in demand for labour & materials. This can be secured only by delaying starts.
But this is slightly inconsistent with what is said in new paper on technological educⁿ. about need for continuity in provⁿ. of secondary education.
- H.M. On housing we have taken risk of abandoning allocation system.
On education, if we do this, we can say we are delaying starts in order to improve completions.
- D.E. £35 M. worth of starts or £40 M. might be started: and of this we shd. be holding back about £10 M. of starts betwn Apl. and Oct.
- D.S. But what cut in actual exp^{re} on bldg. in 1956/57?
- R.A.B. Does this involve breach of pledges?
- D.E. Not necessarily.
We promised 200.000 new places p.a. We may now take longer to complete our p'mme.
- I.M. C^d. you say we were accleratg. completions, instead of slowing starts.
As Bevan did with housing in '48.
- H.M. Can't do more in that direction w'out bldg. licensing.
- D.E. I cd. do what I propose administratively without any genl. announcement of a definite moratorium.

Don't believe I can justify argument tht. this accelerates completion.
- H.M. This is a political dilemma. Economic argument is that financial pressure will ensure tht. resources saved by this cut are not transferred to cinemas & other luxury building.
- D.S. C^d. you add to that by a direct tax on private bldg?
- H.M. May not be essential to be explicit about this in statement.
- D.E. Will suggest a form of words for H.M.'s statement.
- R.A.B. So will I.

Food Subsidies.

- I.M. Engineering wages claim. Two sides were to have met on 2/2 : delayed now until 17/2 because employers' diff^y. in arriving at common line. They now will try for 7% increase (this years' pattern) to match increase given last year. Believe that, or somethg. like it, may be accepted.
Other claims e.g. miners are likely to be settled around same figure. I don't believe these current claims will be affected by any decisions announced now on subsidies.
- R.A.B. What new claims?
- I.M. Cotton – going to arbitⁿ. Miners will soon come to a head.
- H.M. Invite Cab. to consider genl. position. Deficit on current a/c of S. Area £200 M. in 1955/56. No reason to believe 1956/57 will be any better. State of serious inflation.
Cuts discussed h'to are mainly red^{ns}. in planned p'mmes. Total £70 M. of delayed orders in public sector, representg. about 50% of our total investment. Over remaing. field credit squeeze is operating.
We are inflating annual by total investment of nat^d. industries, whose investment is no longer financed out of savings.
I wish therefore to cut real current exp^{re} w'out waiting for Budget. Otherwise I fear a run on £. – which exchange control can't regulate now we have open commodity markets & Kuwait gap.
Real indicator is trade figures. Can free economy be made to work? Diff^y. about subsidy proposal is to explain why it is disinflationary. But it is taken as test of Govt.'s seriousness. How can a Govt. disinflate economy while it still subsidises it?
Bread subsidy wd. save us £40 M. How much will come back in wage increases. Of course, it wd. be used as argument. But decⁿ. wd. turn on wtr employers can afford to pay more. High costs are cause, not result, of inflation. If basic prices were stabilised by subsidy, price increase wd. emerge elsewhere on luxuries.
Nat. exp^{re}. on sweets is now £250 M. p.a. vice £40 M. in rationing days. Increase in bread prices can be sustained, surely.
Can temper wind to poor by increasing N. Assistance rates, by a compensating amount. Worth paying somethg. to get rid of these subsidies.
Effect on wages. Agree it won't affect this round of claims. M/L. fears it will affect next round. But much may have happened by then.
- R.A.B. Time-table. Statement by H.M. on Mon. week. After B/E. decision on prev. Thurs. to raise Bank Rate.
- H.M. Statement of full package. Or, if food subsidies are not included, no preliminary statement – only a speech in economic debate.

- I.M. Matter of political judgment. But believe we shall lose more than we gain by abolishing bread subsidy. Milk prices are less serious because cushioned by priority classes.
 Compensation for N.A. classes wd. help politically. But it wdn't help on wage claims.
 About 3m. workers have rates tied to c/living figure.
 Whatever we do, we can't stop wage increases. £300 M. last year.
 Prob. more this year. Responsible T.U. leaders who are ready to urge restraint wd. be v. greatly discouraged by such action. They are about to urge Govt. to avoid doing this v. thing. Better climate now for wage stability than for some time past. Hope of a period of stability in prices & wages. Can't expect this, however, if we make this deliberate increase in c/living.
 Doubt therefore if this wd. in the end be disinflationary.
 W^d. make it v. diff. to make progress in projected talks with employers and T.U.C., to which I attach v. gt. importance.
- S.Ll. Current claims. Won't leaders revise claims.
- I.M. Unlikely – governed by last years' decisions.
- W.M. Believe announcement. in mid/Feb. wd. affect current claims.
- P.M. M/L. argument wd. apply to doing it in Budget?
- I.M. Yes.
- P.M. Are Autumn measures not having effect? Reserves are rising now.
 Not easy to escape fr. deflation, if we get into it.
- P.T. Trade gap (£75 M. Jan.) is as bad as ever : indeed, it is worsening slowly. £65 in last quarter of 1955. And import element is 7% higher than average for '55.
 Will be regarded by commentators as v. grave.
- I.M. Unemplt. figures have not yet given sign of movement twds. disinflation.
- P.M. C/living is now steady & may remain so for some months.
- D.S. Importance of impact. We can't come back & do more later.
 For l.a. expenditure, if you don't act now you will lose a year. This is the moment at which they settle p'mmes etc., for new financial year.

Discussion adjourned.

2. Defence White Paper.

W.M. Evacuation. Don't say in W.Paper "this must be our first task". It is said in other words in existg. para.
I wd. prefer to deal with this point in speech.

L.I.G. Agree.

D.S. Agree.

1. Foreign Service Officers – Burgess & Maclean.

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

S.Ll. Burgess has referred to his “association with M.I.5.”
He was never a member of M.I.5, but gave them informⁿ. on payment while in B.B.C. during war.
Press are asking for definite informⁿ.
Say []. - Agreed.

2. Economic Situation.

P.M. Exchanges with H.M. over week-end.
We have reached this point. H.M. feels that, to take effective pull v. inflation, he must announce full list of his proposals this week.
At B’fd. I outlined policy of restraint & promised to consult industry on it. This timing is therefore v. diff. for me. Announcem^t. wd. precede engineering wages award & my projected mtg. with T.U.C. next Monday. I therefore sugg^d. tht. H.M. shd announce all proposals save bread & milk and deal with latter in Budget – in hope that it cd. contain some other factors to balance it. For bread has become banner for bankers & red-rag to workers. Inflated beyond its real import^{ce}. Ready to add anything other than b & m., if that wd. help.

A.L.B. How many workers’ wages are tied to c/living?

I.M. i) About £5 M. p.a. wd. be cost of those direct increases. 3m. workers.
ii) C/living index stationary last month : will be again this month, & may drop 1 point.
N.C.B. meets Wed : engineers on Fri : On latter, employers won’t go beyond 7% increase : & unlikely that decⁿ. will be reached at once.

K. i) I remain of opinion exp^d. before P.M. went to W’ton.
Fear wage claims won’t be proportionate to add^l. cost of b. and m.
That wd. be 1/8 : claim will be 5/= or so. Every 1/= a week on wages totals £50 M. p.a. This means an add^l. £150 M. or more of inflationary pressure in the economy.
ii) Mtgs. with T.U.’s. Our policy is increased productivity : restraint in wages & dividends : redⁿ. in restrictive practice. Introdⁿ. of such a policy depends on confidence betwn. Govt. & T.U. leaders. This move wd. destroy that confidence.
Agree continuance of this subsidy can’t be justified in present circs.
But how do we help – temper wind to – those on v. small incomes.

S.Ll. Savings will be eroded by concessions to N.A. rates : &, in terms of inflation, by wage awards.

Can't therefore justify it save as part of movement wh. produced no net increase in c/l. index : i.e. in Budget, with other price changes.
But, w'out b & m is p'mme enough? Need for real cuts in Govt. expenditure & plans. E.g. 10% cuts in overseas staffs such as those in W'ton.

L.I.G. Favour abolition of bread subsidy. But worried at wages consequences and esp. on P.M.'s mtg. with T.U. leaders.

D.S. Support abolition. Part of policy we are pursuing. Hope it will be done. Timing turns on Budget : will it contain somethg. that will compensate? If so, do it then. If not, better have the row now. The proposals as a whole seem to me to be insufficiently drastic. Alarmed by his conclgd. reference to doing more later. This shd. be our last chance. Better to do too much than not enough. Support S.Ll. plea for another turn of the screw.
Need for speed, so far as l.a. expenditure is concerned.

H.A. Don't under-estimate psych. import^{ce}. of b. subsidy in wage negot^{ns}. But wrong to m'tain such a subsidy when we are pursuing disinflationary policy.
Our efforts may be overcome by weakening of sterling over next few months.
Fear this package may not be tough enough to meet current events. Do too much rather than too little.
Favour ending this subsidy either now or in Budget – as part of a formidable package.

D.E. How much danger to £. Believe it's v. serious. And it is more important than relations with T.U.C. We aren't v. far off a run on £. Not much money in bread subsidy. But proof of our seriousness & our view that £ is more important than industrial relations.
Don't think package, w'out b and m., will make enough impact.
Need is to spend less in next 6 months.

B.H. Public opinion expects all unpopular things to be done soon and all together.
Can we be sure that this will be included in Budget?
Support S.Ll. – more drastic action in other directions. P'pone b. and m. meanwhile.

J.S. Agree with H.A.
Sympathise with views of M/Labour.
Want right moment & right package. If we are at a point when c/l index may drop, and country expects unpleasant measures, is this not a good moment?

R.A.B. Pol. problem, as well as economic.
B & m. must be done – no doubt on that.

But v. diff. moment for some members of Cab. – esp. for P.M. in light of B’fd. speech.

Disclosure of diff^{ce}. betwn. us on this wd. be fatal to £ and to Govt.

We ought therefore to be ready to compromise on timing.

H.M. shd. be supported in attack on inflation. Bank rate shd. be a feature of any speech : & there shd. be enough in package to make that look like action from strength.

Cab. shd. also decide in favour of abolition of b. subsidy – w’out prejudice to timing. Agree to do it in Budget.

Greatest disaster wd. be disagreement among us. Therefore ask for more time in which to reach agreement.

Delay in printing Vote on Account cd. be attributed to deteriorⁿ. in printing dispute.

S. Bread subsidy shd. go. Public won’t, however, accept it as means of curbing inflation.

If H.M. cd. use term “crisis”, we mght get away with this.

If not, what about of redⁿ. of subsidy to e.g. £10 M. & avoid compens^{ns}. e.g. to N.A. rates.

P.T. Much turns on estimate of dangers of situation.

Trade gap at £75 M.

Credit squeeze hasn’t operated to reduce imports.

Alternatives: full package, incldg. b. & m. Omission of those wd.

make it insufficient for its purpose. Never an ideal time to abolish b. subsidy : believe it best to combine it with other measures. If we can’t include b & m, I wd. seek other means of toughening this up.

If h. purchase were to be introduced on Wed., we wd. need a decision to-night.

I.M. This is a pol. problem. Net saving will not be v. large.

Diff^y. is to reconcile this with B’fd. speech & to explain to public tht. this contributes to battle v. inflation. Public opinion is now favourable to such an attack – & stability is w’in reach.

Think it wd. be unwise to do this now. T.U. reaction. Industrial trouble likely to follow.

If it must be done, better in Budget than now : for there cd. then be countervailing measures.

W.M. Accept logic and banner argument.

But public are bound to retort : deliberate action raising basic food prices : and real anger & industrial trouble. More therefore than wages.

Against it therefore – I fear, at any time.

A.L.B. Dislike this subsidy. But doubt if it will have disinflationary effect, after takg. a/c of “erosions” known & likely. This measure won’t convince Unions we are in financial crisis.

But ready to agree that it shd. be abolished in Budget, wtr or not countervailing concessions can be made.

- R.A.B. No Parl^y. diff^y. if Vote on A/C. were p'poned until Monday.
- P.M. Home's views – read out letter.
- H.M. Useful discussion – opinion is balanced.
 Concluding sentence of my covering memo. was intended to refer to import controls. I was not specific because of danger of forestalling. Agree this is pol., as well as economic, problem. Agree timing is difficult.
 But real test of solvency – trade figures – shows dangers of situation. They are substantial. Market is such tht. it brooks little delay. Action is expected. I have sugg^d. in only speech made, Budget is time : in order to hold posⁿ. Loans are not being taken up : Kenya. Talk is beginning abroad on devaluation. We had to intervene to-day to buy t'ferable sterling.
 First ques : Can you wait for Budget? I don't think so. Even if you cd., what advantage. No compensation, for it wd. give increased spending power. Thus, only attacks on other classes.
 If you wait, what do you do m'while? Bank rate, after emasculated statement, wd. seem action fr. weakness.
 Four elements in package i) explain what we have done on Estimates. I cd. strengthen that. £300 M. less than when first presented. Tho' £117 M. up, it's not bad considerg. increases. C^d. also say that process continues : both on numbers and on policy (inclgd. 3 outstanding Def. ques). But Def. Estimates assume £50 M. fr. Germany.
 ii) capital investment : p'ponement. Action to support effect of squeeze in private sector. This means largely nat^d. ind^{ies}. Can we go further? Cab. happy in principle : will they accept in detail.
 iii) Consumption must play its part. Food subsidies is all that is left. Agreed now that it must, sometime, go.
 Diff^{ies}. a) Persuade public tht. inflⁿ. can be checked by increasing c/living. Even R.S.C. had to stabilise subsidies at £400 M. Retail prices rose, during Soc. rule, despite subsidies. Answer to public : prices rose twice as fast when subsidies were m'tained at £400 M.
 b) Govt. supporters. There has bn. a fair time enjoyed in our 4 years since austerity ended. But middle class haven't had their share of it. Want to help them in Budget. W^d. have wished to get b and m. out of the way beforehand. Get the money for it out of equity holders – not out of abolition of bread subsidy. Don't appear to balance the wrong things.
 c) Trade Unions. On this round of wage claims – don't want to do this 2 days after they have settled : better done while negotⁿ. is procdg. If it's accompanied by really stern measures – cdn't P.M. & I put it to them that it is really necessary to stop the rot and avoid devaluation. That last wd. hurt them v. much more. They wd. not have bn. surprised if this had bn. done in Oct.
 Mine is a gt. responsibility. But it's a mistake to over-insure. I cd. not, however, follow a wrong course in these circs. N. Assistance. Don't want to hurry Bd.

P.M. My personal feeling. Easy to under-estimate effect of b. and m. on working people. Think of re-action to October's pots & pans. Believe it might have produced strikes in Oct.
Fear it may provoke real industrial anger, of the kind we haven't had since Tory Govts. of 20's and 30's.
How cd. I give you help, after B'fd. speech.

H.M. Hire-purchase. 40% or 50%? Ready to accept 40%.

P.T. Pol. effects shd. not be under-rated. They will operate on several ind^{ies}. wh. are workg. short time or are in dev. areas. There will be some unemplt. Believe we shd. face this.
I wdn't press for 40%. Let us make it 50% and 2 years in each case vice 18 mos.

Agreed 50% and 2 years.

Control over hire will stop a big gap in h.p. control.
There are gt. diff^{ies}. – e.g. in dealing with successive short-term hirings.

B.C. Ass^{ce}. Bd. wd. not recommend increase in scales. They wd. still be 1/= above 1945 values. But they wd. follow a Govt. lead.

H.M. If we present bread as minimal, better to leave it to their direction.

3. Newsprint.

P.T. Agreed. B/T. to determine date of announcement.

4. Industrial Disputes. Printing.

I.M. Employers are giving notice to those working to rule.
This will prob. bring the men out. May stop H/C. printing.

5. International Wheat Agreement.

H.M. E.P.C. recommend we join Council w'out participⁿ. in Agreement.
Canada will be v. disappointed. U.S. less so.

Memo. to be circulated.

1. Restrictive Trade Practices Bill. [Enter R.M., Att. Gen.,
L^d. Adv., E.H.]

K. Explained provisions of Bill on lines of Concl^{ns}. in para. 20 of memo.
a) Details in Cl. 5.
b) Nature of tribunal : statement of justiciable issue (Cl. 16 : issues which are about 80% factual, so that a judicial body can properly pronounce on them – tho' qualitative & economic judgement cannot be wholly excluded.) = "prosecuting authority". Att.G. will nominate counsel & appear in important cases.
c) Re-sale price maintenance. Much public & Press opinion against collective enforcement. This will be made illegal. But individual enforcement will be open under Cl. 20.
d) Monopolies Commⁿ. to continue.

P.M. Labour. E.P.C. discussion.

P.T. Ctt^{ee}. agreed Bill cd. not cover labour practices. But there will be comment. Not much from Govt. supporters. M/L. will say that we will discuss with N.J.A.C.I. Also officials are considg. what other action cd. be taken.

P.M. Applⁿ. to iron & steel industry?

P.T. Bd. will ask for exclusion & new powers to Bd. to exercise similar control.
K. & RAB. have both seen Chairman. We shall have to see him again before Bill is introduced.

R.A.B. Doubt if Bd. will accept position. Some practices are so closely connected with Bd.'s functions that Bd. cd. & shd. exercise these powers. His latest lr. comes ½ way to meet us. Suggest K. sees him again & discloses some of detail of Bill. Promise also to debate in H/C. such remaing. points as his rep^{ves}. may bring fwd. there.

Agreed : K., P.T. to see Forbes this p.m.

J.S. Herring & White Fish Industry – see below.

P.M. Judicial examination.

Hope that, as time goes on, increasing. no. will be by consent.
Also summary procdgs.

P.T. Government Departments.

Some Dpts. linked with a ring., e.g. Post Office on cables.

If a ring includes a Dpt., it becomes exempt from legⁿ. Otherwise Crown wd. be involved on both sides. Recommend therefore tht. Crown privilege shd. stand : but that Dpts. shd. progressively extricate themselves from the more notorious rings.

Attention of Dpts. concerns shd. be drawn to this need. *Ty. and B/T.

Registrar. C.P. 37.

P.M. Ministerial responsibility?

K. P.M. for qualif^{ns}. of person appointed.

P.T. Accept proposals in C.P. 37. Approved.

P.T. Monopolies Commission. Bound to be some delay. Can't avoid it. Govt. can't continue to make executive orders on matters now made justiciable.

Resale Price Maintenance. Compromise accepted.

Application to Scotland.

K. Agreements wholly Scottish will be brought before a Court in Scotland. This can be secured by Rules.

Herring & White Fish Industries.

J.S. These Bds. are full of restrictive policies. The Bds. & their supporters in H/C. won't stomach applⁿ. of Cl. 16(1) to these industries.

P.T. Any statutory scheme is excluded – Cl.6(1). But Bill would apply to practices additional to those of statutory scheme. Those will be registerable. Best to rely on Cl. 6(1); and for the rest safeguard the posⁿ. by our power to influence order in which agreements are called up.

I.M. Ques wtr (or rather the order in which) issues comes to the court is in discretion of B/T.

Approved Bill.

Authorised introduction this week. (Wed.).

[Exit Att.G., R.M., L^d. Adv.]

2. Economic Situation.

A.L.B. Suggⁿ. for savings. Doubling Colonial loans, now £20 M. Raise maximum to £2.000. And low units – £1. Open to small investor.

H.M. Valuable contⁿ. to general project for reviving savings habits.

H.M. Opinion in Cab. y'day was fairly evenly divided.
 Have sought means of reachg. agreement.
 We broadly agree that food subsidies shd. be abandoned, at right moment. Ques is timing & circs. & atmosphere of such action.
 P.M. fears brusque announcement, w'out any prelim^y. discⁿ. wd. appear as harsh & brutal attack on workers. W^d. damage P.M.'s reputⁿ. for fairness & fair play. Esp. after B'fd. speech invitg co-opⁿ. of workers.
 How can we gain some time & overcome P.M.'s diff^y. – wh. is psychological rather than economic.
 My resigⁿ. wd. injure Party & economic sitⁿ. we are trying to cure. I recognise that.
 But hope Cab. will also see tht. a Chanc. appt^d. as I was cannot be strong unless his judgement is supported.
 Unsteady financial sitⁿ. is worsening. Fin. Times to-day. Expect^{ns}. of early action. Can't wait therefore until Budget. But v. weakening of posⁿ. & speculⁿ. about devaluation makes action easier to take. If we really face a run, meriting devaluation, Cab. wd. be readier to take drastic action. I don't say we have reached this point. I believe we cd. get by w'out action now – but might then collapse in summer. But somethg. must be done now. Govr. ready to raise Bank Rate. W^d. volunteer it if Cab. auth^d. whole package – but not if action on b. & m. They wd. then need a direction to do it.

[Enter D.S.]

Modified time-table. Raise Bank Rate Thursday. Statement that day offering debate on Mon./Tues. or Tues/Wed. but makg. it clear that this was one of the measures to be announced in following debate. So as to make it clear tht. Govt. initiative is preserved. Then P.M. to see T.U.C. on Fri. or week-end : say Bank Rate indicates serious situation : but indicate what further measures Govt. feel obliged to take in nat^l. interest.

P.M. Any breach in Cab. wd. certainly be deplorable in its consequences – on econ. situation as well as our fortunes.
 My reflections. Have we not under-estimated other elements in package – esp. h.p. proposals. W^d. be possible to make statement covering all save b. and m. : and say these are only part of our measures – those we must bring into effect at once – but add that they will be followed by others wh. are connected with fiscal measures & must therefore wait. That wd. give us more time for talks with T.U.C. Effect of incldg. b. and m. is not merely psychological. For, if it produced industrial strife, that condition wd. not inspire increased confidence in sterling.

R.A.B. Seems tht. B/E. will only raise Bank Rate if certain Govt. action is taken.

My advice fr. Jan 55 from B/E. was bad. His pol. judgement is not reliable.

Does Govr. seek to attach conditions? There is a case for Bank Rate w'out regard to these consid^{ns}.

- H.M. I am not willing to direct him to do this, unless I think Govt. action proposed justifies such a direction.
- P.M. Under my plan, we wd. have to assess what industry wd. be willing to do by way of restraint. It might be such that. it wd. be neither wise nor necessary to do b. and m. – even in Budget.
- H.M. Chief anxiety is that T.U.'s shd. not use this removal of last subsidy as excuse for industrial strife. Can they not be persuaded that this is not to be done as gesture of “hard-faced” Tory Govt. – not prelude to further savage action v. workers.
- P.M. Can we achieve that in one mtg.?
- A.L.B. Bye-elections are another reason for delaying statement – Wed. wd. be inappropriate.
- I.M. Not much hope of progress with T.U.'s if this is to come v. soon after. If this cd. be p'poned until Budget : we mght decide now to do it then if talks had produced no more favourable prospect.
- D.E. We shd. do b. and m. now or never. It wd. wreck Budget as H.M. now envisages it because it destroys due balance.
Also Unions wd. regard it as sharp practice if done immediately after important wages award.
Can we do w'out it now? Package contains h.p. on consumptⁿ. and cuts on investment – wh. don't give us enough. We ought to cut more on consumption. But what else cd. we do?
B. and m. is symbolic – that is its real importance.
Will public re-act so violently against it? cf. revaluation. People are expectg. some ugly things to happen soon.
- S.Ll. Why attack consumption exp^{'re} by means which will generate even more spendg. power? This gives impetus to inflation w'in a few months.
- H.M. Early cut in food subsidies did not have that effect.
- R.A.B. But we were then entering on a slump. Was on a deflationary situatⁿ. And impact was dulled by concessions to pensioners etc.,
- H.M. Re-action of workers. Will it really be ugly industrial feeling? That I wd. deplore. A mere political row wd. not matter v. much.

- P.M. Believe effect will be eroded so quickly that bankers' confidence will not be restored for long.
- H.M. The real bitterness will come from the unemployment produced by the disinflation.
- D.S. Don't want balance of Budget to be disturbed by inclⁿ. of bread proposal.
It might, as sugg^d. by I.M., be introduced in mid-March, in light of progress of talks with industry.
But I wdn't mind much if it were dropped – if it can't be done now.
- K. The diff^{ce}. betwn. us is our estimate of the bitterness which this wd. make in wages negotiation.
- W.M. I have not favoured doing b. & m. at any time. But if Cab. decided to do it at some future date I wd. bow to that decision.
- P.T. Package isn't so bad. Credit squeeze is workg. B. Rate will emphasise that. So will further investment cuts. H. purchase is strong meat. And further statement that we won't flinch fr. consequences when they appear in form of unemplt.
With all of that, he mght be able to do w'out b. and m. Tho' I have always favoured doing it.
- D.S. I wd. go with that. Prs. package cd. be re-inforced by other means.
- RAB. What means are there – save cut in def. exp^{'re} and liberalisation.

1. Economic Situation. [Enter E.H.]

Time-table.

- H.M. Will clear final text – phrasing – with Ministers concerned. And full text to P.M. and L.P.S.
Statement at 3.30 p.m. 16/2. Business Statement having promised debate next week – preferably Mon & Tues.
Main reason : don't want to delay raising Bank Rate for another week or to ask B/E. to hold "crisis" mtg otherwise than on Thursday.
Our statement shd. follow soon after, so that it appears to be Govt. initiative, of which B/E. action forms part.
Tell Speaker [& Opposition] before noon – and Opposition v. soon thereafter.
- R.A.B. This will cause surprise and annoyance to Oppⁿ. haste + crowding into c.p. debate. Only national interest cd. excuse it. Sh^d. have to suspend rule by ms. amendment – to give extra hour for c.p. debate.
Debate – agree Mon. & Tues.
Alternative is for statement to be made at outset of debate on Mon.
- P.M. Danger of leakage of contents of "package" – esp. over week-end.
- H.M. Also feeling in City.
And following a lead by B/E. Also, fair warning to Oppⁿ. for speeches.
If you prefer, I cd. say on Thurs. tht. B/E. action is part of our plan & promise statement on Friday.
- I.M. Frid. wd. be better than Thurs. fr. angle of wage negotiations.
- Investment Allowances.
- H.M. Propose to give notice now that in Finance Bill there will be alterations in investment allowances – terminating the system retrospectively as from 17/2. The initial allowances wd. stand unaltered.
- P.M. W^d. prefer to use word "suspend".
- H.M. This accords with general theme of our plan.
- RAB. Introduced in Budget '54 – quoted arguments used – less cap. investment here than in U.S. or even in Germany. I refused then to accept Revenue view that this was a subsidy & hope it won't be so described.
This was something our Govt. introduced. I wd. have preferred suspension of initial allowances, which has bn. subject to variation by

successive Govts. The other was an enlightened scheme, which I am sorry to see suspended.
Admit however, that this is a logical & rational feature of a disinflationary plan.

H.M. Will stress the idea of a Keynesian suspension in the debate. In statement shall have to avoid ambiguity.

P.T. Agree it wd. be better not to describe them as subsidies.

RAB. Criticisms : T.U.'s : agricultural bldgs : shipping.

H.M. I can exempt shipping already in construction. And concession will apply to projects already started & that will help agricultural bldgs. Will consider wtr shipping can be wholly exempted.

Food Subsidies.

S.Ll. Hope we cd. have avoided mention of milk price increase, not due until July. What effect will it have on current wage claims?

A.L.B. Yes : need we put c/living index up by more than 1 point.

H.M. Statement w'out it isn't enough on real savings. Estimates up by £100M. Capital cuts are red^{ns}. in p'mmes. This is a real figure. Milk doesn't have same effect on labour claims. We put it up last year. Oppⁿ. will demand import cuts. If I don't say firmly "No", there will be forestalling. Yet I believe we may have to do it. Same dilemma as faced R.S.C. in denying intention to devalue.

A.L.B. On milk, I wd. sooner rely on "progressive reduction".
[Exit S.Ll.]

H.M. I still think it wd. be right to promise complete removal of these subsidies. I can't reduce its effect still further.

R.A.B. Thought last night you were willing to omit reference to milk.

Timetable.

P.T. V. diff. to synchronise my H.P. Order with statement on Fri. Because of re-printing & mtg. of Council on same day as Queen returns.
[Exit D.S.]

Meeting with T.U.C. & Employers.

I.M. Wait until after debate. May be better. Awkward to see them on Friday.
Arrange mtg. for Wed. Agreed.

1. Northern Ireland Parliament : Disqualification. [Enter E.H.]
- L.I.G. Rpt. of Sel. Ctt^{ce}. is being printed in Belfast. This, with White Paper, will be in Vote Office on Monday.
- P.M. Announcement to be made by L.P.S. – as a ques of Parl^y. business.
2. Parliament.
- RAB. Mon/Tues. Economic debate. On Govt. motion, inviting H/C. to express confidence in measures proposed. Shall see Opposⁿ. Leader to-day & tell him H.M. will make statement to-morrow. If he presses for it to be made to-day, we may have to agree to doing it.
- H.M. We can't bring it back now to Thurs. because of H.P. Order.
- P.T. Govt. spokesmen in debate. [Enter R.M., C., B.C.]
- R.A.B. H.M. on 1st. day : P.T. and [P.M.] on 2nd. day. I.M. is a possibility : or a Ty. Junior Minister : or P.T.
- P.M. I may have to wind up if there is a big row. Prob.^{ly} will be enough to have Boyle + P.T. on second day. I.M. to be present on 2nd. day & ready to speak vice Boyle if need arises.
- E.H. Mon. Loyal Address welcoming Queen on her return.
* C.O. to send brief to P.M.
- H.M. Investment allowances. Can new projects in shipping be exempted? Proposed to make project, not placing of constituent contracts, the test. I wd., however, be ready to move ship-bldg. into 3rd. category & exempt it wholly, as will be done for scientific research projects.
- H.A. 1) improvement of farm bldgs 2) improvement of workers' cottages. W^d. have liked concessions on these.
3. House of Commons : Remuneration of Members.
- R.A.B. Opposⁿ. wanted to raise it this week. They will revert to it next week. They ask for £1,500 p.a. They will press it. Also Members' Fund – on which they will produce hard cases. Think this can be met by Ty. contribⁿ. to the Fund.
- P.M. Govt. supporters wdn't tolerate increase in pay. What of extending allowance to Friday attendance – cost £1280 only.

H.M. May have to do that – in order to get agreemt. to increase of Junior Ministers' salaries. Perhaps in June/July.

RAB. Oppⁿ. priorities are i) M.P.'s pay ii) Allowances for H/Lds. iii) Junior Ministers' salaries.

Agreed : stall on pay, until the summer.
deal with Members' Fund.

4. Argentina : Sale of Arms.

S.Ll. We are not able to undertake trials of strength in this area. No F.O. objⁿ. to course proposed.

W.M. If we don't sell them these, they will get similar aircraft elsewhere.

R.M. Won't interfere with contracts for India or R.A.F.
Will be ordinary export sale – no ques of abating levy.
Any objⁿ. to Vickers trying to sell tanks to Argentina. No.

C. Wise to p'pone que. of carrier until completion of talks with U.S.(?)
[Exit R.M., C.]

5. Widows' Pensions.

B.C. No one with authority to commit Govt. made any commitment. But general impⁿ. was left that this wd. be dealt with.
Govt. supporters show some anxiety to be protected fr. pressure wh. is developing from the widows, who are becomg. more organised.

Agreed : Postpone any announcement on widows for 10-14 days – near end/month.

[Exit B.C.]

6. Visit of Russian Leaders.

P.M. President agrees we can't w'draw invitation.

S.Ll. Kruschev has said – main object is to hold talks with leaders of U.K. Govt. with a view to ending cold war.

P.M. Visit to Windsor. Normal practice is for visiting P.M.'s to be given lunch if they go to Windsor.
W.S.C. is against this.

S.Ll. My instinct is against it, too.

General view of Cabinet : Queen shd. ask them to stay to tea.

visit being put forward to afternoon : if Queen is not snarled up with Boy Scouts.

P.M. Sh^d. Opposⁿ. be allowed to give them a dinner? Proposed for Monday.

H. Yes : more likely to embarrass Labour Party than us.

P.M. Explain, in sending p'mme, tht. more provision may be made for discussions if desired.

1. Parliament. [Enter E.H.]

R.A.B. Tues/Wed. Defence debate. Thurs. Army Estimates. Mon. F. Affairs.
Mon. 5/3 or Tues. 6/3 2nd. Rdg. of Monopolies Bill. Navy & Air
Estimates during week.
F. Affairs debate : S.Ll. and P.M.
Defence debate : W.M. : M/Supply and S&S Air on 2nd. day. Ll.G. to
intervene on 1st. day if needed on C. Defence.

2. N.Ireland Parliament : Disqualification.

Ll.G. Two more members of N.I, Parlt. now found to be disqualified.
Have delayed presentⁿ. of Wh. Paper, so that our announcement can
cover all 6 cases.

3. Economic Situation.

P.M. H.M. will make Party political b'cast on Saturday.
The debate has gone v. well. This shd. continue good presentation.
I propose, with H.M. and I.M., to see T.U.C. Waiting to see how they
re-act.

I.M. Have invited T.U.C. to suggest timing. Date shd. be settled soon.
Engineering wage claim. Negot^{ns}. have bn. broken off; but I think this
wd. have happened even if economic statement had not bn. made.

H.M. C^d. the W.Paper be brought fwd. now?

W.M. Yes : E.P.C. decided to-day that it shd. be b'ght up to date & subm^d. to
Cab. with view to early publⁿ.

4. Imperial Institute.

P.M. Thght. Cab. had decided we were going on with this project. Hope we
shan't vacillate.

D.S. Scheduled as Grade 2 qua architectural interest. Contributes to
London's skyline. Pity we took the decision.

B.H. Unfortunate : but we have gone too far to change decision now. There
is no practical alternative.

R.A.B. We are at loggerheads with F. Arts Commⁿ.

But design of new bldg shocks me. Is there not time to review that, with F. Arts Commⁿ. – makg. it clear that our decⁿ. stands.

- P.M. That will re-open whole ques, surely.
- D.S. S.30 of T. & C. Planning Act requires tht. my consent to demolition be obtained.
- S. Any reference to F.A. Commⁿ. will involve delay.
- H.M. C^d. we inform them that decⁿ. stands & can't be re-opened. But, subject to no delay in bldg, ready to hear anything they may have to say about design of new bldg.

Agreed : as proposed by H.M.

5. Egypt.

- S.Ll. Line to be taken with Nasser. Must seek basis of co-existence or declare our hostility. Can't put up money for Aswan Dam while he continues open criticism of our policy in Jordan. Try for a concordat. If that fails, take up posⁿ. of more openly declared hostility.
- S. What leverage have we got, assumg. tht. we can't afford to let R. in on the Aswan Dam.
- S.Ll. Immediate object wd. be to stop E. propaganda. For this, a jolt is needed. W^d. try to make it plain to him tht. it is to our common advantage to co-exist. Jolt cd. be Sudanese denial of water, viz., no Aswan Dam.
- P.M. We can run counter-propaganda from Iraq.
- P.T. C^d. we concert with U.S. W^d. shock them if we played Sudan water card w'out consultⁿ.
- S.Ll. No threat at this stage : merely strong talk that we must co-exist.

6. Capital Punishment.

- Ll.G. As in memo.
Many amendments to Silverman's Bill wd. be needed.
- P.M. Clear we can't promote a Govt. Bill.
Hope that, while Silverman's Bill proceeds, there may be a revulsion of feeling v. abolition.
- S. H/Lds. wd. reject the Bill. Gt. body of auth^{ve}. legal opinion in favour of retⁿ.

Favour L.I.G.'s course – no Govt. Bill.
Chorley's Motion will indicate genl. attitude of H/L.
If Silverman's Bill were rejected by H/L., this wd. be a proper
opportunity for H/L. function of delay. A year's delay might show
more clearly how public opinion stands.

J.S. As S.'s Bill will need extensive amendment, and as so many Labour
ex-H.O. Ministers voted for abolition, might it be preferable that they
shd. introduce a better Bill.

D.S. Not if it's our object to muck it up & let it perish.

R.A.B. S's Bill is for 5 years' suspension. Do we say on 2nd. Rdg. that we
intend to knock out Cl. 2(3)? H/C. voted for complete abolition.

P.T. What about Title? Cdn't amend that?

RAB. We must promise facilities for a Bill on lines of that introduced by S :
but we cd. say we must consider wtr it doesn't need amendment.
Opinion v. abolition is now becoming vocal.

P.M. I will say that time will be given for 2nd. Rdg. of [a Bill on lines] M^r.
S.'s Bill. Agreed.

L.I.G. Statement on Prerogative. Propose, in lieu of last 2 lines, to use more
general words used by Chuter Ede in '48. Agreed.

P.M. Sugg^{ns}. of referendum. Propose to reply that this is impracticable &
wd. derogate from sovereignty of Parliament. Agreed.

7. Technical Education.

D.E. Our p'mme is not bad cpd. with U.S. But it doesn't compete with
Soviet Union who, in 20 yrs, will be far ahead of the West.
We must therefore do all we can – thro' Universities and Colleges.
Large reserve of talent : broad base of schools is what matters, in terms
of what industry wants. Must give opportunities at all stages & levels.
C^d. Ty. give auth^y. to enable l.e.a.'s etc., to plan further ahead. W^d.
like to omit words in [] in para. 93 94 & 95.
Addⁿ. shd. be made regarding needs of Colonies & Comm. countries –
para. 5.

H. I agree on last point & can suggest add^{ns}.

S. Agree generally with intent^{ns}. of policy outlined in W. Paper.
People who go to Univ. won't go into engineering. Those who go to
T. College will. Agree we must therefore rely largely on T. Colleges
for engineers.

Lord Cherwell's view. I have bn. led to view tht. special technolog. institutes wd. be a mistake. Best teachers prefer University life. Fr. angle of those taught, I wd. sooner not breed a class of people who have bn. educated without any contact with Arts. Prefer therefore to build up big techn. colleges in Ldn, Glasgow & Manchr. & allow them to develop – if they separate eventually from Universities, well and good.

- H.M. Support W. Paper in principle.
Suggest we omit words in [] in para. 93 & leave provisional in paras. 94 & 95.
Paras. 105 & 106 : I must press for omission despite my private interest (!)
- D.E. Libraries need improvement. They provide valuable service to industry. Agreed : Paras. 105-106 to stand.
- P.M. Lack of balance because University side is so thin. C^d. we not expand Ch. II. – saying why we have decided to build this part of our plan on existg. found^{ns}. of Universities.
- R.A.B. Indicate what we have done. Refer to next quinquennium as reason why we can't say more now. Don't give reasons for our policy, for it is still subject of controversy in Universities.
- P.M. Expand it : put positive reason for our policy. Agreed.
- P.M. Handling of further progress. Cab. Ctt^{ee}. with L.P.S. in Chair, to pull it all together. (Parl^y. Secy. Scotland).
- H.A. No ref^{ce}. in Paper to agricultural techn. educⁿ. Facilities are equal to present needs : but will have to expand in future. Suggest add^l. para. in Ch. I.
- K. Botany & zo-ology. Research into grass & pests. Is that w'in scope of these proposals?
- H.A. Not sure. Will consider it. [Exit D.E.
[Enter B.C.

8. Legislative Programme.

- R.A.B. List of dropped Bills won't cause many tears.
Annex : I will defer Crown Lands : D.S.I.R. Bill cd. be introduced.
We must have legⁿ. on Cap. Punishment. We prob. ought to go on with Family Allowances.
- P.T. Accept p'ponement of Anti-Dumping Bill.
- LI.G. We shd. start discussions on Re-distribution of Seats Bill.

- S. D.S.I.R. Bill. A necessary measure. Have appointed new Secretary. Also a new Secretary of the Ctt^{cc}. Won't be at all controversial. A year's delay wd. be v. disturbing.
[I cd. start it in H/Lds.]
- L.I.G. Shops Bill?
- R.A.B. No : 68 Clauses.
- P.M. We have dropped Gowers on Rlways.
- A.L.B. Caribbean Fedⁿ. A Bill will be needed.
Colonial Development Corpⁿ. : has bn. acting ultra vires and housing schemes are being held up.
Overseas Civil Service Re-organⁿ. A promise of legⁿ. would help.
- H.M. Public Works Loans – will run out in July. Legⁿ. will be needed.
Family Allowances – in Q. Speech. Workmens' Compⁿ. wd. please T.U.C.
- B.C. Heavily committed to Family Allowances Bill. V. short. C^d. get 2nd. Rdg. on Fri. or ½ day.
I wd. put that before W. Compensⁿ. Bill.
- H.M. I wd. not. The latter is cheaper.
- B.C. F. Allowances is a counter-poise to Pensions Increase Bill.
- R.A.B. Believe it v. diff. to do F. Allowances this session because of economic climate as well as time-table.

No decisions. R.A.B. to talk to Ministers concerned.

9. Widows Pensions.

- B.C. Not convinced that this is sound. But we shall have trouble. Hope we shan't be forced to give way.
- R.A.B. V. awkward politically, esp. after bread and milk decision.
- E.H. Not so much diff^y. among Govt. supporters as I had expected.
- H.M. Prefer to stand firm. We will give to those in need. But we will not give needlessly to these widows.
I agree, however, that we shd. not cut off new cases.
Do nothing.

Agreed : No increase in rate.

No cut-off of new cases.

[Exit B.C., E.H.
[Enter H.W.]

10. British Transport Commission : Finances.

- H.W. They are running a big deficit. Asked Chairman what he proposes to do. Delayed by i) wage increases ii) superannⁿ. on which he may have to be given directive.
He has subm^d. plan for add^l. revenue of £40 M. Increase of 10%.
- x| in freight charges. By using an unexploited margin from an old decision & minor adjustments he can make up the £40 M. on passenger fares.
This wd. result in deficit of £18 M. in this financial year.
But I am looking for improvements thro' greater efficiency – it won't yield more than the £18 M.
- x| Wish to widen Ty. talks with B.T.C., fr. capital structure, to cover its accounting procedures etc.,
My specific proposals are as at x/x/.
- W.M. Freight. A flat 10% over all classific^{ns}. of goods.
- H.W. 10% is an average, some more and some less. Will yield £26 M.
Accumulated deficit is nearing £100 M. Between £80 and £100 M.
- H.M. But turnover is £700 M. This years' deficit shd. be related to that.
Freights. Freedom to make differential rates to heavy users etc., subject to maximum charges. A big & ambitious scheme – coming in later. For this financial year the 10% plan is interim measure.
- P.T. Consequences of a 10% increase when we are trying to stabilise prices.
Will increase industrial costs noticeably.
- H.W. £30 M. increases in wages bill during the year.
- H.M. W^d. like further opportunity to discuss after Minister has circulated a memo.
- I.M. Will be resentment in view of B.T.C.'s quick decision on wages.

Agreed : Submit memoranda on this & on superannuation.

11. Malaya.

- A.L.B. Urgency – because of early mtg of Rulers.
- W.M. Satisfied with defence conclusions.
- H.M. Finance. In interim period assist^{ce}. continues as at present. If they show a need for it, we must meet it.

After full self-govt., we must finance capital cost of expandg. internal defence forces & deal with col. development.
Satisf. scheme of compensⁿ. has bn. settled for public services.

P.M. A.L.B. has handled this with v. gt. skill.

H. Will meet with satisf. response in other Comm. countries.

Approved.

12. Cyprus.

A.L.B. Big outstanding issue = amnesty. Now agreemt can be reached on all constitutional issues.
We have supported Govr's view tht. we can't announce amnesty until A'bishop has abjured violence and events have shown that violence will cease.
But they now ask wtr amnesty cd. be made conditional on cessation of violence. Govr. thinks this impracticable.

P.M. We began with our formula & A'bishop to abjure violence. We have gone on to give him much detail on constitution.

H.M. Irish Treaty was a treaty binding on both parties. A'bishop has signed nothing. Might consider amnesty if there were binding commitments.

A.L.B. Will deal with this in a memo. for Cabinet.

13. Nuclear Tests.

W.M. Will soon become known. Practical reasons : dredger : advance parties going out in June.

P.M. May arouse speculation or suspicion, maybe. But does this matter.

H.M. People can know something is up – but not exactly what.

Agreed : No announcement yet : but Dpts. may take greater risk of leakage as necessary to avoid delay in preparatory actions.

1. S.E.A. Treaty Organisation. [Enter E.H., Hare, Brooke., 4
C.O.S

S.H. Effect of publicity, not only on neutrals, but on countries (eg. Malaya) where we hope to get bases – they wd. fear reprisals.

Cd. we not say we shall use such force as may be necessary – to match gravity of the attack.

P.M. No security – eg. Bangkok.

W.D. Communiqué can be carefully worded – as it was in N.A.T.O. But the discⁿ must cover nuclear weapons because they are mentioned in planners' report wh. has bn. circulated and is on agenda.

J.H. Support S.H.'s view on Malaya.

P.M. Take S.H.'s line, and agree it with U.S. in advance.

H. Also agree with Dulles what he shd. say to Nehru when he goes on to Delhi.

[Exit H.

2. Buraimi.

S.Ll. Exclude cession of territory. Transit facilities wd. be a safe concession. Ques is wtr we shd., if necessary, offer a neutral zone. We shd. go no further.

W.M. What effect on friendly sheikhs?

S.Ll. It has gone well in Kuwait.

P.M. I wdn't be inclined to go beyond (a). But if Burrows thinks (b) is safe, by reason of Kuwait, you may recommend it to us by telegram.

H.B. Any ques of compensⁿ. under (a)?

S.Ll. We have done the local ruler v. well : no request for compensⁿ. need be entertained.

S. Hope you won't go beyond (a). (b) might be thght to imply there is somethg. in Saudi's case.

Agreed : S.Ll. not to go beyond (a) w'out further reference to Cabinet.

3. Jordan.

P.M. a) Glubb has asked for a Minister to attend Arab Legion Parade. S of S. for Air may go – subject to prior verification that King & Govt. are agreeable. Message to the King.

Agreed.

S.Ll. b) Israelis may try to bounce me into visiting Jerusalem in a way implying our recognition of it as Israel's capital. I shall decline to meet Ben Gurion formally in Jerusalem, tho' I will dine there informally.
All our Allies are at one in declining official recognition of Jerusalem.

Agreed.

P.M. c) I like line sugg^d. in Amman 255.
We must avoid being dragged in by Syria by the back door.
Duke puts it more crisply than F.O. draft.

S.Ll. It's general principle : are we bound by Treaty to aid J. if I. attacked by S.
Not. But we are by Tripartite Declⁿ.

R.A.B. By Treaty we wd. be at war : by Declⁿ. we say "assist" by troops – wd. that not be war. Is there a real distinction?

S.Ll. On attack on J., we shd. be at war at once. On indirect attack via another Arab State, we have first to consult our Allies under Declⁿ.

P.M. But we are consultg. now thro' staffs. We shd. all have to be ready to act at once.

S.Ll. We haven't said "at war" in relⁿ. to Declⁿ. because U.S. can't assume Congress approval.

P.M. Better to omit [] from para. 4 of draft telegram?

W.M. W^d. or might commit us to send troops before U.S. sent any.

P.M. U.S. show no sign of hesitⁿ. They have more ships there than we have.

W.D. Looks as tho' Radford has bn. auth^d. to discuss real planning with us.

S.Ll. (In reply to P.M.). We mght hold advance convers^{ns}. with J., tho' it wd. commit us still further to hostilities.

Agreed : In 1st. sentence of para. 4., insert “in light of T. Declⁿ.” and omit “& to discuss mil. action with the J. auth^{ies}.”

W.D. If we put in troops w’out first immobilising Israels’ air Force, they wd. be vulnerable. Are Govt. ready to take that risk?

P.M. Discuss with U.S. If they wd. join us in neutralising I. Air Force, we cd. do it – not, I think, otherwise.

C.N.S. Sh^d. we not suggest to our Allies tht. we shd. all warn Israel not to dig on Syrian frontier & thereby to provoke Syria?

S.Ll. They have bn. so warned, on several occasions.

P.M. Handle this & other points thro’ staff talks in W’ton.
Also consider warning King (?via Glubb) that worst thing to do wd. be to engage Legion prematurely & sacrifice best troops available.

Agreed : Despatch 2nd. tel., making it more tentative & suggesting tht. King shd. be approached first.

4. Foreign Secretary’s Mission to M/East.

(a)
S.Ll. Egypt. My line with Nasser : diff^{ies}. in M/E.; value of Bagdad Pact : our posⁿ. in M/E. is essential because interests in Persian Gulf, & we mean to stay (not Colonialism). Soviet intrusion threatens. We can’t establ. modus vivendi with E., unless they cease propaganda try to settle with I. & stop undermining our posⁿ. If they do this, we will help with Nile waters, ease their posⁿ. with Iraq.

P.M. Make it clear we stand by our policy & our friends. Comm^d. now to B. Pact & we are going on with it. Don’t weaken. For w’out this nil to stop R. coming right down to P. Gulf.

S.Ll. N. may object to extension e.g. Jordan. He may press for undertakg. it won’t be extended. I can say : no promise because they are independent countries : but if you play game we won’t press them to join.
In India, I wd. be firm on this point.

C.N.S. Pak. have bn. using B. Pact as means of enlistg. support in a war with India.

S.Ll. If India attacked P., yes. But [no ques of it, if P. attacked India]

C.N.S. Remains true tht. P. have tried to get war with India discussed in B.Pact.

P.M. We can give firm assurance to India to effect of [].

[Exit 4. C.O.S.]

5. Cyprus.

Tel. 436 and 437.

- P.M. Final sentence of 437 are the trouble. W^d. enrage Turks.
- J.H. Designed to make it clear tht. T. minority cdn't obstruct on matters not directly affectg. their interests exclusively.
S of S. has telephoned this a.m. pressing for our agreement to 437 – he and Govr. are both agreed on it.
- R.A.B. After “purpose” add “& for providing safeguards for all sections of the community” in penultimate sentence?
- P.M. Wdn't add to “for this purpose”.
- S. Add “As was made clear in the Ldn. talks” at beginning of last sentence but two. Then he cd. look them up and see.
And omit final sentence. Agreed.
- S.Ll. F.O. points i) Govr. must be judge of time when internal security can be transferred. See ms. in text. Agreed.
ii) An alternative to final sentence.
“The constⁿ. will adequately safeguard the interests of all sections of the community consistently with democr. principles & good and orderly govt.”

Agreed : on last point. We wd. sooner omit last sentence. If he must have somethg. he cd. say above but substituting “liberal” for “democr.” principles.

6. Malta.

- P.M. Saw Govr. y'day. Agreed : Govr. will see Pope on Wed. on way back to Malta; will be in Malta on Wed. p.m. Govr. wants ALB to call there on his way back to Ldn. We have authorised him to do so. He will see all Parties with view to accommⁿ.

[Exit J.H.]

7. Parliament.

- R.A.B. Business for next week.
Silverman's Bill 12/3. Will announce, if asked.
Aim also to do Rpt. Stage of Teachers (Superannuation) in that week.

8. Visit of Russian Leaders. [Enter H.A.]

S. Recognised this is decided – tho' I regret it.
But condonement of Communism by Crown. Hope there will be no
photograph. Agreed.
[Exit D.S.]

9. Betting and Lotteries.

L.I.G. Less controversy now than some years ago. More criticism now of
Govt. inaction.
Motion – is quite friendly : but we shall have to make some
announcement. Hope Cab. will authorise statement as in draft.
As far back as '53, H. Secy. said we c'dn't wait much longer.

K. Strong support.

R.A.B. 97 Bills for next session already : and 15 are H.O. Bills.
This will be about 40 Clauses.
Give us indicⁿ. of legⁿ. in this session. Don't rush draftsman.

L.I.G. We shall get credit for this.

R.A.B. Prefer you shd. make it clear that it is when opportunity offers adding :
[we hope in next session].

Agreed : subject to []. But precise form of
announcement to be settled with R.A.B.
after F.L. Cttee. mtg.

10. Farm Price Review.

H.A. Explained stage reached in review.
Officials guess farmers will ask for £40 M. as opening bid, justifying it
by increased costs less added efficiency. Might accept £30 M. as
settlement.
Last year we settled at £28 M. on much same increase in costs. We
can hardly go to £30 M. therefore.
Don't expect agreement, therefore : & farmers themselves mayn't want
it. Only one precedent (1948) for imposed settlement.
H.M. suggests £20 M. I wd. prefer somewhere betwn. £20-25 – to be
sure of its defensibility.
Propose therefore that officials shd. now start with prices giving about
£17 M. leavg. room for manoeuvre of £5 M.

H.B. This wd. be acceptable to H.M. Tho' no promise to go above £20 M.

R.A.B. There will be trouble with N.F.U.'s over this. Worth H.M.'s while to go to, say, £23 M. The $\frac{1}{2}^d$. on milk wd. be v. helpful to Turner, and 6^d . redⁿ. vice 9^d . on pigs.

H.B. No economic ground for adding $\frac{1}{2}^d$. on milk.

1. Cyprus. [Enter CIGS., C.A.S.,
AN., E.H.]

A.L.B. Read draft statement.

P.M. Breaking-points : amnesty (exclⁿ. of offences of carrying arms etc.) : reservation of public order to Govr : the "elected majority".

D.S. Para. 11. Sh^d. we not indicate why A'bishop's attitude on these was unreasonable.

P.M. In supplementaries – and in Press conferences.

S. A'bishop is saying he has made all the concessions. Sh^d. we not make it clear that it is we who have done so?

P.M. Again – in supplementaries. The corrⁿ. makes it clear.

R.A.B. Nominated members : wd. not be so numerous as to outweigh reasonable repⁿ. of Greeks.

A.N. Emphasise fact tht. A'bishop tried to draw us into bi-lateral disc^{ns}. of Constitⁿ., in advance of consult^{ns}. with all interests.

R.A.B. Did A'bishop seem to want a settlement?

A.L.B. No : I believe he is behind the campaign of violence : and using it to gain his own ends.

R.A.B. They will ask for debate : don't yet know what date they have in mind. Possibly Wed^y.

A.L.B. Try to avoid it this week.

2. Jordan.

P.M. Disc^{ns}. y'day.
Glubb's posⁿ. Doesn't take it v. dramatically. Attached to J. and Legion. Young King wantg. to run his own show – not unusual. Duke, on other hand, in Tel. 355 takes a diff. view of causes. Glubb thinks King is uncertain & wavering. Believes he still favours Bagdad Pact.
Glubb's plan of carrying on is open to diff^{ies}. : – i) Br. offrs. can't continue to exercise executive command. Was proposg. to w'draw those. Others who might become mission, mght stay pro. tem.
Cooke's initiative is unfortunate : but we shd. have had to do it.

Legion, w'out Br. offr., will crumble. If so, Jordan will too in the end – and be shared betw. other Arab States. Nothg. we can do to stop that process with certainty. We mght delay it. I don't favour course of trying merely to delay.

Message from Amman.

Position of B. officers – formula approved.

Position of wives and children. Unwise on that a/c to be too dramatic.

- R.A.B. But much anxiety. Sh^d. indicate tht. we are considering serious measures – not confined to J. In fact, we may have to move closer to Israel and prs. unseat Nasser.
- P.M. We are more likely to transfer support elsewhere – e.g. re-inforce P. Gulf.
- D.E. H/C. re-action to w'drawg. Br. officers will be that it is sign of weakness.
- I.M. Also removing stabilising influence on frontier.
- CIGS. But, if not in command, they can't be a stabilising influence.

1. Jordan. [Enter E.H., R., A.N.]
- Preliminary discⁿ. of handling of debate in H/C. on 7/3.
- P.M. M/E. policy must be founded on protⁿ. of our oil interests.
- R.A.B. Closer rapproche with Israel? W^d. be favoured by some of our supporters.
- P.M. Useless : they have no oil.
- S. Real problem is Nasser – new Mussolini.
- P.M. Ultimate answer to him : get U.S. to adhere to Bagdad Pact.
- RAB. Debate to be described as “genl. sitⁿ. in M/E” rather than Anglo-Jordan rel^{ns}., on wh. we shall not be ready to say more by 7/3.
- H.M. Iraq is being led to take strong anti-Israel line because of reluctance to draw away fr. other Arab States. If they were strengthened – either by U.S. adherence or by Nasser’s diminishing force – they wd. be readier to favour accommⁿ. with Israel. They can live with Jews.
- S. W^d. it be easier to get U.S. behind a vigorous anti-Nasser policy vice pro Bagdad policy. E. can’t be won over.
- P.M. So far, their resist^{ce}. to Bagdad has bn. due to reluctance to alienate Nasser – for they hope for settlement of E/I. dispute.
- P.M. Next step qua Jordan is to urge Iraq to use influence & prepare to take our place in Legion.
Draft telegram to Bagdad – approved.

2. Cyprus.

Deportation of Makarios and Kyrenia.

- ALB. Final view of Govr. (on deportⁿ. of Makarios) is in Tel. 507. I don’t favour course (b) in that telegram. Choice is therefore between Seychelles and U.K.
My preference is for Seychelles.
- H. If he has done all that is stated in Tel. 489, shd. he not be charged?
- A.L.B. That wd. lead to a death sentence. V. awkward.

Agreed : deport to Seychelles : as soon as possible

recognise that this will lose moderate Labour support in U.K.
Advance informⁿ (1 hour) to U.S. Consul in Cyprus, and advance informⁿ (1 hour) to State Dpt. and Dulles in Karachi.

Jamming Athens Radio.

ALB. Effectively operable on medium-wave fr. Athens. But now appears tht. it won't work v. well v. short-wave.
Hear D.W.S. cd. do it from U.K. But it wd. be known to come fr. here.
After 2 wks delay we cd. do it from Malta.

P.M. Don't use U.K. Go on with Malta : provided it won't interfere with anything outside Cyprus.

3. Security : Conference of Privy Councillors.

P.M. Publication to-morrow.
V. short statement by P.M. announcg. availability of W. Paper.

R.A.B. W. Paper is a gloss on Report. Will need much elaboration in debate.
cf. para. 15. relatives : will upset people.
cf. para. 16. second sentence = Star Chamber.
cf. para. 19. invites recrudescence of B. & M. debate.

I.M. Para. 13. – ? add to senior posts or to higher posts. No applⁿ. e.g. to G.P.O.

H.M. Redraft sentence in para. 16 in terms omitting reliability of individuals.

S. W^d. it not be wise to get Labour members of Conference to approve W. Paper – as a short version of Report.

Agreed : L.I.G. to show draft to Morrison & Strauss.

P.T. Para. 6. Sh^d. we not define “scant informⁿ.” for our own guidance.
What is it which debars Civil Servant fr. highest ranks.

Agreed : to be presented by P.M.

4. Balance of Payments Prospects.

Note taken.

5. Industrial Relations.

P.M. Mtg. with T.U.C. [Enter H.A.]

6. N.Ireland Parliament : Disqualification.

Approved. [Exit E.H.
[Enter A.J., H.W., Str.]

7. Coal : Distribution Costs.

Approved.

8. British Transport Commission.

Not heard.

[Exit A.L.B., AJ. H.W.
[Re-enter E.H.]

9. Farm Price Review.

H.A. Thank H.M. for sympathy.
N.F.U.'s won't come below £33 M. They won't accept abolition of individual guarantee. We believe this is moment to end it – for money & staff economy (300). This will give first ground for reservation by N.F.U.'s.
On price guarantees, Ministers agreed save on milk (½d. or ¼d.) We are producg. right amount, but slight upward tendency. ½d. wd. recoup increased cost, v. nearly. ¼d. wd. discourage prodⁿ. But this is item on wh. farmers will fight – for ¾d. at least. It is the prop of small farmer.
No chance of agreed settlement. £23 M. is highest to which we shd. go. But wd. be on stronger ground to fight farmers if we gave ½d. on milk.
This settlement will bear v. hardly on N. Ireland because they are small & ill-equipped farmers.
Long-term. Must find means of getting away fr. annual reviews and giving longer-run guarantees. cf. letter in Times to-day. Sh^d. like to include a sentence to this effect in W. Paper.

H.M. Agree with this aim : but don't want to promise consultⁿ. before we have an alternative. W^d. prefer to get on with search for alternative. Schedule is agreed.
Had hoped meat guarantee wdn't be invoked. But will be now, as food prices generally are falling.
Issue outstanding is ½d. or ¼d. on milk. Will the add^l. ¼^d. make all the pol. difference in constituencies? I leave this to Cab. decision.
Somethg. to be said for a row this time.

Str. ¼d. wd. meet need in Scotland.

- H.A. Trouble is nil on eggs : nil on pigs : only $\frac{1}{4}$ d. on milk. That is why I believe another $\frac{1}{4}$ d. wd. help politically.
- L.I.G. Never has bn. economic case for add^l. $\frac{1}{4}$ d. or so on milk. If it's given, it yields too much for larger farmers. N.I. wd. sooner have more on pigs & only $\frac{1}{4}$ d. on milk.
- H.A. Wasn't sure wh. I wd. prefer : but in E & W. the extra $\frac{1}{4}$ d^d. on milk wd. go best. We ought to m'tain pressure on pigs in order to increase efficiency in their prodⁿ.
- H.M. Support view of H.M. v. more on pigs.
- D.E. To discourage wage increase next year, better to have lowest possible award on prices.
- H.A. But nos. in industry are dropping too fast.
- R.A.B. First imposed settlement. Don't want to alienate farmers, as well as teachers. No solution in sight of long-term guarantee. I wd. increase milk by $\frac{1}{2}$ d. & give total of £24 M. That won't be regarded as a soft settlement.
- H. Surprised you haven't made a bigger cut in wheat.
- Agreed : $\frac{1}{2}$ d. on milk (£24 M) – as best means of combating disappointment of small farmers.

1. Parliament. [Enter E.H., R.]

R.A.B. 12/8 Debate on Cap. Punishment.
Teachers (Superannuation) Bill : Report : has had to be p'poned, until
follg. wk.
14/3. Cyprus. Speakers : A.L.B. and P.M. (P.M. opening).
15/3. Service Suppl. Estimates.

P.M. P'ponement of Teachers Bill is unfortunate because of controversy
with teachers.

R.A.B. But other business is inevitable.

H.M. Budget : 17/4. Better than 10/4, for we cd. take into a/c trade figures
for March.

R.A.B. Then we wd. have to take Monopolies Bill (Committee & Rpt.) in 1st.
week after Recess. And catch up on Finance Bill later.

Agreed : Announce next week date of 17/4.

2. Capital Punishment.

L.I.G. Useful to announce, in 2nd. Rdg. debate, how many days wd. be
x| allowed for remaining stages.
Don't propose to give drafting help with amendments – by
“opponents”.

P.M. Did I not promise “technical” help – on 23/2.

L.I.G. That wd. be met by getting Bill into proper shape before it goes to
H/Lds.

R.A.B. Most abolitionists will support Bill : looks as tho' it will pass with
lesser majority.
Are Ministers to be free to abstain on this Bill?
In Ctt^{ee}. strong case for Govt. taking over or at least [making it clear
we won't have wrecking amendments.] Otherwise it will encroach too
much on our p'mme of legⁿ.
If we must bow to abolitionists, do it quickly.

S. But Bill will be defeated in H/L. Better therefore for Govt. to take as
little responsibility for it in H/C. as possible.
My own view, v. narrowly, favours retention. I wd. say that in H/L.,
but allow completely free vote.
Wd. be consistent with that if Govt. left this freely to H/C.

- K. Yes : Govt. in H/C. shd. not go beyond [].
- Ll.G. Serious amendments – e.g. exemptg. murders of warders & police.
Also N.I. Govt., who think it their business, want to be exempt fr. Bill.
- K. Our good faith shdn't be impugned : we shdn't be thght to have countenanced wrecking amendments. Ques turns on what is a wreckg. amendment.
- S. Ques of conscience – but on both sides.
- B.H. It is for Chair to decide what is wreckg. amendment – for it shd. not be called.
- E.H. x/ wd. be a mistake. W^d. invite delaying amendments.
Bill will pass unless Labour M.P.'s abstain.
Apart from merits – this Bill has become pol. embarrassmt. to Govt. If this were made plain by Ministers voting unitedly against it, some abolitionists on our side wd. come round & vote v. it.
- R.A.B. Want Ll.G. in Ctt^{ec}. to indicate tht. we mean to get this Bill out of the way. We must therefore see that it's business-like procdg.
- H.A. I favour abolition, but not because of conscience. I am re-considerg. my position. I may be able to vote v. the Bill.
- A.L.B. Bill cd. not be extended to Colonies – we shd. have to resist that., win with Whips if necessary.

[Enter B.C.

3. Cost of Living.

- I.M. Final & more accurate index. Introduce this month (announce 13/3) : with Jan. as 100.
Particular problem : what to do re those excluded viz., those over £1.000 p.a. and those at lowest income level on Nat. Assist^{ec}.
Don't want a separate index. W^d. be used as convenient by those seekg. more money. We can resist it because never supposed new index wd. extend to these classes. cf. Rpt. of Adv. Ctt^{ec}. para. 4. referring to a date when Labour were in office.
- B.C. New index excludes those on lowest incomes, expressly. But admits tht. we have material on wh. we cd. construct a separate index for them. We shall be accused of suppressing this because inconvenient to us.
Unofficial pensioners' index will be calculated and used.
C^d. we reserve decⁿ. on this until we see what pressure there is for it.
- H.M. Support M/L. view. Resist this for as long as possible.

- I.M. Can say N.A.B^d. keep their own records for this purpose, but we don't propose to publish official figure.
- H.A. N. Food Survey gives separate informⁿ. about pensioners.
- P.M. N.A.B^d. can publish their figures, if they like.
- H.M. No : allow them to use them as basis for recomm^{ns}.
- I.M. Admit there will be pressure, but can resist it for a time.
- RAB. Support M/L. view. But need he make so full a statement?
- P.M. Yes. Tho' verbal slimming may be applied.

Memo. by M/L. approved.

4. War Pensions.

1) General Rate.

- B.C. Don't press this claim, in economic circs. Shall reject it. But there will be complaints.

2) Limbless Cases.

H'to no medical case for saying tht. disabled are at greater disadvantage as they grow older.

Now Mac(!) has said there is. And Russel Brain agrees with him.

- H.M. Para. 13 – avoid phrases which imply tht. we shd. be more generously inclined in 6 months or so.

- B.C. Will consult H.M. on this – drafting.

- H.M. On point 2) have we set this in hand thro' M.R.C.? Will cost £400.000 if they advise in favour.

- S. The M.R.C. haven't yet agreed to take it on. It's a pretty political issue for them.

5. Volta River Project.

- P.T. If we decide to go on, Govt. machinery for aiding it will need to be reviewed. B/T. can't do it in off moments.
y| Nature & extent of cost.

Advantages – doubtful. Shortfall of aluminium in 1965 wd. be anticipated by the cos. We cd. do better by increased investment in Canada. The case for this is dollar-saving : Commonwealth development.

Para. 9. sets out alternatives. I don't think U.K. wd. now be justified in puttg. nearly so much investment into this. Suggest therefore we try to interest W. Bank, w'out commitg. ourselves to our contⁿ. C.O. wd. tell Gold Coast Govt, & I wd. tell companies.

- x|
- ALB. Support P.T.'s memo. Can't draw out of this, but we must adjust our financial stake in it. W'drawal of Br. officers fr. G. Coast will make this scheme more diff. to carry thro'.
- P.M. Will companies go on, with pol. uncertainties in G. Coast?
- A.L.B. It is a useful restraining. influence on G. Coast politicians.
- H. It is only one of a no. of Comm. projects. It wd. have to come out of £60 M. contⁿ. to Bank.
- H.M. No : it wd. come out of Bank's resources as a whole. Share B/T. fears. But Canadian Co. have guaranteed to take the power. But, direct or thro' sums raised on Ldn. market, we cdn't contribute as much as planned. Experts are due to confer in Apl. We must therefore warn G. Coast before then tht. our fin. contⁿ. will have to be limited, as at x/. on lines of para. 9. Will submit to Cab. my proposal for our maximum contⁿ., before these talks begin.
- P.T. On y/ I wd. like to discuss with H.M. changes in Govt. machinery – both Ministerial responsibility and official machinery.
- R.A.B. Avoid pessimism in Canadian Aluminium Co., which wd. affect Black's attitude.

Agreed : memo. app^d.

N.B. to consult H.M., ALB & P.T. on y/.

- D.E. Beware of international tender if Bank were in. We mght be worse off with lower contⁿ. but no contracts.

Commⁿ. to G. Coast Govt & Alum. Cos.) to be concerted by A.L.B.) P.T. & H.M.

6. Gold Coast Constitution.

- A.L.B. Later events i) N. Liberation Movemt. have declined to join conf^{ce}.

ii) Nkruma is hedging on Genl. Election – wh. he says cd. not be conducted w'out intimidation or bloodshed. Govr. thinks it wd. be no worse than usual. He advises tht. we insist on Election.

Memo. approved.

[Enter Att.G.]

7. South West Africa.

H. Sh^d. we intervene? S.A. Govt. won't because they dispute right of U.N. to exercise any jurisdⁿ. Only real case for doing so is to avoid interference with non-self-governing countries.

Att.G. We think we cd. make a good case : esp. tht. S.W. Afr. is special case. But have now seen U.S. case. They will argue tht. as S.A. won't give informⁿ wh. wd. have bn. given to Mandates Commⁿ., U.N. are entitled to use other means of ascertaing. what is going on. We wdn't oppose that argument. And if it won the day decision wdn't affect dependent territories.
We cd. therefore go with watchg. brief. To argue the diff^{ce}. betwn. S.W. Africa & dependent territories. So tht. in future we cd. say tht. S.W.A. is sui generis.

Agreed : U.K. to attend with watching brief.

[Exit Att.G.]

[Enter Str.]

8. Cost of Meat Inspection.

H.M. Scotl. wh. is net exporter, has carried cost w'out Exch. grant. I am most anxious not to add new specific grants to l.a.'s. If this were conceded, c'dn't hold the line v. other claims. Let l.a.'s pay : if they gain on equalisation, they add it to their claims on that fund.
W^d. be unwise to put this on industry, esp. as Scotland intend to m'tain it as a l.a. charge.
This wd. be mistake esp. when l.G. finance is about to be reviewed.

H.A. L.a.'s aren't doing work properly. If no Ty. grant, may have to be transferred to trade. When big slaughter-house in small l.a. area, mght be as much as 5^d. in £ on rates.

R.A.B. H.A. Ctt^{ce}. were unanimous v. Ty. on this. There will be a row if we take Ty. line. Hostility fr. N.F.U.'s, followg. price review : and fr. l.a.'s followg. re-valuation for rating. Pol. expediency v. financial scruple.

H.M. Why can Sc. do it locally.
To RAB my reply is : et tu Brute.

But, on basis of para. 5 of CP69 & with reference to l.g. fin. review, I will bow to majority view.

9. Iceland Fisheries Dispute.

P.M. C^d. Secy. Genl., O.E.C.C. be asked to apply pressure to Iceland Govt.

P.T. Wish trawler cos. wd. refrain fr. emphasising restrictive character of agreemt.? Agreed.

H.A. Will continue to counsel caution on this. Agreed.

[Re-enter E.H.]

10. Farm Price Review.

H.A. N.F.U.'s are now angling for agreed settlement at £29.5 M. Believe they wd. come down even lower, e.g. £27 M.

P.M. V. reluctant to re-open prices of pigs & milk.

H.A. I wdn't go higher than 5% d. on milk.
Pigs : much uncertainty among producers.
If we had to meet N.F.U.'s I wd. go to £27 M. with adjustments on these viz., no cut in pigs and another 1/8% d. on milk.
The suggⁿ. of £1 for small men implies silage subsidy this year.

P.M. With public opinion as it is, will N.F.U.'s dare to oppose offer of £24 M.

R.A.B. C^d. get agreement by x/. But economically unsound. N.F.U.'s will say how near to agreement we were : and rural areas will not therefore be excited unduly.
I favour standing on £24 M. decision.

H.M. Believe they won't attack imposed settlement at £24 M. – esp. when their figure was only £29 M. Esp. also, as agric. wage claim has bn. refused. This may be turning point. Advantages of a Govt. decision on this.

I.M. I agree – it wd. be helpful qua wages if Govt. declined to do more than £24 M.

H.A. I accept this decision. Doubt if N.F.U.'s will accept – but much less heat in this than in earlier years.

R.A.B. They will attack w'drawal of individual guarantees.
C^d. we not add to W. Paper para. promising disc^{ns}. on long-term stability.

H.A. Para. 33 is all Ty. want on this.

H.M., C^d. link it with silage. Agreed : seek a formula on this.

11. International Wheat Agreement.

Note taken.

1. Jordan. [Enter E.H., A.N. Kirkbride

A.K.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

S. Rpt. tht. E. will offer to pay [our] subsidy to J. How wd. J. re-act? We can't have a series of humiliations.

A.K. J. knows what lies behind offer of subsidy fr. Arab States. They mght pay for 1 or 2 yrs. : J wd. break with U.K. : subsidy wd. then cease : J. wd. be absorbed.
J. mght try to take money fr. both sides. But wdn't break with us for sake of Arab subsidy.

P.M. Tel. 84 this a.m. fr. Syria – reportg. Press articles suggestg. what provinces of J. shd. be taken over by E. & Syria on break-up. That shd alarm J.
No one is gripping situation in J.
Supposg. we offer a mil. mission & legion stays at level of Iraq Army, will King be able to hold position?

A.K. At least a 50/50 chance. We must try. They don't want to cease to be independent. Action v. Glubb : symptom of this desire : dislike of having foreigner i/c their Army.
Demonstrations in Amman were not really anti British. No interference with Br. community. I actually received ovation.
King's posⁿ. is v. strong. E. cd. not easily get him removed.

R.A.B. C^d. we negotiate a re-adjustment of our liability under Treaty? Obligⁿ. was based on our view of reliability of Legion. If it's to be less strong, our obligⁿ. must be less extensive.

P.M. Treaty oblig^{ns}. were reduced in 1950. They are now little more than those under Tripartite Declⁿ. J. and we have read into it, & mil. agreemt., more than there is in black & white.
F.O. shd. produce a note showg. what greater obligⁿ. rests on us under Treaty than under Declⁿ., if any.

H.M. 1) Some extra flavour of obligⁿ. derived fr. fact tht. Br. officer was in command. 2) Lower efficiency of Legion makes it less likely tht. it wd. make aggressive move against Israel.

- R.A.B. Tho' with Arab offr. they may be more rash.
- D.S. Are there any concessions which we mght obtain in return – as J. are worried about consequences of their action in dismissing Glubb.
- A.K. Talks beginning with posⁿ. of Br. offr. are bound to broaden out into discⁿ. of future relations – wh. will give opportunity for all such points to be considered.
- S. Timing. At what moment shd. we open negot^{ns}. Hope there will be talks betwn. Kings of I. and J. Sh^d. we wait until after those.
- A.K. Start talks at once, thro' Amb., w'out sending anyone there. And start fr. officers' posⁿ. – w'out offering to go into wider ques.

[Exit Kirkbride.
[.. E.H.]

2. Farm Price Review.

- H.A. Informed N.F.U.'s of our decision. They have now subm^d. proposals totalling £25¼ M. [+ 2 unacceptable cond^{ns}.] Evidently, they will go long way to get agreed settlement. My view is now tht. we shd. try for agreemt. at £25¼ M., but with a diff. make-up of items. Dislike ¾^d. on milk and 30/= calf subsidy. I wdn't go beyond ⅝^d. on milk.
- H.M. Not sure we shan't be said to have paid too much. On merits £15 M. wd. prob. have bn. right. I wd. sooner have imposed settlement – even at £25 M. V. diff. for them to make effective criticism of settlement at £24 M. when known they wd. have accepted £25¼ M.
Alternatives : stand on £24 M. Or make it £25 M., but makg. the addⁿ. by somethg. justifiable on purely economic grounds. I wdn't give a further increase on milk. C^d. add a bit on silage.
- A.L.B. Nationally better to impose £24 M. Not so sure of feeling in Party.
- D.S. Favour imposed settlement.
- R.A.B. Prefer agreement – £25 M. composed as H.M. prefers.
- I.M. Stand firm. Remember wage claim. Workers are seekg. interview with Minister because claim rejected. Settlemt. at £24 M. wd. be v. helpful in wages field, esp. agric. wages – fr. which cycle normally starts.
- H.M. Turner has responded to firmness. Don't want to weaken now.
- H.A. Have achieved that object by bringing him down fr. £41 M. to £25.
- J.S. Only sensible course is to offer to work out with them a scheme for silage. Not more than £1 M. [Re-enter E.H.]

R.A.B. Rejection of £25 M. wd. sour relations with Turner & N.F.U.'s.

H.M. If we give another £1 M., it must not be on milk, pigs or eggs.

? Inform him : [no advance on milk], eggs or pigs : has he
Agreed. []. anything further to say?

1. (Cont'd) Jordan.

Draft telegrams considered.

S. There shd. also be message of guidance to Amb. – what he is to say about wider issues if raised.

H. Limit this to mil. mission. Can't have Arab offr. later seekg. to exclude Br. offr. fr. Legion itself.

A.N. Our aim was to get J. Govt. to accept continuing obligⁿ. to Br. offr. Point 4 in "sugg^{ns}".

P.T. Send off message to King. Delay message to For. Minister until we have seen inst^{ns}. to Amb

Agreed : message to King & For. Minister to go, subject to amendment, & F.O. to send covering instruct^{ns}. to Ambassador.

3. Israel.

A.N. S.Ll. proposes to make formal call on Sharrett in Tel Aviv and formal call on Ben Gurion in Jerusalem viz., equal in both cities. Israeli's say first is impracticable. Evidently trying to drive in a wedge.

If we are to resist this, S.Ll. can say to Sharett he will go to Tel Aviv only. Israelis mght then cancel whole visit.

Alternative, do as they ask but issue statement afterwds. tht. it doesn't affect our recognition policy. But in that event we wd. have to get I. to agree in advance tht. they wdn't issue contradictory statement.

First course wd. be better. Is it politically possible?

D.S. I. evidently mean to exploit this – as a further step.

S. Do what Dulles did : no more. Doubt if they wd. cancel visit.

x| Start with that. If I. reject that, say he can go to Tel Aviv – only.

Agreed – as at x/.

1. Aircraft for India. [Enter E.H., R., R.M., N.B., A.N.]
- H. This offer is better than M. Macdonald sugg^d.
Ques: i) do we accept consequences for R.A.F.
ii) do we make it condⁿ. tht. India buys no R. aircraft.
- N.B. It wd. involve sacrifice for R.A.F. – and detriment to N.A.T.O. But we wd. accept these consequences if there is over-riding advantage.
- R.M. No adv. to N.Ireland : they cdn't re-open that prodⁿ. line in time.
- P.M. V. tiresome to have to forego trade with Venezuela – a good customer, who supplies us with oil.
- R.M. That order is unlikely to mature.
- S. What assurance that N. will refrain for long fr. buying R. aircraft.
M'while we shall have delayed supplies to Pakistan & Australia.
- H. He prob. won't take decⁿ. until after talk with M'batten.
- N.B. Security : our experience suggests tht. India wd. have to keep in touch with R. suppliers for 3 yrs. – and have technical experts permanently for the radar equipment. Leakage thro' Indian officers at I.D.C.
- H. If such a good offer as this is to be made, we shd. make (ii) a condⁿ. – in message from P.M.
- P.M. This sacrifice is worthwhile only if India will base her Air Force on B.'craft.
- H.M. Financial cost of this concession is v. large.
I cdn't accept condⁿ. sugg^d. in para. 7(b).
Don't believe we shall get undertakg. fr. India not to buy R. aircraft.
That wd. involve inconsistency with his Policy of non-alignment.
Most we cd. expect is that he will not do it.
- P.M. x/ Alternative lower offer (the 2nd. choice) if we don't get assurance.
- H. N. has told Dulles of this possibility – he said it wd. have deplorable effect in U.S.
A third course wd. be to hold over decⁿ. until P.M.M.
- Agreed : Put alternative offers – on grounds that we have many other demands for Canberras, incldg. those of R.A.F. itself. Make clear to him the nature of the concessions we have made.

Prob. better for M.M, to put larger offer first with knowledge tht. he can fall back on the lesser.
H. & H.M. to submit draft telegram to P.M.

[Exit N.B., R.M.]

2. Jordan.

P.M. Mtg. y'day with Kirkbride.
M/D. and CIGS. have plan for mil. mission – hopeful.
K. thinks posⁿ. is more promising because of Hussein's rebuff to Cairo Powers.
Discouraging reply fr. Eis. on B. Pact, tho' an ambiguous p.s. May be we can shift him when Dulles is back. Our aim shd. be to get Jordan, then Syria, into Pact – long-term.
Kings of Iraq & J. will meet to-morrow.
S.Ll. told not to visit Amman.

3. Israel.

Dulles precedent not useful because at that time I. F.O. was in Tel-Aviv. It has now bn. moved to Jerusalem.
He will therefore pay formal visits in Jerusalem, but issue statement that it doesn't imply recognition. We are informing I. and saying they mustn't contradict it.

4. Turkey : Cyprus.

P.M. In reply to S.Ll., have discouraged Turks fr. making statement on Cyprus. Have thght, on reflection, it better for T. to say we have gone to extreme limit of concession in our discⁿ. with A'bishop.

A.N. W^d. they care to add : A'bishop's motive has bn. to set himself up as sole negotiator in constitutional ques.

[Exit A.N.]

5. Broadcasting : 14 Day Rule.

R.A.B. Have disc^d. with PMG. & Ch. Whip what ev^{ce}. I give to Sel. Ctt^{ee}. Shall promise Govt. consⁿ. of their recomm^{ns}. But am disposed to suggest ban shd. extend only fr. announcemt. of business on Thursdays until subject is actually discussed.

P.M. Don't go below 7 days. Yr. formula wd. be a 4-5 day rule.
Re-affirm principle clearly.

B.H. It isn't a 14 day rule now. It goes, in effect, by weeks.

R.A.B. I.T.A. introduces complication. Can't work it in practice save on such a line as I suggest.

P.M. What about 14 days subject to exceptions.

R.A.B. I will reserve Govt.'s decⁿ.
I can say it covers anythg. announced for "wk. after next."

6. Parliament : Remuneration of Members.

R.A.B. Opposⁿ. are raisg. it with me to-day. Have discussed with 1922 Executive : they think it may be feasible to bounce thro' all 3 fairly soon. What about a plan at time of Budget?
What Party want to avoid is more talk about it.
I won't give any promises to Oppⁿ. Will ask them to wait a little longer.

H.M. My classifⁿ. wd. be "relief for middle classes." Wdn't include H/L. in that!

7. Cyprus : Athens Broadcasts.

A.L.B. Form of motion for debate – approved.

S. Debate in H/L. on 15/3 – on Cyprus & Jordan.

A.L.B. Cab. decⁿ. of 6/3 re jamming from Malta. Can't give firm assurance tht. we shan't interfere with other p'mmes. This wd. be marginal. But Govr. takes view that Mintoff must be told. He is here now. He wd. certainly tell Labour Party : mght make this condⁿ. for some new demand.
My view now therefore is tht. we shd. supplement Cyprus jamming by D.W.S. action from U.K.
Alternative is to leave jamming only partially effective.

P.M. Sure we shd. not do this fr. Malta.
Can it be done from here?

C.H. Technically : action from U.K. supplementg Cyprus action is on the whole better. W^d. involve new aerials (one week) & diversion of some commercial radio [channels] services. Mght be possible to use Service channels.
Even so, Cyprus action shd. be improved. Senior engineer shd. be seconded (one in Air Min.?) to study problem as a whole with authority to deal with matter.

P.M. Yes : subject to Ministerial supervision.

Agreed : P.M.G. & C.O. to concert a plan with Service

Dpts. and to appoint a single expert to carry it out, subject to Ministerial supervision. Cyprus and supplⁿ. from U.K.

[Exit P.M.G., C.
[Enter H.W., A.J.]

8. B. Transport Commission : Finance.

Not heard.

9. Nationalised Industries.

- H.M. This money cdn't be raised w'out Govt. guarantee. For i) insufft. confidence ii) insufft. savings for such large loans. In fact Bank can't sell it even with . guarantee & we are therefore backing it with Ty. Bills.
Ques. : can we get reasonable terms for funding.
Propose tht. we finance these industries & fund the loans as & when we can.
In a sense re-actionary because adds to no. of things Govt. have to finance. Also inconsistent with Herbert Ctt^{ee}. Rpt. But not practicable to float these loans w'out Govt. guarantee.
^x/ Local loans easier because secured on rates & issued in small packets.
Urgent because Bds. are negotiating renewal of over-drafts.
Seek authority therefore to announce soon tht. I will do [Enter J.S. this by clause in Finance Bill.
- R.A.B. Havg. got l.a.'s on to market : may be tht. putting nat^d. ind^{ies}. on Exchequer will be precedent for future Labour action of same kind in respect of l.a.'s.
Also : feeling in party is in favour of opposite course, as recommended by Herbert Ctt^{ee}.
Political points. Can hope to deal with Parlt. more easily on this if City and Banks were known to agree.
- H.M. C^d. take powers, exercisable over 2 yrs. – limitⁿ. prs. by total amount.
- RAB. Yes : don't bequeath this to Socialists.
- R.A.B. Will increase deficit below line – & thus increase pressure for overall surpluses.
- J.S. Para. 5. Compare with what we have said to l.a.'s [Enter H.A. How explain difference?
- H.M. As at x/ overleaf.
- D.E. Presentⁿ. is diff. Not generally known tht. stocks of these nat^d. ind^{ies}. have bn. paid by Ty. Bills.

Represent it as means of getting tighter control over ind^{ies}.
Means admitting we are bankrupt of savings.

H.M. We must make a campaign re savings anyway. I mean to.

D.E. Tie it up with that. By itself it wd. be a blow to our credit. Agreed.

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

10. Malta.

A.L.B. Para. 10. Govrs' analysis : paras 21-22.
Propose we accept Conf. recomm^{ns}. in principle – provided tht. R.C.
and Labour in Malta reach an accommodation, and tht. there will be
thereafter a final Maltese decⁿ. by election.
Before announcg. this, K. and I shd. see 1922 Ctt^{ec}. Then issue Wh.
Paper before debate, which shd. be, if poss., before Easter.

R.A.B. Doubt if Party is ready for such a motion.
Para. 22 of Govr's report. Are we really ready for debate at W'minster
– before we get things clearer in Malta itself.
Opinion in Party is opposed to immediate decⁿ. Need for more prepⁿ.

ALB But m'while situation in Malta is deteriorating.

E.H. H.C. promised a debate in wh. views cd. be exp^d. – i.e. on a motion to
take note of Rpt.

P.M. Are Oppⁿ. in favour of early definitive debate?

K. Malta will be upset if we don't take a view on Rpt.
Mintoff may become hostile.
Inter-Party feeling in Malta is v. bitter. Failg. general approval of Rpt.
fear tht. it may go v. sour indeed.

ALB. M. mght go for independence and a Treaty relation.
The motion wd. have its provisos.
Cdn't have debate w'out Govt. view.

P.M. */But cd. have debate, w'out Motion, in wh., Govt. view wd. be stated
(rather tentatively)

ALB. and K We wd. accept that.

H. Believe we are now so far committed that we must go on. But need
A.L.B. be v. dogmatic at this stage.

P.M. He needn't commit Govt. finally.

E.H. Party now believe – with relief – tht. Govt. are not going to favour
integration.

- J.S. It worries me personally. Doubt if I cd. agree to repⁿ. of these irresponsible people.
Malta wants money. We mght have to give them more.
- ALB. But in Malta it has now become ques of prestige.
- B.H. Never has bn. a majority in Party in favour of this.
- P.M. But we cdn't stand another Cyprus in Malta.
- K. No one has asked for more than £5 M. we offered.
Are we to rebuff an offer of closer assocⁿ. by an Island which joined us voluntarily in Napoleonic War & has stood by us in 2 world wars of 20th. century. Esp. at a time when we are havg. so much trouble with other Colonies seeking to draw away.
- A.L.B. Line at x/ wd. involve some delay. Cdn't ask Malta to hold election before Parlt. had exp^d. definite view. We cd., however, go on with R.C./Mintoff consult^{ns}.
- K. Debate wd. make it clear we wdn't interfere with R.C. interests. W^d. enable us to soothe down that side of ques.
- S. Position must be gripped. Shan't do that w'out debate on Motion.
- R.A.B. z| C^d. consider a motion on lines of latter phrases in draft.
- H. y/ Or follow x/ and then, after 2 days, announce Govt. decision in light of debate.
- K. V. risky. Easter is period for R.C.'s to work up agitⁿ.
Wd. prefer z/
- I.M. Make it more clear in motion z/ tht. "verdict" refers to another election.
- K. Enough to say this in debate.
- H.M. And use in motion words wh. don't (because of Rpt.) recall election.

Agreed : Resume discussion on Thursday on basis of draft motion.
K. & A.L.B. to discuss with 1922 Ctt^{ec}. on Thursday p.m.

11. China : Parliamentary Delegation.

Agreed : Put this off.
Too expensive.

12. Hong Kong : Chinese Nationalist Aircraft.

P.M. Don't crate up aircraft & send it back. Let it rot, where it is.

A.L.B. We have allowed ships to go, in past.

Agreed : we crate it, if they pay for its removal.

13. Farm Price Review.

H.A. Agreement can't be obtained w'out $\frac{3}{4}$ d. on milk & 30/= on calves. But degrees of disagreement. If we increase by £1½ M. and use it for small farmers (pigs, eggs & calves) we cd. get N.F.U.'s to say tht. in view of economic circs. there is no disagreement on total figure only on end of individual guarantees & settlement on milk & pigs. This wd. have gt. political advantages. I strongly recommend we drop the 6^d. redⁿ. on pigs – tho' saying this subsidy must be reduced in future.

H.M. On Fri. p.m. H.A. told me that farmers wd. not settle w'out $\frac{3}{4}$ on milk. In form, of course, Govt. settle schedules after consultg. farmers. W^d. be easy to add £1½ M. – on pigs, eggs or calves (restricted to Steers). Public wd. think £24 M. a generous award in present circs. Imposed settlement wd. help fr. that angle. If we offered the £1½ M., where do we put it? On pigs, it mght cost us more – e.g. if nos. increased. I wd. sooner therefore do it on calf subsidy, limited to steers. Turner clearly realises he can't raise a big campaign v. £24 M. Had hoped, on procedure, we wd. avoid these last minute pressures. I wd. prefer to stand pat. When you've got a bully on the run, I wd. keep him on the run.

H.A. Limited to steers, it wd. be less than £1 M.
Wdn't give us pol. help we shd. derive fr. w'drawing 6^d. redⁿ. on pigs.

H.M. Pigs have come down by $\frac{3}{6}$ and $\frac{2}{6}$. Another 6^d. wd. show tht. our policy stands. No redⁿ. wd. suggest we have reached right price.

R.A.B. Imposed settlement will mean some loss of prodⁿ.
Our county members wd. be easier on £25¼ M. – steers.

H.A. Must get total to £25½ M. – grant on silage pits & somethg. more.

Agreed : £25¼ M. H.M. I'm worried. W^d. like to
25.2 m. consider it again.

14. Aden Protectorate.

Approved.

1. Bahrain. [Enter E.H., A.N., R., CIGS. D.
[Bahr. 221. C.O.S. Mccos. 115.]
- A.N. Courses i) back Committee. But strike will go on for some time then.
ii) bring in 117 Iraqi police, whom Ruler wants but his advisers think wd. inflame situation.
iii) use of Br. troops. Either to clear streets & restore order : or to take over static duties of police & free them for restorⁿ. of order.
x| But must be clearly on responsibility of Ruler.
- P.M. Iraqis are en route. Will look indecisive to divert them now.
- CIGS. Signal from Commrs. M/E., who think use of Br. troops may in long term have adverse affect. My view : if used, must be at clear request Ruler.
Position of troops in Bahrain, Sharja + 2 cos. at 24 hrs' in Aden & N. Africa.
- P.M. W^d. Cab. support 2nd. alternative under (iii). Police may get worn out & thing will then get well out of hand.
- D.S. Opportunity to show firmness?
- P.M. The Ctt^{ee}. is not anti-British : body of conservative merchants. Tell Burrows sitⁿ. can't continue. He can tell Ruler x/ is available. Will that be enough? We shd. have Burrows' judgmt. on that.
- W.M. Long-term remedy : strengthen Police.
- CIGS. Beware of turning opposⁿ. to Ruler into anti-Br. feeling
- S. Ruler wants suppress riots : asked for Br. troops (we say they can't be used) : he then wants to use Iraqis (we deprecate that). What help are we giving?
- A.N. The Iraqi re-inforcemt. was sugg^d. some time ago.
- C.I.G.S. Bahrain won't for years produce police leaders : they must come from outside.
- P.M. Send telegram to Burrows – adding reminder of standing instruction that if v. serious sitⁿ. arises Br. troops may be used to restore it.
- H.M. Is it wise to discourage arrival of Iraq policemen, if Ruler wants them.

A.N. We cd. tell Iraqis to send them in smaller packets & to delay arrival for a week or so.

S. If we don't want Br. troops to be used, we shdn't discourage arrival of Iraqis.

[Exit D., CIGS., A.N.]

2. Parliament.

R.A.B. 20/3 : debate on employment situation. Speakers : M/L & M/St. B/T.
21/3 : debate on Security (Privy Councillors) ½ day. Spkr. LI.G.
Will announce Budget date : 17/4.
.. .. Easter Recess : 29/3 to 10/4.

3. Broadcasting : 14 Day Rule.

R.A.B. My evidence, on lines sugg^d., was well received.
May have to be concession on rule preventg. M.P. fr. spkg. on a Bill from introduction to R. Assent. I sugg^d. one rule for M.P.'s & others & less restrictive in time.

4. Valuation for Rating.

D.S. W. Paper to be presented to-day. Shall also be answering P.Q.
Our point for Cab. "At present Govt. are reviewg. l.g. finance in all its aspects Until ^x/this/ is complete, can't assess finally weight of rate burden." J.S. thinks last sentence foreshadows de-rating.

H.M. Make it clear that x/ = review of l.g. finance, not merely the re-valuation.

R.A.B. Don't arouse premature hopes of shop-keepers.

P.T. Will only transfer trouble to business-men.

[Exit D.S.]

[Enter H.A.]

5. British Transport Commission Finances.

H.M. H.W. proposes to make legalistic statement to-day.
I wd. prefer to defer this – e.g. until after P.M.'s mtg. with nat^d. ind^{ies}. on Wed.

I.M. Diff^y. over that is that it is transport industry only.

H.M. We cd. issue it on Mon. & pick it up in communiqué after mtg. on Wed.

6. Farm Price Review.

H.A. Draft of announcement – for to-day.

Approved.

7. Industrial Relations : White Paper.

H.M. Recommend early publication.

RAB. Improved – esp. paras. 25 & 26.
But still a v. genl. document.
Won't do us much good with Party. Puts us rather much in line with policies of our predecessors. A little bi-partisan.

H.A. V. balanced documents.
But one or two points cd. have more emphasis – e.g. savings & exports. Part V & p. 6. Won't make a v. big impact.

P.M. Background stuff like Econ. Survey
But Ministers must then hammer home Govt.'s main themes. e.g. High productivity & high wages : savings etc., Some prelim^y. work has bn. done by Ty., No. 10 & C.o.I. & RO's.

H.M. Popular version. Will submit this to Cab. after consultⁿ. with Central Office.

I.M. Title : Sh^d. be "Econ. Impl^{ns}. of F.E."

I.M. Timing. Want it out before Easter, but not before next Tuesday's debate. W^d. suggest Mon. week.

P.M. Or next Thursday. 22/3.

H.M. As sugg^d. in my memo. Agreed.

P.M. Campaign for follow-up by Ministers etc., L.P.S. to take charge of that. This will look after Party aspects.

8. Economic Survey.

R.A.B. Doesn't bring out Comm. Fin. Ministers agreemt. tht. we shd. take strain on reserves while Comm. developmt. was going fwd.

H.M. Can say, in Budget speech, tht. we did this consciously : tht. it will take longer time to produce results : we must therefore live on reserves for a bit longer. Mustn't therefore keep on takg. our temperature.

- R.A.B. Hope you will.
- H.M. Will need gt. care, lest confidence wobbles.
- P.M. Gloomy graph on p. 27.
- P.T. But remember (left of Chart) where Germany was pre-war.
- R.A.B. Para. 82. C^d. we use word “suspend”.

Approved for publication.

9. British Industries Fair.

- P.T. London section is bankrupt. It was declining when Govt. ran it. If it is to continue, we shall have to raise grant from £1 to 5 thous. But even then it won't pay its way.
I believe right course is to close it down. Recommend as in §10.
- H.M. Generalised fairs are not best method. Specialised publicity earns more. B'ham can take place of this.
Problem : to avoid unfavourable impression.
We must see that this (Apl.) occasion pays out its debts in full. Tho' this will need a Suppl. Estimate.
- H. Hope whole ques. of overseas Fairs will be scrutinised. We do v. badly in some.
- P.T. Because B. industries don't believe in them.
- H. Better not show at all if our exhibits can't be good.
- P.T. Will go into this, with F.O. – & frame a new policy.
- H.A. Avoid “national pavilions”.
- R.A.B. Para. 3?
- P.T. All nat^l. organ^{ns}. are against it, incldg. T.U.C.

10. Malta.

- A.L.B. K., RAB. & I are seeing 1922 this p.m.
Hope Cab. will agree tht., subject to results of that, we shd. go on with a Motion favourg. in principle recomm^{ns}. of Conference.
In any event recommend debate before Easter.
Final form of Motion can turn on our disc^{ns}. with 1922.

- K. Support this view.
- R.A.B. Party is divided. And have impⁿ. tht. Govt. are less firm. We must take their views before Cab. considers form of Motion. We have had prelim^y. talk about it. – A.L.B. & K.
- A.L.B. Party haven't realised gravity of local sitⁿ. or dangers of another Cyprus.
- K. If Parlt. don't accept Rpt., A'bishop & Miss S. will assume tht. integration can be shoved off. Miss S. is v. precipitate. A'bishop may even ex-communicate Mintoff and his principal leaders.
- H. There will be much oppⁿ.
Two other courses i) Ask Malta to get firm opinion by Election.
 ii) Offer (as no firm opinion) S.J.C. of both Houses mtg. 3 mos. each year.
- A.L.B. Course ii) wd. get nowhere. It wd. satisfy no one but Miss S. Course i). No indicⁿ. by our Parlt. of its view, for 7 mos. after Rept., wd. embitter Mintoff. He wd. win Election & mght put fwd. more extreme proposals.
- K. He mght decline to have Election w'out some declⁿ. of W'minster's view – tho' that view wd. include proviso re further indicⁿ. of views of Maltese people. Parlt's approval wd. be conditional on that. 2 Elections & a referendum wd. give as clear an indication of people's views as we cd. require. With no indicⁿ. of Parlt's views – not even a discⁿ. – M. wdn't go on.
- H.A. We have no practical alternative, much as I dislike this. Dangers of takg. this undesirable step are not less than those of a deteriorating sitⁿ. in Malta.
- L.I.G. Why shd. we let Malta down by declining to express a view before we have clear indicⁿ. of Malta's view? Debate, w'out a clear decⁿ., wd. suffice.
- P.T. Agree with H. & H.A. We can't go back now. We must ask Parlt. to give a view conditional on further expⁿ. of Malta's view.
- RAB. C^d. this go by stages – integration coming last.
- K. That is the proposal in Rpt. The Maltese M.P.'s don't come into this Parlt.
- H.M. Favour this. Dramatic & unprecedented act. Never before have we taken anyone in. If we do it, don't be grudging about it. When Br. prestige is lower than ever, someone comes along & asks for closer association.

- P.M. Gaitskell wants to see me (with J.G. & A.B.) to-morrow about this.
What do we say to them? Can't have then.
- A.L.B. You can promise debate before Easter.
- RAB. Then say in reply to P.Q. to-day tht. we hope to arrange this.

1. Parliament. [Enter E.H.]
- R.A.B. Business for next week.
2. Malta.
- A.L.B. 2 mtgs. with 1922 Ctt^{ee}. Of speakers, 3 to 1 were against Rpt. 92 attended this 2nd. mtg : at the 1st. most of time occupied by Ministers. V. strong body of hostile opinion. Mintoff, whose posⁿ. in Malta is strong, may suggest a free vote at W'minster knowg. that Labour Party wd. then carry it. Our objⁿ. to that is a Party objⁿ. In debate before Easter we c'dn't now have motion approving. A motion tagg. note mght be subject of amendmt. fr. our side. I wd. therefore prefer debate on adjournment. Still think there shd. be some debate before Easter. Our domestic diff^{ies}. will be no less after Easter : & sitⁿ. in Malta is bound to be worse. The R.C. auth^{ies}. won't try to reach an agreemt. before debate in Parlt. Mintoff wd. begin to stir up trouble in dockyard : mght be excommunicated : wd then move much further to left.
- R.A.B. Discussed with 1922 Executive. Don't under-estimate diff^y. At least 50% of Party are uneasy : 40-50 are definitely opposed. Feeling tht. religious issue shd. not be raised in Holy Week. This point is being put by non-conf. as well as R.C.'s & in Labour Party too. In a debate ALB wd have to put a view. If so, we shd. have to consider v. carefully what he says. E.g. Parlt. havg. as much say as Malta.
- A.L.B. If Labour took this view on Holy Week & succeeded in impressing it on Mintoff, I wd. take diff^t. view. But many of those who make this suggⁿ. are seekg. only means of delay.
- E.H. Labour Whips have sent message discouraging debate in Holy week. Debate on adjournment wdn't do because involves legⁿ. Take note motion is inevitable : can avoid Govt. supporters' amendment.
- P.M. Beware of Labour interest in this viz., to split Tories. Real risk of trouble in Malta. Shall then be told it's due to Govt's not makg. up their mind. How handle a real row in Malta? cf. diff^{ies}. in '30's when it was Italy. Dissidents in Party shd. be told what they risk i) to Tory Party & ii) to Malta.
- K. I agree – We shan't hold posⁿ. in Malta. Mintoff will go to extremes.
- P.M. Remember there is no alternative policy for us to follow.

Labour leaders wd. like it to be united decision of Parlt., & counsel delay on that a/c : but, if it went sour, they wd. exploit the political advantage.

- R.A.B. C^d. we outline, in debate, our further stages – incldg. a second & definitive debate in Parlt. at W[']minster.
- A.L.B. Debate : statement after Easter : White Paper : two-stage Bill with second part (constitutional) coming into opⁿ. later by Order.
- P.M. ? Concede one point : no statement on Thursday (before Gd. Friday).
- S. Then how catch up on things said in debate. Awkward to leave policy at large for 2 weeks after debate.
- P.M. ALB will have indicated a policy in the debate.
- H. C^d. he not make it clear tht., before Bill is introduced, there will be settlement with R.C. auth^{ies}. and another Genl. Election.
- A.L.B. Either a settlement or an election. If there is a concordat, there will be no need for election.
- R.A.B. We may be pressed to present a White Paper, after concordat, and before Bill.
- H.M. Or procedure by resolution.
- A.L.B. Or Wh. Paper accompanying a Bill (2-stage).
- H. Our Party will want an election – as well as concordat.
- P.M. Labour Party will accept that.
- P.M. Tell Oppⁿ. we want debate on 26/3. If it has to be put off, let it be at Oppⁿ. request.
Say : no statement on Thursday. Will make our posⁿ. clear in debate.
Debate on “take note” Motion.
If it is to be delayed, Labour Party must ask publicly for the p[']ponement.
- S. Assume there is no ev^{ce}. tht. R.C. auth^{ies}. (in Malta) wd. dislike a debate in Holy Week.
- A.L.B. None that I have heard. C^d. ask Govr. (telephone).
- P.M. On balance, I prefer to have debate on 26/3 & will lead Labour Party in that direction.

3. British Industries Fair.

P.T. The orgⁿ. has taken decⁿ. well, but want early announcement because of their oblig^{ns}. etc., to traders.
Propose therefore to announce on Tuesd. – puttg. emphasis on B'ham section and future weight on overseas exhib^{ns}.

R.A.B. I am content.

Agreed.

4. Cost of Living.

I.M. New Index will be announced to-morrow. It is stable. No change therefore as cpd. with 4 months ago.

5. Middle East.

S.Ll. SEATO Mtg. was successful.
Kashmir : pathological feeling in Ind./Pak.
Israel : pathological state vis-à-vis Egypt.
Egypt : H'to we have assumed Nasser was best bet in M/E. We must re-consider that view. He is moving into R. arms. He has built up his name as leader of Arab world, & will have to find means of living up to it. He won't therefore seek or accept any settlement with Israel.
Despite our talk, he has attempted to seduce Libya, has attacked our posⁿ. in P. Gulf, & cont^d. propaganda. We must therefore assume his cont^d. hostility.
We must therefore go for him, recognising that he will be formidable opponent. Means : support B. Pact : draw Iraq & Jordan more closely together : detach S. Arabia fr. Egypt (Nasser's dreams are anti-monarchical) : support Libya : seek re-arrangemt. of affairs in Syria (now almost a Communist satellite) : stir up Sudanese to make diff^{ies}. over Nile waters. More direct action v. Egypt, incldg. tapering off aid, backg. out of Aswan Dam, seekg. alternative régime.
We can't do this alone. Must concert policy with U.S.

P.M. Have discussed in smaller group. Agree we must try to get U.S. along this line. Won't be easy to move Dulles. If U.S. don't join B. Pact v. soon, chance will be lost.
N., tho' astute, has little military strength. We have reached Anglo/U.S. agreement – planners' level – on action to be taken under Tripartite Declⁿ.
Worried about Libya. Can we press U.S. again to pay? Must encourage them.
Must have forces at Aden & Sharja thro' this summer.

H.M. Have told them to make temporary provision. [Enter Ll.G.]

m'while. Will finalise this as soon as A.H. returns.

S.Ll. Is it true tht. only limited no. of ships can stay in Gulf? Hope we have enough tropicalised.

Agreed : W.M. to look into both ques.

S. Support this view on Nasser. Write him off – and see him off, using all practical means. Pity we didn't decide earlier to take this line.
Tripartite Declⁿ. We can't run out on it now. Must make it a reality.

P.M. What Israel needs is interceptors. Fr. are sending some : they haven't arrived. Ask U.S. what more can be done on this. We have sent some night Meteors. Appalling to have to fight with Israel v. Arabs. Must strengthen I. to forestall it. Agreed : add this to message to U.S.

H.M. Must consider economic aspects of an anti-Nasser policy.
Cttee. of officials : F.O., Ty. and B/T.

P.M. We move quietly with this change in policy.

6. East-West Trade.

S.Ll. R.M. said tht. on balance he was in favour of sending these 100 tractors to China. But, now, a further message saying this is a v. bad moment.

P.T. We shall continue to be pressed to raise this in locum.

P.M. V. irritating. Fr. will cheat & do it. U.S. are v. unreasonable.

P.T. V. awkward moment for us too because of diff^{ies}. of motor industry.

Agreed : Proceed as in para. 4 of R.M.'s 1st. telegram.

[Exit E.H.
[Enter J.B.C.

7. Agriculture : Disciplinary Powers.

R.A.B. This is prob^{ly}. right on merits : but awkward politically. Ques of judgement. But believe balance is in favour of going ahead.
Price review has not had too bad a receptⁿ. among farmers. They wd. accept this enquiry more easily if we cd. at same time foreshadow changes in price policy – in direction of longer-term stability.

y|

H.A. Timing is awkward. Cdn't expect report before July '57. Legⁿ. wd. have to be undertaken in 1957/58 Session.

Enforcemt. of Pt. II : has bn. allowed to lapse : v. awkward to resume it. But security of tenure is even more urgent : farming is becoming closed shop.

We cdn't act w'out independent report.

H.M. Favour enquiry.

S. These are 2 most awkward points for any Govt. to tackle. C^d. we put it
x| on positive basis : what diff^{es}. prevent efficient young men fr. entering
| industry. And allow disc. powers & security/tenure to come in as
| consequential.

H.A. Cdn't rely on that. Main obstacle : prosperity of industry.

P.M. Danger of not being ready with the legⁿ. until too late.

R.A.B. Shall we consider x/.

H.A. Then we make it, deliberately, a long-drawn affair – with a Rpt. after next election.

D.E. The bad farmer can't be got out because prices are too high & he doesn't go broke.

I wd. like to see this combined with future of price policy.

H.A. Enquiry as at x/ wd. or mght leave us w'out proposals on disciplinary powers.

Agreed : R.A.B. to re-consider, in light of x/ and y/.

(H.M. and H.A. Don't link y/ with x/.)

[Exit Att.G : Enter J.B.C.]

8. Legislative Programme.

Not heard.

Agreed : R.A.B. to try to make bargain with Opposⁿ. to get 3 social service Bills.

[Exit J.B.C., RAB., H.A.]

9. Economic Situation : White Paper.

R.A.B. Will send in my comments.

J.S. So will I.

H.M. Advantage : shows it's a national problem, not an act of Govt.

Approved : subject to

10. Singapore.

P.M. Must consider before Easter.

A.L.B. Memo. in draft – will be circulated v. soon.

1. Parliament. [Enter E.H.]

R.A.B. Business for week after Recess.

2. Jordan. (C.A.)

P.M. Met y'day with C.I.G.S. on new basis for mil. mission. Shall meet again to-day. Posⁿ. may arise in wh. we shd. authorise Amb. to tell King that, if Legion split & civil war occurred, we wd. send in troops. Ask Cab. to agree in principle tht. if J. can be saved, we shd. take such action. For if J. goes, Iraq wd. be undermined.

S.Ll. Tel. to Amman last night. Will circulate in boxes. Agreed.
King may have to be confronted with need for urgent & strong action. Or we may have to save him fr. an officers' coup.

P.M.

**CLOSED UNDER THE
FREEDOM OF INFORMATION**

ACT 2000

S.Ll. [Have sugg^d.] to King tht. he shd. get rid of these offrs. before they get rid of him.
If King were thrown out, we cdn't put him back except with Iraq – tho' they wd. be anxious to act.

S. Add that Duke can promise mil. support if conversation goes that way & King gives him opportunity to make the offer.

P.M. I think we cd. go so far as that. Agreed.

3. Cyprus.

P.M. Tel. (Cyprus) tht. Voice of America are b'casting to Cyprus inciting to violence.

A.L.B. Verifying. They will say they don't control use of their time.

S.Ll. Have asked R.M. to take it up in W'ton.

P.M. Also send for Aldrich & rub it in. Damage to Anglo. U.S. rel^{ns}.
[Exit E.H.]

[Enter A.J.]

4. Coal.

A.J. N.C.B.'s new developmt. p'mme. In first five yrs. of natⁿ. a few quick returns : exhausted by '51. Major schemes take longer to show results in increased output. They do so, tho' offset by decline in older pits. Present powers to borrow (£300 M) will be exhausted by end/July. N.C.B. ask for another £400 M. Reduced to £350 – on a/c of some investment fr. earnings & some contin^{ce}. of deficit. Must, however, examine actual investment year by year, in light of performance.

H.M. Must increase the powers. But picture is grim. Where is this money to come from?
Points : i) N.C.B. booklet not wholly in line : refers to £400 M.
ii) Excessive hopes of at. energy – as deterrent to recruitment at all technical levels.
Can we not make it clear tht. N.C.B. booklet hasn't got Govt. authority?

A.J. It is their document. I don't wholly approve it.

R.A.B. Its references to manpower are unjustified. Endorse H.M.'s view of it. Unrealistic document.

A.J. N.C.B. have not adopted all my sugg^{ns}. for improvement of document.

H.M. Must agree a formula, for use of publⁿ. & on 2nd. Rdg. of Bill, that
x| this is not our document & we don't endorse it in full.

Memo. approved, subject to considⁿ. of y/.

(²) Agreed as at x/. Terms to be agreed with H.M.

H.M. y| Mght be easier if our figure was not so near to £400. E.g. £300 instead of £350.

L.I.G. Starting too much at once. In 8 years only 8% completed.

A.J. I agree : they did. As Socialists did on housing. Must watch this in future.
Underground gas-ification. Experiment is promising. Who shd. carry it further? N.C.B. are prejudiced against it. May be diff., however, to entrust it to others.

Agreed : maximum annual rate of £75 M. for
(¹) 4 or 5 years. Borrowing powers.

[Exit A.J.]

[Enter A.H.]

5. Territorial Army Bounty.

- A.H. Volunteer element in T.A. is valuable.
 Can't count messing allowances (£10) as part of bounty : for all offrs.,
 volunteers or not, get that & it goes direct to Mess.
 Unprecedented to give less to offrs. than to other ranks.
 Will make the saving elsewhere, in T.A. expenditure.
 To decline it wd. produce disproportionate ill-will.
 Cost = 50% of price of one tank.
- H.M. 1954 : plans for new bounties £800.000 for all Services. These were
 rejected. Nos. of volunteers has risen, despite gloomy prophecies.
 1955 : plan for £400.000 odd was produced. Ty. counter-proposals
 were produced in 24 hrs., in Dec. last. [£10.]
 If £10 is worse than nothg. let us save £220.000.
 There are enough offrs. in T.A. already. No ev^{ce}. tht. they are out of
 pocket after camps.
 O. ranks had £12 when offrs. had nil. There are precedents for giving
 officers smaller bounties than o. ranks. [Enter J.S.
 "Saving elsewhere." If it can be made, it shd. be made anyway.
 Estimates are still £200 M. above those of last year. We must make
 savings wherever we can.
- A.H. There was no agreement on this. W.O. have always said it is indefens.
 to give lower bounty to offrs.
 We have cut £100 M. off Service Estimates. This cut of £100.000 will
 cause quite disproportionate ill-will.
- H.A. Para. 3. As old T.A. officer, I know what grievance this can cause.
- A.H. I wd. sooner have given more than £10. But Fortescue in H/L. said
 unfortunately "it is being worked out."
- S. Para.5(c) is a fair offer, surely.
 Dept. Minister is in best posⁿ. to judge effects, in terms of ill-will.
 Not quite reasonable to say tht. offsetting economies shd. be made
 anyhow.
- H.M. What about Serv. Pay – demand for retrospective, at add^l. cost of £6 M.
 Was said morale wd. be ruined. Was it.
 If this is authorised, I wd. reject offer in para.5(c).
- J.S. T.A. is a cheap service. Don't like cheese-paring on it.
- R.A.B. Pay concession by Ty. was v. large.
- H.M. x| I will agree to £25 – of which £15 in cash and £10 in messing
 allowance.

Agreed : as at x/.

6. Singapore.

- A.L.B. Can't stand alone. If not with Malaya, wd. turn to China. But Malaya doesn't want to be saddled with S. until their own posⁿ. has bn. consolidated.
Aim therefore must be Fedⁿ.
M'while, how to m'tain security etc., Marshall & the Chinaman.
Para. 14. Something cd. safely be done. Eg. (i)
But view of Govr. Intern. security is now responsibility of Council of Ministers : & Govr. thinks tht. in practice he cdn't over-ride it. Hence para. 14(iii) wd. be regarded in S. as retrogressive. V. unwelcome advice.
Worried about chain of command fr. Govr. to chief of police. Have sugg^d. to Govr. a possible way out : rather complicated.
- * W^d. wish to circulate memo. on this ques of internal security & seek views of colleagues before resumed Cab discⁿ. after Easter.
Opinion here w^d. not be surprised at trouble in S. [Re-enter E.H.
But we want to have good ground on which to break, if we must.
- P.M. Impressed by Rob. Scott's warnings of danger of drift. Conflictg. advice fr. him & Govr – will be awkward.
We can't relax control over internal security.
- W.M. C.O.S. are considerg. strategic sitⁿ. – & problems of re-inforcement.
- H. Message fr. Menzies. No concession of internal security because of its link with defence. Suggests undertakg. fr. Marshall on link.

[Exit A.H.]

7. Malta.

- A.L.B. Indications in debate that some of more serious objectors on Govt. side are coming round to acquiescence in Govt. view.
Conclgd. words in debate.
- P.M. I auth^d. this : it was inevitable to show firm intention to make announcemt. before Easter.
- A.L.B. Draft announcement.
- E.H. Still some feeling in Party. Don't know how some will vote on legⁿ. when it comes.
- J.S. Disturbed at constitutional consequences. Para. 61 & 62 of offl. report. Scottish nationalism may get a fillip from this. But I hope I am wrong. I admit there are no signs of it yet. Sh^d. hate to waken that sleeping dog.
- R.A.B. Don't see 1922. Make the statement – 28/3. Agreed.

[Exit E.H.]

8. The Horn of Africa.

H.M. No chance to consider. Adjourned.

9.

**CLOSED UNDER THE
FREEDOM OF INFORMATION**

ACT 2000

10. Iron and Steel Prices.

P.T. Prices controlled at 15% below overseas sale price.
B^d. now propose increase wh., with scrap consequential, means 4½% increase : 4¼ – 4½%.
I advise that we raise no objⁿ. It is in short supply & under-priced. C^d. argue tht. there is case for no price control. (?)
Price of scrap. Gap (shd. be £2 a ton) has bn. widened by control to £8-10. Shd^{n't} grow wider.

D.S. B^d. shd. be allowed to do its job. It's their responsibility.

P.T. Don't propose to challenge Bd.'s view. Merely asked them to give me advance informⁿ.

D.S. Increase in scrap price is necessary to ensure collⁿ.

H.M. Home prices shd. rise. Arguable they shd. go higher. Higher price abroad forces out exports : shortage at home has to be met by increased imports.
Suggest we take note of this. But hope P.T. will continue to consider wtr price control (i.e. equalisation of prices of imported & home-produced steel) shd. be discontinued – as under an earlier Cab. conclⁿ.
If we don't limit imports by physical controls, we must allow price mechanism to work.

Agreed : Take note of this : increase scrap prices.
Let genl. ques be considered at E.P.C. : & rpt.
be made to P.M.

11. British Council.

R.A.B. Will it do any good?
Will waken another sleeping dog.

H.M. I will wear this subject to omission of “hope”.

P.M. Consider wtr it can't be done w'out public statement e.g.
commⁿ. to Appt^{mts}. Bds.

Agreed.

1. British Somaliland. [Enter E.H.]
- A.L.B. Project for buying the Haud.
- P.M. W^d. they sell – Ethiopian pride? They will suspect we suppose there is oil.
- S.Ll. D-Parker's mission to Ethiopia : object to keep E. with the west. If we offer to buy, v. likely they will decline : but we cd. at least tell Somalis we had tried.
What is future of this area. Not viable. Italians & we can't carry it alone. Only hope = consortium. But if E. were in, Somali wd. loathe it : and if they weren't, they wd. make trouble.
- A.L.B. Italians are bringing in Egyptians to run (mainly teachers) their part of Somaliland.
- S.Ll. I am enquiring into that : will see wtr we can't point out risks to Ital. Govt.
- D.E. Italy herself is v. short of teachers.
- P.M. We can't do all this at once. Must proceed by stages.
Can we now authorise an offer to buy Haud – no price named.
- H.M. Don't want to pay.
- A.L.B. They mght take obsolete warships in lieu of cash.
- H.M. We have bn. stiff over loans to Caribbean & Malaya. Strange to pay out for this odd desert.
- A.L.B. If we allow this area to become unstable, it will cost us much more to protect flank of Kenya.
- P.M. I am ready to send personal message to Emperor. F.O. & C.O. to draft*
- S.Ll. First object of mission wd. be to try to secure E. compliance with
P.M. agreement. Then, if he can't get assurance on that, feel out possibilities of transfer – as against anything save cash e.g. old ships.
- Agreed.
- A.L.B. C.P. 89. May I instruct Govr. on lines of para 9.
- R.A.B. No early announcement here, I hope. We have had enough.

- A.L.B. Announcement there will tend to calm, vice incite. And no need for announcement. here.
- S. And no promises of dates for independence.
- P.M. Let us have apprecⁿ. by C.O.S. on strategic import^{ce}. of this area. We must know wtr we are going to stay here, or go.

Agreed : Approve para. 9.
Apprecⁿ. by C.O.S.

[Enter P.M.G.]

2. Television : Ministerial Broadcasts.

- P.M. W^d. like to make t.v. b'cast before visit to Soviet leaders.
What do Cabinet think?
Ministerial T.V. W^d. be a new departure. B.B.C. wd. be ready to start this & regard this as app^{te}. moment.
- Ch.H. W^d. like to see this barrier broken down.
- R.A.B. Party wd. like this b'ground painted in.
Want to break this barrier : believe Gaitskell wd. collapse if we took bold line on this.
- J.S. Feeling in country re visit is better : less need to explain.
- H.A. I wd. be in favour.

General view : in favour. This wd. be ideal occasion for a Ministerial telecast.

[Exit Ch.H.]

3. Industrial Disputes : Shipbuilding.

- I.M. More behind this than appears. Wood working is a disappearing trade & natural tht. worker shd. hold on to what it can.
T.U.C. have not bn. good at intervening.
V. strong condemnation of Union in the rpt. of Ctt^{ee}.
Thinkg. of bringing general ques. to N.J.A.C.I. After that wd. invite Cab. to consider wtr we cd. do "a little more".
Advise adherence to view tht. legⁿ. is not the answer.
- P.M. The local Branch has controlled this : and Secy. is Communist. That shd. be brought out.
- I.M. Will see that Press is aware of that.

4. Restrictive Practices Bill : Steel Industry.

H.M. When Cab. took earlier decision, fear I hadn't realised effect.
Must seek a compromise.
If we are to sell 2 large cos. & avoid charges of breach of faith with those who have bought cos. already sold, we must find a means of allowg. Fund to continue. Either by declaring this a matter for Bd., or by securing v. quick decision by new Tribunal.
If we don't, Chairman of Agency.
Prices are fixed : what is wrong with control over materials?
If Cab. decide in principle tht. compromise must be sought, we will try.

P.T. Ready to look for tht. But not ready to accept reversal of earlier decⁿ.
tht. steel shd. not be excluded fr. Bill.
Ty. arguments in memo. are sound, but not usable in public.
Two ways out :-
(i) Agency shd. consider this further. Not the case that terminⁿ. of Fund wd. ruin the cos. : it wd. affect price of steel. This argument is over-stated. But, if it isn't.
(ii) How keep Fund going? It cd. be made statutory under Bd., & then wd. be outside Bill. Have asked A.F. to consider that possibility.

H.M. (ii) may be the way out.

D.S. Future financial prospects of firms wd. be jeopardised very seriously if future of Fund seemed uncertain. It is a real point.
(ii) is not merely a power, but a duty, of Steel Board.

5. Civil Service. Pay.

H.M. £14 M. on Civil Service and £12 (?) M. on P.O. workers.
If we really cut nos. by 15,000, we may save £14 M. or so.
If we went to arbitⁿ., we shd. do worse.
Moral : press on with redⁿ. of numbers.

6. Malta.

J.S. A.B.'s ques wtr Bill is to be passed before Genl. Election.

P.M. That part of Bill will be expressed as operable by Order at some later date.

1. Middle East. [Enter E.H.]
- S.Ll. Advise we warmly welcome President's statement. F.O. spokesman need offer no further comment.
Then tell U.S. we assume it includes action w'in U.N. or under Tr. Declⁿ.
But what do we say if asked wtr we have made plans for mil. action. Think we must say planning is well-advanced to discharge HMG.'s oblig^{ns}. under either head. U.S. won't admit to joint planning.
- W.M. Plans only cover study of possibilities. No plans for mil. action alone. Always assumed joint action.
- P.M. If U.S. will play, we can act under Declⁿ. But if U.S. are moving twds U.N. action, we can't act alone under Declⁿ. Our object is to prevent a war not become engaged in one.
- S.Ll. Statement was made to retrieve President's statement at Press conference.
- P.T. We can w'stand X-examinⁿ. on state of mil. planning.
- D.S. Were we consulted on statement?
- S.Ll. No. But we can say we are in constant touch.
- P.M. Involvement in war, on either side, wd. split public opinion here.
- S.Ll. Determinⁿ. of aggressor : U.S. plan is to use U.N. method of calling on both sides to w'draw so naming as aggressor the power which fails to comply.
- H.A. Avoid any unilateral obligⁿ. Agreed.
- D.S. Make sure that, if we are involved, we get some practical advantage out of it.
- S.Ll. For form, will ask Fr. what they cd. do. So tht. we can say that we have made approaches to both the other signatories of Tr. Declⁿ.
- P.T. Arms for Israel? To increase their defensive strength. Agreed.
- S.Ll. They are getting some fighter aircraft. They are askg. for Centurions.
- P.M. Awkward. Easier to give anti-tank weapons.
- S.Ll. Awkward to make public reference to this, in view of Jordan situation.

- P.M. Sh^d. we see Gaitskell?
- S.Ll. He has bn. told i) mil. talks are procdg. with U.S. ii) we are going to give some arms to Israel.
I cd. say in addⁿ. to ii), tht. any public statement wd. increase our difficulties.
2. Disarmament.
- S.Ll. Soviets will try to make cold-war capital out of their plan. It is v. vague on powers of control organ. It has no reference to nuclear disarm^t.
Must put it in perspective. Propose to indicate, in H/C., the defects of the plan but say we are continuing to talk.
- S. Nuclear chapter. Stages & periods. Relieved tht. this wdn't start until agreemt. reached on conventional. But R. now seem more willing to reach agreemt. on conventional. Then we may be exposed to reality on nuclear chapter.
- H.M. Yes : for we shan't have stock of nuclear weapons for some years. U.S. and R. are ahead of us.
- S.Ll. If R. plan were accepted & no restⁿ. were placed on nuclear, all sorts of countries wd. start on nuclear development. We must at some stage have a prohibⁿ. Safeguard for us is that R. won't accept provisions for control.
- K. Doubt this. Nuclear power is our answer to their superiority in nos. R. therefore say : v. well, let us concentrate on conventional. Can we therefore blame them for making no provⁿ. on nuclear?
- S.Ll. We have always argued in favour of a comprehensive plan.
- S. Fr. line : see what we can agree on & p'pone the rest. That isn't safe for us.
- H.M. If we discuss conventional & p'pone nuclear, it shd. be on understandg that first doesn't come into force before agreemt. reached on 2nd.
- S. But we shd. then be vulnerable to pressure on nuclear – wh. is our only guarantee for peace.
- H.M. W^d. be safe if you cd. keep discussions going for 2 years or so.

Agreed : S.Ll. to discuss with S. and W.M. draft of a statement in H/C. after Ques on 11/4.

3. Parliament.

R.A.B. Business for next week.
Budget on 17/4 : to continue on 18 and 19/4 : and be completed on 23/4.

4. Parliament : Remuneration of Ministers & Members.

R.A.B. Leakage to S. Express. Re-actions from our supporters, may be awkward. Our 3 point plan is imperilled.
Must first ascertain views of supporters.
Leak apparently from Socialist sources.

J.S. Urgency of action on junior Ministers' salaries.

H.A. Agree.

H.M. We shd. do that, & expenses of Peers. To carry them, must do Members' salaries. But don't start with the last – wd. lose the other two. Must be a package.
Want to do it before recess. When? Just before recess?

R.A.B. Aim at that & quieten our supporters m'while.

[Enter B.C.]

5. Family Allowances.

H.M. Take opportunity of this Bill to give 2/= for 3rd. and further children – to offset final disappearance of bread subsidy.
N. Ass. Bd. looks after the v. poor. This wd. look after the big families. Mention in Budget : give effect to it in Bill.

R.A.B. Won't be popular with our supporters. They don't like family allowances. But it is right method of dealing with large families.
What wd. be cost of incldg. 2nd. child?

H.M. V. heavy.

R.A.B. Will this make Bill more controversial? Bigger anyway. We must put it thro' before July – not leave it to spill-over.

H.A. Food Survey shows again that we are all doing better except families with 3 children or more.

I.M. Support social philosophy of this proposal.

D.E. Contemplate removg. subsidy on school-meals. Don't use arguments on this wh. wd. involve us in quid pro quo. Not sure we shd. be able to go on with that plan if the link is emphasised.

H.M. Shan't emphasise this v. much.

D.E. Mght be wiser to announce change in school meals system now, in Budget.

B.C. School-meals were linked with f. allowances in 1945 Wh. Paper.

H.M. I will consider wtr I shd. not say somethg about school meals in Budget speech.

D.E. Announce it so that you can make it clear this 2/= is a part counterpart. Otherwise, we may have to make another increase in f. allowances on that a/c.

Agreed : RAB and D.E. to consider this ques and consult with H.M.
Subject to this, memo. approved.

B.C. i) Such a link wd. sharpen pressure to extend the 2/= to 2nd. child. ii) Too close a link with bread will provoke pensioners.

[Exit B.C.
[Enter P.M.G.

6. Post Office Finances.

Ch.H. Want to mark relation betwn. charges & salaries. In addⁿ., extra pension costs : awards of wage increases to postmen & engineers. Total cost : £20 M. Propose to meet £15 M. by increase charges – leaving £3 M. to be met by economies and £2 M. by redⁿ. of surplus. Method. 3^d. letter wd. raise £6 M. But it makes £10 M. profit. And wd. leave un-raised printed paper rate, wh. loses £4 M. To do both wd. raise more on posts than we need. Also admin. awkward & politically unpopular.
Propose therefore that we shd. not raise letter charge to 3^d.

P.M. Don't want to make letter (poor people) pay for telephones etc., (richer people).

H.M. I don't favour it : esp. as it wdn't raise whole sum needed. Agreed.

Ch.H. No increase in overseas rates.

P.T. Good, qua exports.
Annex A. All items save two are makg. a loss. viz., cheap evening trunk calls and p. orders. But : peak of tel. traffic is now v. often in the evening. P. order increase will be criticised : 2^d. on a 6^d. order! C^d.

raise this, alternatively, by cutting maximum of 2/= on evening trunk calls. Max. of 2/6 wd. then operate & £1 M. more wd. be raised.

J.S. Prefer to get the money on telephones. Agreed.
No change at all on p. orders. [Exit P.M.G.
[Enter Hare.

7. I.L.O. Convention.

I.M. Our failure to ratify is now being exploited v. us – in Colonies & foreign countries.
Recommend we now ratify.

W.M. Was a v. narrow issue previously. Support this proposal.

J.H. No C.O. objⁿ. : dependent territories will be brght in only to the extent practicable.

H.A. Agree.

P.M. Can't we avoid White Paper?

R.A.B. Hope we can.

I.M. Will consider alternative of P.Q.
[Exit Hare.
[Enter Att. G.

8. Death Penalty (Abolition) Bill.

LL.G. Must not appear to support wrecking amendments.
Quite a few abolitionists on Govt. side are now ready for compromise e.g. on amendmts. relatg. to police or prison officers.

E.H. Many wd. support Lucas Tooth's amendment.

R.A.B. Suppose we advise H/L. to accept this amendment & then get defeated. Where do we stand then?

J.S. Diff^y. about para.12. Support this view – tho' awkward for me.

R.A.B. Work thro' private Members – even on some of amendments in App. 2.

L.P.S. to discuss with K., LL.G., J.S., Att.G. & E.H.
and resume discⁿ. later mtg.

H. Consider wtr Silverman wd. drop Bill if some of these amendments were carried.

K. If H/L. gave it 2nd. Rdg, the tidying-up amendments cd. be done in Ctt^{ec}. stage there.

[Exit Att. G.
[Enter H.W.]

9. Transport Commission : Finances.

- H.W. Transport Tribunal have advised tht. freight charges shd. be increased by 10%. But they have given analysis wh. shows tht. B.T.C. are v. near to posⁿ. in which they can't pay their way, as requ^d. by statute. This confirms need for action we have taken. But w'in next 6 mos. I may have to ask Cab. to face ques wtr B.T.C. can discharge its statutory obligation.
- H.M. Another nail in coffin of natⁿ.
The Act required the business to be run at a profit. But that can't be ensured by Act of Parl.
- W.M. The posⁿ. was nearly as bad before natⁿ.
- P.T. We shd. not at this stage say anything to imply that we may abandon the statutory obligⁿ.
- H.M. Some will argue tht. this shows we were wrong in giving 6 mos' moratorium. Others that B.T.C. is bust anyway.

10. Bagdad Pact : Meeting of Council.

- H.M. i) Kashmir. C.R.O. wish me to stop any reference to it in communiqué. Must I avoid it, at all costs. Pakistan & Turkey will press it : on grds. tht. P. can't do its job under Pact w'out being secure in the rear.
- H. Can't have another such reference, as at S.E.A.T.O.
- P.M. But cdn't break Bagdad Pact for sake of avoiding offence to India.
- H. C^d. send message to Govr. Genl. urging him not to bring it up again.
Agreed.
- P.M. At worst, accept somethg. on lines of S.E.A.T.O. reference.
- W.M. ii) Delegation. Dickson is unwell.
- P.M. Take C.A.S. [plus junior from Keightley's staff : if you need addⁿ.]

C.M.28(56)

16th April, 1956

The Budget.

No note taken.

1. Parliament. [Enter H.B., E.H.]

R.A.B. Business for next week.

E.H. 2. Mid-Ulster by-election because of Beattie's disqualificⁿ. No Ulster Unionist candidate. Sinn-Fein prisoner and a Nationalist. If latter decided not to stand, the pr. wd. be in – and no defeated candidate wd. be available to petition. H/C. wd. have to express its opinion again.

L.I.G. Once exp^d. the opinion stands, surely.
As H/C. has decided he is not eligible to sit, cd. we not use Prison rules to prevent him from signing nomination forms.

E.H. There is independent Unionist who mght stand. Don't know until writ is issued.

R.A.B. The official party won't put up a candidate, because they are pretty sure they wdn't lose.

Agreed : no alternative but to move for the writ.

3. Education : Burnham Committee.

D.E. Negot^{ns}. procdg. : in diff. cond^{ns}. Chairman is ill, & ordered a complete rest. Normal for M/Ed. to preside in Chairman's absence : unwise to adopt this course in diff. negot^{ns}.
Alternatives : permanent appoint^{mt}. of Coleraine.
temporary appoint^{mt}. of Soulbury.

P.M. Teachers are in difficult mood : wd. they re-act badly v. appt^{mt}. of Tory?

H. Believe Soulbury is too old.

I.M. Think teachers wd. re-act v. Coleraine at present time. W^d. like a
x| chance to suggest alternative name, for temporary appoint^{mt}.

Agreed : as at x/.

[Exit E.H.]

4. Bahrain.

- S.Ll. Belgrave is anathema to moderate elements. Br. opinion tht. he has outlived his usefulness. Ruler, however, is v. lié with him. Tendency for reformers to become extreme – some of their leaders. Don't want to drift into lasting commitment to keep troops there.
- R.A.B. Can we not ease him off? Mustn't appear to have bn kicked out – à la Glubb or at insistence of Ctt^{ee}.
- S.Ll. The son is not fit to "inherit" Belgrave's position. We need someone of calibre of Bell, now in Kuwait. There are candidates from Sudan. The Ruler wd. need v. careful handling.
- P.M. x/ Much turns on quality of candidates available.
- S.Ll. The family are feeble. Need therefore to get someone who cd. handle a weak Ruler.
- H.A. All to be gained by getting suitable Deputy into position.
- S. Support x/. Look for the man first.

Agreed : look for the man : consider how to ease him in.

5. Singapore. [Enter C.O.S., Carrington., A.H., N.B., C

- A.L.B. Marshall's political situation is insecure. Cairo tel. suggest Marshall may be changing his mind. Envisages breakdown : fears Communism in Singapore. M^o while must assume a united Delegⁿ. If we break, we must have a posⁿ. wh. we can defend to world opinion. Marshall's heads of agreement are unacceptable. Para. 15 is my outline of an alternative. (vi) is the most vital. Internal security : now responsibility of Ch. Secretary (official) but Council of Ministers wd. be responsible for policy. If Police falls out of p'folio of Ch Secretary, we shd. lose advantage of discⁿ. betwn him & Govr. on timing of puttg ques to Council. Their plan of Def. Council wd. give right of veto to elected Ministers : we cdn't have that. Alternative plan is 15(vi). C.O.S. apprecⁿ. – prob. didn't know how far internal security has passed into hands of Ministers.
- C.I.G.S. C.O.S. Ctt^{ee}. haven't considered A.L.B.'s memo. Our views in D.C. memo. Stress i) indep. Singapore apart fr. Malaya is not acceptable. ii) Internal security. Long-stop now is that Ch. Secy. is responsible Minister. iii) Local forces : can't believe it will be effective : for shan't get good Br. offrs. Doubt if Marshall's assurances on this are worth v. much. iv) State of Police is not re-assuring. If Malays (80%) co-operated with us & were provoked by

Ch. Communists, their anti-Chi. feelings mght get out of hand. Their morale may deteriorate.

Local Commrs. want Br. control of adminⁿ. of police, with Ministers associated via a Ctt^{ec}. Para. 15 (iv) : operational aspects of security wd. be joint & Govr. has reserve powers. But Police morale mght have slipped so far tht., when troops were called in, our posⁿ. wd. be diff. to retrieve.

- P.M. R. Scott & Commrs. think Br. control of Police shd. be m'tained in normal & in emergency times.
- A.L.B. Ch. of Police wants opposite course (mine) because wants to associate local Ministers with responsibility i.e. to share it.
- H. Your Def. Ctt^{ec}. wd. be able to intervene in police policy before an emergency arose?
- A.L.B. Yes.
- D.S. Need we envisage independence for Singapore? Even in fedⁿ. with Malaya.
- A.L.B. Cdn't hold it as dependent Colony indefinitely.
- S. Any commitment now? This, surely, shd. be discussed at P.M.M. Period is coming when we must decide wh. are vital strategic points in C. wh. we must retain – e.g. Singapore, Cyprus for a time, Gib. We need short list of places we must hold, even at risk of a row.
- H. y| Menzies & Holland : line is similar to A.L.B.'s. But they stress need to retain control of internal security. Sh^d. we suggest tht. A & N.Z. shd. be rep^d. on Def. Council.
- A.L.B. H'to U.K. have rep^d. interests of other Doms.
In reply to S. : we shall have to give some answers to Delegⁿ. : cdn't put it all off until P.M.M.
- * Suggest local commrs. shd. be asked for their views on 15(vi).
- Agreed : seek their views at once via Scott.
- H.A. Must keep in step with A & N.Z., & carry them with us on this.
- H. M.'s view : defence & internal security are interlinked : Marshall shd. admit this, publicly.
- C. M/D. was anxious tht. Br. control shd. be m'tained over internal security in normal as well as emergency cond^{ns}. He wasn't sure tht. 15(vi) gave that.

- S.Ll. Scott favours show-down early. But his long-term solution is fedⁿ. with Malaya. I'm not sure tht. this wdn't poison Malaya.
- D.S. Fear tht. 15(vi) will have effect tht Govr. will be unable to intervene in police matters unless he decides to call in troops.
- K. We have to reject paras. 11 & 14 of heads of agreement. Assuming we reserve defence to ourselves, our aim will be to get internal security so much intermingled with defence that we retain enough control over former. A Def. Council is a practical route to that. This is important for all "smaller territories" : responsibility for such internal security as is necessary to protect our defence interests.
- P.M. * Also get views of A. & N.Z. Govts. on 15(vi). Agreed.
Amend 15(vi) so as to put more emphasis on functions of Def. Council in relⁿ. to internal security in normal times.
- A.L.B. Keep y/ in reserve. Try a formula wh. wd. enable us to add them. But don't ask them yet.
- P.M. Suppose they suggest India or Ceylon to be rep^d. on it, too.
Better keep it to "local service chiefs of Commonwealth Forces."
- H. Para. 15 (i). Not Free State. Favour City State.
.. .. (ii). H. Commr. now = Ambassador.
- P.M. Conduct of discussions. A.L.B. to keep in touch with one or two colleagues.

1. Visit of Soviet Leaders. [Enter C., A.H., CIGS., C., E.H.]

P.M. Arrived. Informal dinner last p.m. Talk mainly about M/E.

2. Cyprus.

RAB. A.B. will ask, this p.m., wtr joint Parl^y. Delegⁿ. shd. go to Cyprus. Awkward because this was successfully done in Kenya. Propose to give temporising reply, promisg to consider with other Ministers.

LI.G. Effect on Police of statements that all will be well when Labour comes in.

A.L.B. Kenya was Colonial problem only, for U.K. alone. Greece & Turkey are concerned in Cyprus.

P.M. Bring that point into reply. But don't reject out of hand.

3. Death Penalty (Abolition) Bill.

R.A.B. We will go quietly on first day, and report to Cab. next Thursday.

P.M. Hope LI.G. won't give specific advice to H/C.

LI.G. Will avoid that – tho' wish to indicate my approval of need to protect police & prison warders.

R.A.B. Avoid diff^y. wh. wd. arise if defeated after giving def. advice.

4. Export of Arms.

S.LI. French want to use Nicosia for staging, if necessary because of shortage of fuel, for Mystere fighters en route for Israel.

D.S. As a port in storm.

P.M. Yes – put it that way.

5. Singapore.

A.L.B. Formula re internal security. Local auth^{ies}. in S. accept in principle. Views of Commrs. are in transit.

D.S. Hope we won't commit ourselves to independence for S. at any stage.

A.L.B. I won't.

H. Para. 13 of Tel. 137. Importance of counter-subversion.

P.M. W.M., H. & S. to "supervise" course of disc^{ns}. as Conf. proceeds.

P.M. Ultimate aim : voluntary fedⁿ. with Malaya when time is ripe. Keep this open. No commitment either way.

S.Ll. My instincts are against it.

P.M. Avoid definite commitment.
[Exit C., Carrington., C.I.G.S., A.H.]

6. British Guiana.

A.L.B. A cautious advance. Br. control preserved. Eventually, safeguard is Fedⁿ. with other Caribbean territories.

H.A. Every effort shd. be made to get it in.

A.L.B. Yes : this = reason for movg. twds. rep^{ve}. government.

7. Smoking and Lung Cancer. [Enter R.T.]

R.T. Advice of Med. Adv. Ctt^{ee}. – tht. I shd. constantly inform public of facts.
Facts – as in memo. Statistical picture is clear : scientific no progress.
Draft statement is restrained.
Won't satisfy all. Will be much criticism. Pressure for a warning campaign. Don't advise this because of lack of scientific "proof".

P.M. Doesn't give Govt. view. Shall be pressed for a view. Time is arrived when we shd. decide wtr we have a line.
Public opinion will now expect more than a progress report.

S. M.R. Council : rep^{ns}. askg. for considered assessment. W^d. be diff. to resist that pressure, if Govt. fail to give a line. Para. 4 will be regarded as unduly cautious in some quarters.

H.M. V. serious issue. Revenue = 3/6^d. on income tax : not easy to see how to replace it.
Expectation of life 73 for smoker & 74 for non-smoker. Ty. think revenue interest outweighs this. Negligible compared with risk of crossing a street.

S. Necessary to expose facts?

H.M. But in relⁿ. to other facts?

J.S. M'while quote medical views, not Govt. views.

R.A.B. Report (Doll & Hill) in June – may show this statement as not sufficiently grave. Wise therefore to take more time to consider.

Agreed : Cab. Ctt^{ee}. to enquire. L.P.S., L.P., H.M., R.T., J.S.

1. Parliament. [Enter E.H., Att.Gen.]

R.A.B. Business for next week.
Motion on Agriculture : Monday. Hostile and important. H.A. to open :
R.A.B. to reply, with short intervention on Scotland (if necessary) by
Parly. Secy. Scotland.

D.S. Industrial Rating Bill. Want to promise tht. we hope to announce
before end of year our broad concl^{ns}. on review of L.G. finance. Our
supporters won't otherwise be keen to vote down this Private
Members' Bill.

R.A.B. Better to promise tht. we will open consult^{ns}. before end of this session
with the l.a.'s.

D.S. Review is well advanced : hope to open consult^{ns}. with l.a.'s in autumn :
hope their concl^{ns}. will be announced before end/year.

2. Capital Punishment.

R.A.B. Reasonable progress yesterday. May still win a vote on amendment re
armed criminal. But 1½ days may finish it, and the Bill may well die
because of amendments likely to be carried.

A.L.B. Abolition of c.p. by ct. martial abroad may be v. embarrassing.

R.A.B. Suggest C.O. & Serv. Dpts. shd. meet and give proper advice on this
ques.

Att. Genl. shd. attend. M/Defence to convene. Agreed.
To agree what is effect of the Bill & to give firm advice to H.O.

[Exit Att.G.]

3. Industrial Disputes. Engineering Wages.

I.M. £50 M. wd. be involved in equal pay claim in engineering. AEU are
askg. for Ct. of Enquiry into type of work women do. I cdn't do that.
Only 1 in 8 of women in engineering are in Unions.
Communists are running it, but right-wing Unions support it.
There is likely to be trouble soon.

H.M. Another wage claim, 8 wks. after last was granted. We can't let this
drift.
We shd. consider at once wtr employers shd. not be advised to say at
once that this can't be granted.

Cab. Office to arrange mtg.

4. Agriculture Policy.

R.A.B. As in memo.

L.P. Diff. to understand t. of r.

H.A. W^d. look at them again in light of disc^{ns}. now proposed.

RAB. Welcome S.'s comments m'while.

5. Rent Restriction.

D.S. As in memo.

A main ques : can we do it this Session?
Controversial at first : but, if done, people will begin to see in time its advantages – houses being repaired, people moving out of houses too large for them.

P.M. Merits. Surely, we must do this.

R.A.B. But politics is the art of the possible. Bad feeling in rural areas : and among teachers : rating re-valuation etc., Don't underestimate pol. diff^{ies}. we face this summer. Econ. advantages are plain : and our supporters who are interested in housing ques want this. But

E.H. Considered how it cd. be done this Session. W^d. mean introdⁿ. 15/15 : 2nd. Rdg. after Whitsun : compulsory time-table fr. the start in Ctt^{ee}. : 3 mtgs a week wd. give only 30 hrs., wh. is barely enough, & mght have to sit in afternoons : mght then pass it thro' H/C. before end/July. Moreover, mght cause Opposⁿ. to try to upset rest of p'mme.

P.M. Latest date for R. Assent? If we got it by 31/3/57 we shd. have 18 mos. at least before an Election. On that time-table we cd. introduce at v. outset of new Session.

R.A.B. Restrictive Practices was introduced late enough in all conscience. Cdn't put in another v. late. If we do this, we shd. have to drop Copyright Bill – & prob^{ly}. others too.

P.T. Gt. waste to lose the work done on that Bill.

J.S. Badly stuck with Sc. Re-valuation Bill : shall need time-table for that. Date of 14/5 for D.S. Bill wd. make my problem impossible.

- H.M. Real ques : when do you want this to be effective? If passed this session, impact wd. start Dec. If not, summer of 1957. Spring or summer 1957 is latest possible date.
- P.M. R. Assent March wd. mean final effect long enough before Election viz., autumn '58.
- R.A.B. R. Assent March mght be sweetened by a kinder Budget. Remember we have to work this summer on the £100 M.
- I.M. We cd. also accelerate by having 2 changes vice 3.
- D.S. At the further end, in terms of approachg. Election, 6 mos. is a lot.
- H.M. Scottish ques. is diff. Sh^d. be U.K. Bill.
- R.A.B. Admit tht. our supporters wd. welcome v. early action.
- D.S. It wd. hearten our Party throughout the country.

Agreed : Bill approved.
But introduce at outset of next Session.

6. Russian Visit.

- P.M. Arms in M/E. They offered to consider proposals. But we cnd't put any forward. E.g. we don't want embargo because want to be free to send to Iraq.
M/East. Important paras : calling on States concerned to avoid tension : supporting U.N. initiative. Will please U.S.
- S.Ll. Also, earlier para. implies Soviet recognition of Israel.
- P.M. They declined, for historical reasons, to abjure use of veto. Had "too much dust on it".
Disarmament. Nuclear war will destroy "humanity" : admits it wd. affect Socialist, as well as capitalist, countries. They didn't press for abolition of tests.
Trade. Remarkable result. Suppose 50% of list is w'in restrictions it wd. give us £100 M. [instead of] in addⁿ. to existing level of £25 M.
- P.T. A lot wd. be fr. engineering industry. Our delivery capacity wd. be almost as much a limiting factor as the strategic controls.
- H.M. How will they pay?
- P.T. They wd. have liked bi-lateral – tying us to take grain (maize) & timber. But we have evaded that. They have admitted they will have to earn sterling in the world to pay for these purchases fr. U.K.

P.M. Cultural contacts. We expl^d. tht. they cd. hope for no expansion if they channelled this thro' Comm-controlled organisations. But, tho' they wdn't say so in communiqué, they promised to work thro' Br. Council Ctt^{ee}. : or, at least, not to work thro' Communists. If they don't carry this out, we can w'hold visas.
More secret matters. On M/E. we had useful talks. They now understand that M/E. oil is vital to us. Indirect effect on their attitude. They prob. see tht. Bagdad Pact is defensive, so far as we are concerned. They promised to take a/c of our oil interests in assessing their policy. If it so worked out that we cd. say publicly tht. we wd. not make new bases in B. Pact countries, that wd. have a v good effect on them. If they saw Pact was defensive & mainly economic they wd. be greatly re-assured.
Religious toleration : Satellites : we made our protest, in mtgs. We got no change. But in private conversⁿ. I stressed point that U.K/Soviet relations cd. not improve unless more freedom and toleration in Satellite countries. They understood. But they said tht., altho' rel^{ns}. were close, they cdn't give orders to Poland or other Satellites.
Colonialism. We made our protest. They begin to understand a little better, as regards independent Commonwealth. Not much effect qua Colonies.

S.Ll. I spoke about undermining our posⁿ. – by reference to Libya. He denied it. Promised to look into it, on return.

P.M. No attempt to drive wedges between us and U.S.

S.Ll. V. self-confident about their economic strengths. They can face a reduction of tension, with confidence.

P.M. They urge me to visit Soviet Union.
Propose to say : can't fix a date.

H.A. Public opinion will be – this was a success.
Public re-action was about right.

P.M. We have made no concession. And on several points we have made our position clear.

7. Commonwealth : Government Borrowing.

Memo. approved.

8. Aden.

A.L.B. Industrial Commⁿ. (strikes) will report today.

No ev^{ce}. (acc. to Govr.) that there is political agitation behind this – straight industrial issue.

H.M. Under-payment, leading to discontent. We shd. consider wtr limits are not too low.

A.L.B. Govr. has authority to deport, if there is ground for it.

H.M. May be much genuine grievance. Deport^{ns}. wd. make it worse.

P.M. Consider this urgently, on receipt of Comm^{n's}. report.

9. Singapore.

A.L.B. Have expl^d. privately to Marshall what we can't do & what we propose. He will try to get agreement to our plan. Mtg adjourned until Monday for talks w'in Delegation.

[Enter Att.G., E.H. Reading

1. Parliament : Sel. Ctt^{ee}. on Nationalised Industries.

R.A.B. Coal Industry Bill. Defer to 10/5 in order to enable Cab. to consider Sel. Ctt^{ee}. on nat^d. ind^{ies}. & make a statement before Bill is taken. W^d. have to consult Oppⁿ. first.

L.P. Nat^d. indust^{ies}. may be raised soon in H/L. Reith shdn't do it, because Chairman of B^d : but he or someone else may raise it.

R.A.B. Spens will preside over small Select Ctt^{ee}. : will see us thro' this session, on experimental basis. T. of r : to study reports & accounts of nat^d. ind^{ies}. – on level of P.A.C. Membership : 6 Tories, 4 Labour, 1 Liberal. The narrower t. of r. wd. be more likely to be acceptable to Opposⁿ.

P.T. Politically inevitable. But qua m/govt., monstrous. Load on Minister will be v. much greater.

R.A.B. Can't find Parl^y. time for more debates : cd. manage few more P.Q.'s.

D.S. 'Reports' will cover whole field of policy. C^d. they discuss e.g. wages claims.

R.A.B. If we do nothing, doubt if our Party will accept it.

H.M. Remember we favoured this sort of thing in opposⁿ. We can't resist applⁿ. of P.A.C. principle to nat^d. ind^{ies}., esp. now we are financing them fr. Exchequer.

Agreed : Cab. to consider a memo. on Tuesday – next.

2. Parliament.

R.A.B. Business for next week.
Finance Bill 9/5.

3. Restrictive Trade Practices Bill.

K. Amendmt. by Simon affectg. Crown privilege : effect wd. be to give discretion to a Judge vice Minister. W^d. need ½ day argument, & wd. make it imposs. to get Ctt^{ee}. stage completed next week. We have bn. considerg. ques & now have a report. Expl^d. to Simon in attempt to get him to w'draw amendmt. He has w'drawn qua Ctt^{ee}. stage, but may raise it on Rpt.

Suggest a few Ministers shd. consider report v. quickly – so that Govt. have a line on Rpt. Stage.

[Exit P.T., Att. G., E.H.]

4. Jordan.

R. Not intended to give these assurance now. Only to have authority to do it when suitable.

W.M. C.O.S. agree.

P.M. Accords with plans discussed in Def. Ctt^{ce}. Hold airfields & see how it goes.

5. Lung Cancer.

[Enter R.T.]

P.M. Amendment of para. 4 of Draft.

“The Govt. will take such steps as are necessary to ensure that the public are kept informed of all relevant informⁿ as and when it becomes available.”

R.T. Content with that.

Agreed.

I.M. Don't accept argument in para. 2. Lung cancer is first killer among single diseases. Can only be put lower by lumping together other diseases in groups., e.g. all heart disease.

R.T. Put in figure for “all cancer” deaths, of which 85 lung cancer.

H.M. ? Inform tobacco cos. in advance.

[Exit R.T.]

6. Parliament : Remuneration of Members.

R.A.B. Oppⁿ. have now indicated tht., if we don't act, they will make public protest & ask for public enquiry.

If we don't act, v. diff. to defend posⁿ. of Junior Ministers.

Is this right time to proceed?

On M.P.'s Oppⁿ. prefer £1500 p.a.

My inclination is still to act quickly, in advance of public agitⁿ. But 1922 Chairman & Party Chairman both think it wd. cause v. much trouble among Govt. supporters.

But it is for Cab. to decide.

P.M. Further talks with T.U.C. & employers. H.M. believes tht. a rise in c/living of 2 points – cpd. with 7 points in wages – cd. be made a

ground for pressing industry to hold it at this level for 12 months : wages & prices.

A v. important move for Govt. to make.

If we cd. get this, it wd. be a good ground fr. which to deal with industrial strife if we get it.

Tho' this isn't large in figures, it will get mixed up with rising wages : our supporters will say "They look after themselves but ask others to stand still".

- H.M. This memo. shows what you cd. do if you decided to act. Believe, on inflation, we may be approachg. a turn. Labour is a little less fully employed. This will be the year of destiny. If we had £5 M. wages rise this autumn, we shd. be finished. Moderate T.U. leaders won't, I fear, have power to ask for restraint. But events may help them. If, in some industry, employers refuse a claim, hands of moderate leaders wd. be strengthened. Better therefore to keep out of this. Will seem, not end of last wage round, not beginning of next.
- x|
|
- P.M. C^d. we do Junior Ministers alone, and leave the rest.
- B.H. Support that. Must be done before long.
- R.A.B. Fear we can't do that w'out setting off claims for Members.
- H.M. Bill wdn't pass until near end of Session. By Xmas we shd. know where we stand.
- I.M. Jan/Feb^y. is more likely. Summer is best time for doing this : if p'poned, it shd. be p'poned for 12 months.
- R.A.B. If we allow Labour to take initiative in pressing for this, we shall have to bow to it in the end – tho' we might hold it for the summer.
- I.M. Best time of year is immediately after Whitsun – because of conferences. And better do it sooner vice later in this Parl^t. Therefore, I think I wd. do it this summer.
- H.M. Repeated argument at x/.
- L.P. Agree with x/ as reason v. raising salaries. C^d. we not do something on basis of refunding expenses – or allowing them tax free.
- P.M. Then you wd. be lead to conclⁿ. i) raise sessional allowances by £1.
y| ii) start allowances for Peers. iii) one-clause Bill allowg. junior Ministers to have whole of Parl^y. salary.
- R.A.B. Outside enquiry? Balance of opinion against.

H.M. Choice is between y/ now or wait until end/year and bring in somethg. like scheme Y.

S. Junior Ministers in H/L. They shd. have £2000, as in scheme X.

L.P. W^d. they manage pro. tem. on £3 allowance?

P.M. On balance, I wd. prefer to wait for a real settlement instead of trying y/. Saying m'while tht. we wd. like to be able to do this & will proceed as soon as we can.

R.A.B. Tell Oppⁿ. we must wait because of economic situation. Consider y/ only if there is gt. trouble in holding it.

R.A.B. Members' Supⁿ. Fund. a) Exchequer contⁿ. b) Tax relief on Members' Cont^{ns}. } } Agreed
Also consider wtr any more cd. be done for Junior Ministers } }
on tax relief, Peers as well as Commoners. } }

E.H. If Oppⁿ table a Motion on a Supply Day, I wd. not want free vote.

7. Coal Prices. [Enter A.J. Nugent.

P.M. This will at least give hope of reducg. deficit – unlike earlier increases. It is w'in the 2 points rise in c/l index.

L.I.G. x/ in p. 2. My experience : claim for lowest paid : then along come others for m'tenanance of differential. Is this still the method?

A.J. Yes. It assumes tht. consequential is inevitable.

P.M. Don't put around the pessimism of y/ in para. 5.

A.J. I'm not doing so. But firms are showg. reluctance to convert.

I.M. 9% increase in wages with no increase in productivity – this is the kind of thing that encourages spiral.

N. Effect on fishing. Will mean £½ M. more on subsidy : will be claim for that.

H.M. Which we will consider : not automatic.

N. Cost increases in horticulture.

Memo. approved.

[Exit A.J., N.

8. Gold Coast.

A.L.B. Nkrumah has now agreed to my insistence on a further test of public opinion on constitutional issue. Wishes me to announce it. I wd. prefer that. Will announce on 10 or 11 May that Genl. Election will be held.
W^d. be valuable if Parl^y. Delegⁿ. went out to observe election.

D.S. Regret our Colonial policy. Don't think it's wise to help people to win self-government.

A.L.B. This is a delay.

D.S. But I regret the union. Ashanti cd. have bn. encouraged to stand out against it.

A.L.B. Election wd. be July – after P.M. Mtg.

9. Tangier.

P.M. Our interest is only in free port. That we might get. So we wd. be ready to discontinue International Control.
But Fr. and Spain have more & different interests. May be more reluctant to let it go.

H.M. May Ty. be consulted before telegrams are despatched.

P.M. B/T. and C.O.S. have bn. consulted & agree.

Decision deferred until Cab. in afternoon.

Singapore.

- A.L.B. Original proposals were quite unacceptable – “guidance” on fr. affairs, no safeguards for internal security.
Our plan was then tabled. Marshall took it fairly well, but has since bn. subject to pressure fr. Left-wing of his Delegation.
He has now put fwd. draft memo. & Indep. Bill. Concessions –
- i) all external affairs reserved to U.K. – only trade & commerce to local Govt. Tho’ they have now asked also for ‘cultural rel^{ns}.’ wh. mght be sinister.
 - ii) full rights on defence to U.K. But references to “defence installations” suggest they will limit our control over internal security.
 - iii) safeguards re future local govts. altering present agreements.
 - iv) U.K. right of day-to-day contact with Police. Won’t have Commr. on Security Council : they prefer a security liaison officer – we cd. accept that. They accept a Public Service Commⁿ. for police appt^{mts}. We must retain right to appoint Chief of Police, Deputy & Head of Sp. Branch.
 - v) Right to suspend constitⁿ. & resume direct rule – at discretion of H. Comm^r. But total suspension wd. be our only recourse.
 - vi) “Independence” Bill. C^d. we introduce such a Bill in Parl. at present time? Effect wd. be shattering. In any event, it is not true independence.
- Our difficulties –
- a) They are publicly committed to (vi). We mght have a Govt. of Singapore (Self-Govt.) Bill & urge them to accept posⁿ. tht. further stages must await fedⁿ.
 - b) Internal security. Our control wd. last only 6 years & even then we cdn’t intervene until situation had already deteriorated to “emergency” stage.
- My remedies for either diff^y. may lead to breakdown.
Alternatives : i) reserve executive power to Govr. to act. ii) reserve legislative power for him to resume powers by legislation. (iii) power to suspend constitution.
- L.P. Can’t have a fraud Bill.
Can’t have posⁿ. in wh. we can’t intervene until emergency has arisen.
Better therefore to allow Conference to break down than accept this.
- H. Must have reserve powers. A & N.Z. wd. insist.
Independence must also be avoided.
A & N.Z. wd. support A.L.B.’s line. Mght delay talks so as to get explicit support fr. them.

- D.S. No commitment on fedⁿ. with Malaya.
- W.M. “Independence” wd. be too great a shock.
The transitional period – six years’ maximum, reviewed every 2 years.
This is far too short. Cdn’t accept it.
Nor cd. we accept provisions on security – wh. gives us right to
intervene when internal sitⁿ. has deteriorated so far as to threaten safety
of defence installations – & then requires us to suspend whole sitⁿ.
- L.I.G. Import^{ce}. of m’ taining morale of police. Illustrated in B. Guiana,
Cyprus. Also intelligence.
Import^{ce}., qua security, of state of public opinion. Not merely danger
to defence installations.
- R. Independence wd. be a shock, not only to Commonwealth countries,
but also to foreign members of SEATO.
- R.A.B. Can’t take risks on fortresses – especially after Ceylon development.
- H.M. Intermediate action before suspending constitⁿ. On what officers will
Govr. rely for help. – in either contingency for that matter?
- A.L.B. W^d. depend on loyalty of police – and, on 2nd. phase, troops.
- H.M. Reliability of Police Commr., and some small staff, is almost more
important than powers.
Right to suspend “in whole or in part” is what is needed. And
organisation wh. will enable Govr. to act.
- P.M. Havg. made it clear that we can’t accept, in fortress, posⁿ. in which we
have no power to intervene save in emergency : surely we cd. convince
them that we don’t want always to have to use hammer to crack nuts.
- P.M. Fedⁿ. with Malaya. Share D.S. view : not on merits, but because of
present state of politics in Singapore.
- A.L.B. Agree we must be careful over this. No commitment. Agreed.
- P.M. We shd. see how we break. Not enough to have only emergency
powers. In their interest tht. Govr. shd. have power to do less than this,
at all times. Discuss minimum powers for this purpose : and if these
can’t be conceded, we break negot^{ns}.
- D.S. No time-table cd. be accepted at this stage. Agreed.
- A.L.B. W. r. to R.’s observⁿ. : breakdown will be followed by state of disorder
in Singapore which will equally dismay SEATO powers.
There are 3½ Br. batt^{ns}. in Singapore & one in Malaya ready to go.
- H. A & N.Z. What more do we say?

P.M. That we can't rely on emergency powers alone : Govr. must have power to intervene earlier.
Aim at getting their public support in event of breakdown.
Consider wtr India mght follow suit. Prs. not.

1. Prince Ernst of Hanover. [Enter Att.G., E.H., Reading

L.I.G. In view of importance & nos. affected, I thght decⁿ. shd. be taken by highest court.

**CLOSED UNDER THE
FREEDOM OF INFORMATION**

ACT 2000

Att.G. On one view, effect on marriage of mother of Prince Philip.

W.M. Is this main reason for pursuing it.

L.I.G. Not altogether – 400 or so Germans whose nat^y. may be in doubt.

Agreed : Att.G. to discuss with L^d. Chanc.,

**CLOSED UNDER THE
FREEDOM OF INFORMATION**

ACT 2000

[Exit Att.G.
[Enter Strathc.

2. Nationalised Industries.

R.A.B. Recomm^{ns}. – para. 11.

a) Much turns on this. Must rely on Chairman to avoid projecting past fact into future policy.

Alternatives: more debates & P.Q.'s. Can't see chance of more than 2 or 3 extra days for debate : and P.Q.'s now don't get beyond No. 50.

Standing Cttee. Cdn't rely on majority on any issue.

Difficult to whip.

Hence my conclⁿ. in favour of Sel. Cttee. with safeguards in para. 11.

Gaitskell supports recommⁿ. in (c).

Constitutional innovation : wd. give new powers to Parlt. to send for "persons" of this type.

Tactics : much talk on Coal Bill on this ques : wd. prefer to listen to that & make announcement early next week.

E.H. This course is least of evils. Tho' any will have embarrassments. Disposed to announce before debate. No constructive solution likely to be put fwd. then & some criticism for our delay.

- K. Party has always argued for more control over nat^d. industries. Support this solution.
- R.A.B. M/F&P. and M/T. wd. accept this solution.
- S. J.S. is worried. Precedent of Ctt^{ec}. on Nat. Expenditure in war. Why not more debates? If there are critical reports, they will have to be debated. Another 3 days fr. Supply?
- R.A.B. Debates, such as there are, will be more effective after examⁿ. of “reports & accounts”.
- S. Can you control the Ctt^{ec}.?
- LI.G. Effect on recruitment of Chairmen & members of Boards?
- H.M. P. Secretaries have to undergo stiff enquiries by P.A.C. How cd. we justify saying it’s quite inappropriate for nat^d. Bds. Over the years Left will be defending Bds. & Right criticising them. Will that do us any harm? Ventilation of e.g. labour relations in these industries mght do some good. All we know now is what they cost.
- D.S. To make analogy with P.A.C., call it “Nat^d Industries Accounts Cttee.” General approval for this.
- D.E. Don’t damage career prospects in nat^d. industri^{ies}. Hope Ctt^{ec}. will see they have a duty in this respect. Or you won’t get the right men. Of two methods of doing this, I wd. prefer to tell truth about the industries rather than cover it all up.

Proposals approved.

- P.M. Timing : announcement before or after debate.
- P.T. Don’t appear to do it under pressure in debate.
- R.A.B. P.M. to announce in reply to P.Q. before the debate. Agreed.
- H.M. Ty. officer will be made available, as recommended. Agreed.
- P.M. R.A.B. to provide notes for supplementaries.

3. Automation.

- I.M. Word has caught on & is being used loosely. But there is a substratum of real fear among workers. I.L.O. Director regards it as major social problem. Communists are fishing in this troubled water.

Answer to 3 P.Q.'s to-day.

P.M. Ques Thurs. There will be pressure to know if a particular Minister will take a co-ordinating role. Boyle mght be Chairman of a Ctt^{ee}.

Can we go further than x/? C^d. we offer to "help" as well as "study". There are things Govt. cd. do – e.g. special training.

P.T. Mght be read as implying more e.g. further Govt. responsibility for distⁿ. of industry, diversification.

P.M. Sh^d. we plunge in, in all directions, before we have decided more precisely how far we accept responsibility & what Govt. action can do. Sh^d. we not first go into problem more fully ourselves?

R.A.B. This draft answer won't get much praise. There is a Bill proposg. establishment of statutory Ctt^{ee}. Shall be asked why we don't do that. C^d. we not study D.S.I.R. report – say we are doing so.

P.M. Favour publishing this.

H.M. In Standard dispute this has bn. muddled up with re-tooling. First, admit the problem. Second, action : is not this primarily for industry concerned. Third, if they can't cure it all themselves, Govt. can come in to help – e.g. other industry, training etc., Outline this now, in reply to P.Q.'s : but work it out more fully later.

Draft answer by I.M. approved subject to amendment.

R.A.B. By Thursday's P.Q. (P.M.) H/C. will expect somethg. about emergence of approp^{te}. machinery to grip & guide this development.

P.M. That aspect can be considered by Cab. on Thursday.

4. Malta.

A.L.B. For informⁿ. Noted.

5. Cyprus.

A.L.B. Govr. has decided not to commute either death sentence. The men will be hanged on Thursday. There is a residual prerogative with Sovereign. But this hasn't been exercised for years past.

1. North Atlantic Council. [Enter E.H.]

S.Ll. Disorderly mtg. D. had no sugg^{ns}. Robust support for Alliance Agreemt. tht. it cdn't be used to channel econ. aid or action : but tht. its political side shd. be expanded.
Parliamentarians. Annual mtg.? Last year's mtg. was successful.

P.M. No net addition to Assemblies. Ad hoc mtgs. wd. be better.

H.M. Merger of O.E.E.C. and Eur. Assembly.

P.M. More M.P. visits to N.A.T.O. – or to NATO figures in other capitals.

2. Bahrain.

S.Ll. Trouble likely around 16/5. 2 Cos. are there. 2 Frigates in Gulf.

P.M. One of the frigates shd. show itself near Bahrain.
Considerg. wtr R.N. shd. not assume full responsibility for Gulf, with Marines. Easiest way. Somethg. for R.N. to do. W^d. avoid Army movements.

W.M. Will discuss with C.O.S. No. of tropicalised frigates.

3. Parliament.

R.A.B. Business for next week. Whitsun Recess.
14/5 : Supply : Cyprus & Commr. Crabb.

P.M. i) Inst^{ns}. were given [to Admy] tht. nothg. of this kind shd. be done.
That is reason for disciplinary action, wh. is now in train.
ii) Tho' it occurred on 19/4, no report made to Ministers until 4/5.
iii) Adm^y. covered the man – with cover story that won't hold water.

H.M. Sympathy with P.M.'s posⁿ. whose v. clear & sound instruct^{ns}. were disregarded.

4. Death Penalty (Abolition) Bill.

R.A.B. Courts martial : Colonial posⁿ. : countries in which martial law is in operation applⁿ. to Scotland.
Suggest these ques. shd. be considered by Cab. on Tuesday – in prepⁿ. for Ctt^{ee}. Stage on Wed^y.
Ctt^{ee}. Stage will not now be completed before Whitsun.

5. Remuneration of Members.

- R.A.B. Opposⁿ. are going to be generally obstructive in Parlt. because we are not going to deal with this. Won't be too bad.
Our Party will welcome delay.
Suggⁿ. of enquiry will not be made until after Whitsun. If we take a wholly negative line, we mayn't be able to get Govt. business done.
Will wish to ask Cab. to consider that suggⁿ. if & when it is made.
- L.P. Disposed to stand pat & do nothing.
- R.A.B. Junior Ministers – some can't carry on much longer.
- D.E. Much is being done now for middle-classes : this mght be better time than later for getting Junior Ministers out of the way.

6. Automation.

- I.M. No high-level enquiry. No case for Sel. Ctt^{ee}. Suggest Ctt^{ee}. of officials to see wtr our arrangem

Draft of P.M.'s reply to P.Q. approved.

7. Government Expenditure.

- H.M. Some progress is being made.
Suggest mtg – P.M., H.M., RAB (civil) & W.M. & R.M. (defence) – to see where we stand. Possibly before Whitsun. Short memo.(?)
Aim at an announcement by end/June. All at once. New Estimates if red^{ns}. are substantial.

8. Wages and Prices.

- H.M. Amendment to para. 4 – to cover what we know is “in prospect”.
Para. 5. “The Govt. sees no reason to expect any further increase in the c/l. this year, resulting fr. its own decisions. Nor does it expect any increases above the level stated resulting fr. actions of the Boards of the nat^d. ind^{ies}. unless of course there are further wage increases there”.
- P.M. Tactics : put it to T.U.C. in general terms. Then I wd. announce it in speech Friday : having warned them that I will.
- I.M. What do we say to Press this p.m.?
- R.A.B. Get R. Hall to attend & advise on that.

- H.M. Prs. issue statement fr. No. 10. at same time as Perth speech, which will be Party occasion.
- R.A.B. Rent Act : £100 M. will both be unpopular. Former will be 2 points. Latter will have some effect.
- H.M. A/c. is taken of latter is taken in my Draft : the 2½ points increase.
 x| On Rent : we shd. say can't face this distortion : but legⁿ. is needed and it can't bite for 12 months. Doesn't therefore affect this concept of a year's standstill.
- D.S. In advance of that Bill, & apart from it, rents are rising – partly because of redⁿ. of subsidy.
 But, if this is only 12 mos. p'mme, can we avoid saying x/. Want to keep initiative over rents.
- H.M. More honest to be frank about it.
- P.T. Wage increases already granted may work thro' in higher prices. Agreed.
 add a phrase on that.
- R.A.B. Then brief communiqué this p.m. and “message” in P.M.'s speech. Avoid “briefing” of industrial correspondents.

[Exit DS., E.H., A.J.]

9. United States Aid to Pakistan.

- P.T. U.S. insist on 50% U.S. shipping.
 We have done 5m\$ trade this way to Pakistan. We now have chance of similar deal – only way of getting the business. Germany, France etc., have accepted deals on this basis. U.S. won't drop 50% shipping condⁿ.
 If we don't take this, the trade will be snapped up by others.
- H.W. Depⁿ. fr. shipping was promised we shd. do our best to resist the condⁿ.
 W^d. prefer tht. we shd. settle these, each ad hoc., none being a precedent.
- P.M. C^d. we raise with U.S., simultaneously, this & the flag of
 x| convenience on wh. their interest is the same as ours. The second is even more serious to our shipping.
- L.P. On balance, we shd. accept this.
- A.L.B. Finished textiles can go in Br. ships.

Agreed : conclude this deal.
 F.O. to consider x/. in consultⁿ. M/T.

10. East-West Trade.

S.Ll. All we got in Paris was exceptions procedure on a few China items on condⁿ. of re-instatement of embargo on copper wire. Tho' in return for latter they wd. consider some other relaxⁿ. of Soviet list. This is unsatisf. Sh^d. we resume disc^{ns}. with U.S. or in Paris Ctt^{ee}. D. asked us to avoid open row before Elections. Can we do anything m'while by exceptions.

P.T. U.S. can't, politically, help us in a review. Right course now is to use exceptions procedure. Tell industry, U.S. & Col. Govts. concerned. Suggest we act unilaterally informg. afterwards – considering econ. interests, not of U.K. alone, but also of Colonies. Operate on 'gap' between Soviet list & China list. Free licensing for rubber to China but try, if we can, to keep a/c of quantities sent.

A.L.B. Malaya : largely psychological irritation. Hong Kong : v. real difficulties.

P.T. S.Ll. cd. say (P.Q.) we propose operate exceptions procedure. B/T. will then answer further particular Ques. Policy : aim to move twds. assimilation of R. & Ch. lists.

S.Ll. Inform U.S. before we tell Colonial Govts.

S.Ll. Copper wire. Have asked for joint military advice – U.K. & U.S. soldiers take diff^t. view. Also doubts on statistics. C^d. we restore it to watch list – so as to measure quantity?

P.T. It is on that list now. We can't put a limit on it. 40.000 t. last year mght rise to 60.000 t. U.S. consumptⁿ. is 400.000 t.

S.Ll. C^d. we say we won't send more than 60,000 t. next year.

P.M. Don't give promise to limit : say it's unlikely to go v. high : we'll let them know how it goes etc.,

F.O., with B/T. & M/D., to concoct reply to U.S.

S.Ll. Offer to review Soviet list.

P.M. Don't accept such an offer as condⁿ. of agreement on copper wire.

P.T. Quite unrealistic, in Election year, to negotiate this with U.S.

11. Singapore.

- ALB. Have dropped "Independence". They agree to U.K. majority on Security Council. But won't admit power to intervene or control short of emergency.
May break over week-end.
Rumour that, save Marshall, all wd. accept (for diff. reasons) our plan.
- L.P. A & N.Z. have offered public support. But want to know in advance what our line (presentⁿ.) will be. It shd. be prep^d. in outline now.
- A.L.B. Provisional draft available. Final wd. depend on issue on which we break.

12. Tariff Policy : G.A.T.T.

- P.T. Reported results of review.
- H.M. There will be comments re redⁿ. of motor car tariffs. Paper : large load on b/payments.
- P.T. £35 M. fr. all sources : but duty-free newsprint was £17 M. The area over wh. we made concessions was quite small (Sweden) & we got good quid pro quo on engineering goods, tyres. etc.,

13. Flour.

- R.A.B. Propose to say we can't publish any evidence, because given in confidence to Panel.
- L.P. This is ev^{ce}. (inclgd. M.R.C. evidence) wh. doesn't conform to Cohen Report. M.R.C. will be pressed to publish. They will be free to do so.
- H.A. Sorry if they do : object was to stop controversy : this wd. revive it.

Agreed : M/Ag. to submit memo.

1. Economic Situation. [Enter E.H., A.N.]

H.M. Went well. Most of statement was included in communiqué. But made less impact in Press than I had hoped.

I.M. Resol^{ns}. are down for Whitsun Conf^{ces}. : they will be passed. We want to nobble moderate opinion – get platform, tho' we can't control floor. It is platform wh. negotiates wage claims. A leader in "Times" wd. steady them.

R.A.B. We cd. leave employers & nat^d. ind^{ies}. until after Whitsun.

P.M. We cd. get on with publicity m'while. Ty. to arrange with "Times."

H.M. What about a statement in H/C.? Mght excite hostile comment & spoil effect.

H.M. to arrange for Times leader.
RAB. to get C.O.I. to support.

2. Bahrain.

A.N. Belgrave is becoming v. unpopular in Bahrain. If he doesn't move, there will be another Glubb incident.
First aim : to get a potential successor in, as deputy.
M'while : steps to strengthen Police. W^d. welcome C.O. help in providing Br. police officers.

P.M. Disturbing telegram. Must get successor in place before we begin to ease out Belgrave. Must avoid, m'while, undermining Ruler's confidence in us – wh. may be shaken if we seem to be asking him prematurely to part with Belgrave.
Admit Ruler may be too re-actionary. But Ctt^{ee}. may be too much under Egyptian influence.

L.P. First need is to get good new man in who will get confidence of Ruler. Not until he has it could the change take place.

H.M. Ctt^{ee}. Will they turn against us when they get control?

A.N. They will if Belgrave stays & annoys them much longer.

P.M. We ought to have a pool of good advisers on which these Rulers cd. draw – all down P. Gulf.

- D.S. Far easier to use force, if we have to, in support of a Ruler than against a “liberal” Ctt^{ec}.
- P.M. First, select the successor. Do no more until we have found him.
Make it clear to Belgrave that this is our plan.
F.O. to discuss Police problem with C.O. (A.L.B. having indicated diff^{es}. of helping).
F.O. to consider wtr it wd. be easier to discuss this tactfully with Belgrave in London vice Bahrain.
3. Somaliland.
- W.M. Summarised concl^{ns}. of C.O.S. Increasg. importance of over-flying rights.
- A.L.B. Govr. Kenya attaches v. gt. import^{ce}. to m’aining our influence in Horn of Africa.
- L.P. Need Italians leave in 1960?
- A.L.B. They can’t afford to stay. Under oblig^{ns}. to U.N. their trustee rights lapse in 1960.
- P.M. C^d. F.O. consider wtr Italians cd. stay longer.
4. Prince Ernst of Hanover.
- K. Formal notice of appeal ought to be given today. The case needn’t be presented for some weeks.

CLOSED UNDER THE

FREEDOM OF INFORMATION

ACT 2000

If Att.G. refers to R. Marriages Act, this will attract public attentⁿ. No reference to this since Ct. of Appeal.
Att.G. shd. be heard on ques wtr appeal would succeed.
I don’t agree with views of L.O.’s on interpretⁿ. of “foreign family”.
But Judges mght not agree with me.
If we lost this appeal, we shd. be faced with need for legⁿ. This legⁿ. wd. touch R. Marriages Act & wd. necessitate consultⁿ. with Doms.

L.I.G.

CLOSED UNDER THE

FREEDOM OF INFORMATION

ACT 2000

Agreed : Att.G. to submit formal notice of appeal.
Merits to be considered again when Att.G. can
be heard.

- L.P. Risk of its being raised wd. be increased by a further decⁿ. in H/L.
- P.T. If we give notice & it is spotted – there may be speculation about our reasons for procdg, or not procdg, with the case.
- P.M. Our risk : if raised in H/L., or in Press, we may have to legislate.

[Enter J.S.

5. Disarmament.

- A.N. In view of R. announcement of unilateral reduction, may F.O. spokesman take the line to-day sugg^d. in para. 12.
- P.M. This sharp & offensive note is not in accord with our wish to improve Anglo-Sov. relations. R. told us about their intention.
This procedure of daily Press briefing by F.O. is v. embarrassing.
“Welcome this : but problem of control & numbers remains”. But at all costs avoid “cold war” reception.

Discussion adjourned for A.N. to give this guidance.

6. Capital Punishment.

- J.S. Applⁿ. to Scotland. I wd. like to abstain, after saying that different law in 2 countries is illogical.
- P.M. Members of Govt. shd. not vote for this amendment : some who can't vote against it may abstain. Agreed.
- L.I.G. Courts-martial. Can wait until Report stage.
Lucas-Tooth amendments. Must make sympathetic speech. But leave it to free vote. Members of Govt. to vote for it.
- L.P. Then c.p. wd. not be available for poisoners – the worst kind of murder. H/L. wdn't wear this distinction.
- R.A.B. Tory abolitionists mght support L-Tooth amendment, but not the cold-blooded murders like poisoning.
- K. Can argue tht. Govt. are responsible for law & order : wd. prefer to retain c.p. for all murders : but better than have no c.p. at all, we wd. prefer to retain it for these purposes of protectg. police & warders.

- LI.G. Also, if this passed, Bill as a whole becomes so illogical that it may founder.
7. Singapore.
- A.L.B. Likely tht. Conference will break this p.m.
Crucial issue : internal security. We have claimed reserve power to legislate by O-in-C. – after report fr. D. of Security Council on wh. we shd. have majority. They now say it must be a recommⁿ. fr. the Council, & tht. it shd. not have a U.K. Chairman but a Malay nominated by Chief Minister of Fedⁿ. of Malaya. This wd. give us only 3 out of 7, but we cd. prs. get them to agree tht. nomination shd. be subject to our approval. This wd. avoid a break. But we shd. lose final word in control. Senior Pol. appoint^{mts}. wd. go outside our control because of composⁿ. of Council. No function for High Commr. as a mere member of Council.
Propose therefore to reject this plan & put best face on it we can.
Unless Cab. wish us to go on or adjourn for 10 days.
- L.P. Fortress responsibilities in S. go beyond even Malaya. This wdn't safeguard them. We must break on it.
If we stand firm on that line, best chance of getting A & N.Z. support. Malayan Chairman wdn't meet our Imperial defence needs.
We have given A & N.Z. Govts the line which we shall take if we break on this.
- W.M. Doesn't matter whose voice is decisive on Council if it's not ours – on fortress argument.
- P.M. Concerned at turning down Malay suggⁿ.
- A.L.B. They might refuse to do it. Trying to ascertain wtr they would.
- A.L.B. We cdn't accept any Dominion Chairman – too risky because of India. Must insist on U.K. Chairman.
- K. Can't accept their Chairman plan. C^d. accept recommⁿ. vice report. C^d. also agree that if they pass legⁿ. wh. we consider to trench on reserved subjects decision cd. rest with Privy Council.
- P.M. Consequences will be v. unpleasant. Another Cyprus.
- A.L.B. W^d. there be advantage in adjourning for 10 days?
- H.M. If we got control of Council, cd. we abandon reserve powers, short of extreme emergency.

A.L.B. They wd. agree to this, if it had little or nothg to do. But all we wd. have wd. be power to appoint to 3 Police posts & power to suspend altogether.

Agreed : C.O. authorised to break or adjourn on the issue of reserve powers. (If we adjourn we must avoid impⁿ. that we are contemplg. further concessions.)

8. Aden.

A.L.B. Govr. has asked for robust statement tht. we won't be bundled out of Aden. Tels. 300 & 302.

P.M. W^d. like to delete a number of epithets. Will send these comments to A.L.B.

Approved, subject to drafting improvements.

9. Flour. [Enter R.T.

L.P. M.R.C. who gave evidence think there will be controversy & they will have to publish. To avoid appearance of havg. it forced out of them, they wd. prefer to include final para. which leaves it open to M.R.C. to go ahead.

H.A. W^d. this not invite fresh outbreak of controversy?

L.P. This is a subject on which many people have v. strong views.

J.S. Can it not be said in reply to supplementaries. Rather unusual to put it in statement. Mght be awkward precedent.

R.A.B. I wdn't mind adding it to statement.

Agreed : omit final para. But inspire a supplementary to ensure that it's said.

H.A. Can't be sure P.Q. will be reached. W^d. sooner add para.

R.A.B. Wording of it cd. be adjusted.